

[IMMEDIATE RELEASE]



China Vanadium Titano-Magnetite Mining Company Limited
中國鈇鈦磁鐵礦業有限公司

China VTM Mining Announces 2018 Annual Results

Hong Kong, 26 March 2019 – **China Vanadium Titano-Magnetite Mining Company Limited** (“**China VTM Mining**” or the “**Company**”, together with its subsidiaries, the “**Group**”) (Stock code: 00893.HK), announced today its annual results for the year ended 31 December 2018 (the “Reporting Year”).

During the Reporting Year, the Group observed an obvious shift in demand from lower-grade iron concentrates to higher-grade iron concentrates under China’s Blue Sky Plan, emphasising on stringent environmental protection and emission control. Consequently, both demand and price for the high-grade iron concentrates rose while that for the more polluting low-grade iron concentrates fell. These seem to be a continuing trend, albeit at a moderating pace.

Given the Group’s decision to dispose of its loss-making Low Fe and Inactive Mines as proposed, the Group has segregated its operations into Continuing Operations and Discontinued Operations.

Continuing Operations

During the Reporting Year, revenue for the Continuing Operations fell by 21.9% year-on-year to approximately RMB684.8 million as a result of lower trading volume, despite higher revenues derived from operations for high-grade iron concentrates as attributed to higher demand and selling price premium, gross profit rose sharply by more than 3 times to RMB50.5 million year-on-year with a gross margin of 7.4% on the back of higher selling price for high-grade iron concentrates and a portion of which was contributed by specialised mining services business.

Given the above and in the absence of impairment and fair value losses, the Continuing Operations recorded a net profit after tax of RMB4.7 million during the Reporting Year, reversing from a net loss after tax of RMB222.5 million in FY2017.

Discontinued Operations

Discontinued Operations, after accounting for impairment losses, recorded a net loss after tax of RMB453.9 million during the Reporting Year due largely to lower selling prices for low-grade iron concentrates on the back of falling demand. Impairment losses were recorded given lower value-in-use and lower-than-expected utilisation rates and inactive status of the existing suspended mines which the Group has no immediate plans to resume such production facilities.

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The Group's Operations

As operating loss from Discontinued Operations outpaced the operating profit from Continuing Operations, the Group reported a total net loss attributable to owners of the Company of RMB444.0 million for the Reporting Year. Notably, the Group's operating cash flows position improved to RMB208.2 million for the Reporting Year as compared to RMB67.0 million for the year ended 31 December 2017.

The basic and diluted loss per share attributable to ordinary equity holders of the Company was approximately RMB0.20. The board of directors of the Company does not recommend the payment of a final dividend for the Reporting Year.

Looking ahead, **Mr. Teh Wing Kwan ("Mr. Teh"), Chairman of China VTM Mining**, said, "There is and has been an unpredictable cyclical risk from the undesirably volatile market as a result of the de-stocking pace and re-stocking need given the major supply-side structural reform for the steel industry. The switch in policies caused a shift in demand, moving towards high-grade iron ore."

"Low Fe Mines continued to suffer from less-than-optimal utilisation rates and thus lower value-in-use for its assets leading to our decision to sell these loss-making operations, which is a part of our major business restructuring paving the way for our potential corporate transformation plans in future," added Mr. Teh.

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About China VTM Mining

China VTM Mining has been listed on the main board of The Stock Exchange of Hong Kong Limited since 8 October 2009. The Group is primarily engaged in mining and ore processing, sale of self-produced products, trading of coals and steels, management of strategic investments and rendering of specialised mining services.

The Group currently owns the Baicao mine, the Xiushuihe mine (including expansion), the Yangqueqing mine, the Cizhuqing mine, the Maoling-Yanglongshan mine, the Haibaodang mine and the Shigou gypsum mine. Furthermore, the Group owns the Baicao processing plant, the Xiushuihe processing plant, the Hailong processing plant, the Heigutian processing plant and the iron pelletising plant in the Panxi region, and also owns the Maoling processing plant in the Aba prefecture.

For more information, please visit: <http://www.chinavtmmining.com>

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