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China Vanadium Titano-Magnetite Mining Company Limited

中國鈇鈦磁鐵礦業有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00893)

INSIDE INFORMATION UPDATE ON PROVISION OF THE CVT GUARANTEES

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).

Reference is made to the announcements (the “**Announcements**”) of the Company dated 29 January 2019, 29 March 2019, 30 April 2019, 10 May 2019, 28 June 2019 and 30 July 2019 and the circular (the “**Circular**”) of the Company dated 10 June 2019 in relation to the Disposal which constitutes a very substantial disposal and connected transaction of the Company under the Listing Rules. Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

As previously disclosed in the Announcements and Circular, the Company entered into the CVT Guarantees in favour of certain banks and an asset management and financial services institution in the PRC (the “**Financial Institutions**”) with maximum guaranteed amount of RMB730.0 million before the Completion as security in relation to credit facilities of the Disposal Group. Each of Huili Caitong and the Purchaser has given a Post-Completion undertaking to the Vendor that it will procure the release of the CVT Guarantees within one year after the Registration Completion Date (i.e. 30 July 2019) or such other date that may be agreed by the Parties in writing as these Financial Institutions would only review and process applications for the proposed release of the CVT Guarantees after the Completion. As such, the Purchaser and the Company had on 30 July 2019, also entered into the Counter Indemnity for the provision of counter-indemnity by the Purchaser in favour of the Company in respect of the Group’s liabilities and claims under the CVT Guarantees. According to the Counter Indemnity, the Purchaser’s inventories (including but not limited to structural steels, coals etc.) of approximately RMB767.0 million were pledged as security for such counter-indemnity. The Counter Indemnity will remain effective until the date of actual release of the CVT Guarantees.

The Purchaser and Huili Caitong have updated the Company that they have been following up with the Financial Institutions for the release of the CVT Guarantees but it has taken longer than expected time for the Financial Institutions to review the release of CVT Guarantees as cities in China were on lockdown for coronavirus outbreak containment earlier this year which delayed the discussions. The Financial Institutions have informed the Purchaser and Huili Caitong that they are willing to release the CVT Guarantees provided that the total outstanding loans with the Financial Institutions are fully repaid. The Purchaser and Huili Caitong have further updated the Company that the total outstanding principal loans with the Financial Institutions was approximately RMB548.2 million as of the date of this Announcement (the “**Outstanding Principal Loans Amount**”), which is substantially lower than the maximum guaranteed amount of RMB730.0 million as a result of progressive repayments. The Purchaser and Huili Caitong have also undertaken that they will continue to make progressive repayment of the outstanding principal loans as scheduled.

Given the continuation of the CVT Guarantees in accordance of their original terms, the Counter Indemnity in favor of the Company will also continue to be in place and remain effective until the CVT Guarantees are released. In addition to the Counter Indemnity in favor of the Company, as a gesture of goodwill and out of respect for the parties’ collective efforts, the Purchaser has offered and the Company has accepted the following:

- the pledge of at least 100,000 tons of structural steels with a market value of not less than RMB300.0 million at any point in time as additional security by the Purchaser in favor of the Company for the counter-indemnity provided by the Purchaser under the Counter Indemnity (the “**Additional Security**”);
- an irrevocable undertaking that the Disposal Group shall continue to repay the principal amount and interests of the loans under the CVT Guarantees in accordance with the terms of such loans with the Financial Institutions to prevent the Company from assuming the guarantee responsibility under the CVT Guarantees (the “**Irrevocable Undertaking**”); and
- a confirmation by the Purchaser and Huili Caitong in favour of the Company of their obligations under the Counter Indemnity for keeping the Company indemnified against any loss and costs that may be suffered by the Company in connection with any enforcement by any Financial Institution of any CVT Guarantee (the “**Indemnity Confirmation**”).

To the best knowledge of the Directors, up to the date of this announcement, the Company notes that (i) the values of security under the Counter Indemnity and Additional Security (in aggregate) remain substantially higher than the Maximum Guarantee Amount and the Outstanding Principal Loans Amount; and (ii) no actions have been taken or threatened to be taken by any of the Financial Institutions in enforcing any of the CVT Guarantees against the Company.

Taken in account of the above circumstances, the Counter Indemnity, the Additional Security, the Irrevocable Undertaking and the Indemnity Confirmation, the Board is of the view that barring unforeseen circumstances, there is no material adverse effect on the Company's operations as a result of the CVT Guarantees. The Company will provide necessary updates if there is any material development in this regard.

Shareholders and potential investors of the Company 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, 29 July 2020

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. Liu Yi and Mr. Wu Wen as independent non-executive Directors.

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