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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)**

## **VOLUNTARY ANNOUNCEMENT BUSINESS UPDATE**

The board (the “**Board**”) of directors (the “**Directors**”) of China Vanadium Titano-Magnetite Mining Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) has recently initiated business reviews on the operating segments of the Group.

As previously disclosed in “Outlook” of the Company’s interim report for the six months ended 30 June 2023 (“**1H2023 Interim Report**”), China has set a very modest target for economic growth of just 5% for 2023, which was lower than expected and there has recently been rising uncertainty as China’s economic recovery slows with intensifying pressure on several key industries from multiple fronts. In light of this, the Board is of the view that it is of paramount importance to systematically review and adjust its strategies while implementing several of its key corporate plans in the face of various dynamic challenges.

As such, the business reviews form part of the ongoing efforts of the Board in managing the Group’s operations amidst the rapidly changing operating environment, which focus on the Group’s initiatives in reallocating resources, streamlining operational capacity, optimising expansion plans and synergising potential collaboration with a view to improve overall operational efficiencies and execution capabilities. The reviews also evaluate potential capital recycling plans for the Group and identify certain assets which may not be able to meet targeted internal rate of returns on a risk-adjusted basis.

The Board thus wishes to provide an update based on the above reviews. This announcement is made by the Company on a voluntary basis.

**1. Expansion of production capacity for the higher-grade iron concentrates (with at least 70% TFe) (“High Fe Mines”)**

The combined Maoling-Yanglongshan Mine, with mining area spanning across approximately 2.7366 sq.km, reinforces the Group’s commitment to expanding the production capacity of its High Fe Mines operations. As previously disclosed, the Group has invested and incurred capital expenditure in licensing, exploration, compliance and engineering works for the expansion plans, which could help to progressively achieve better economies of scale for the combined High Fe Mines following the completion of the resource integration process in early 2023.

The Group has engaged BAW Mineral Partners Limited as its technical advisor in updating and assessing the resources delineated within the latest tenement for the combined Maoling-Yanglongshan Mines. In tandem with the integration process as part of the expansion plans, the Group has further reviewed and refined its existing mining plans both technically and operationally, with a view to progressively expanding the annual production capacity for iron ore by 60% or 500,000 tonnes depending on the market conditions while the Group works towards improving the overall operational efficiencies and lowering its unit production cost. In the meantime, the Group is well aware that China had set a moderate growth target for 2023 and the prevailing real estate crisis accompanied with spiraling debts issues, which has had an impact on consumer confidence. The Group will continue to monitor the pace of the economic growth target ahead amidst market uncertainty and will adjust its expansion strategies accordingly.

**2. Expanding service scopes for the facilities management (“FM”) business segment**

The Group had previously segregated the mining FM activities from the upstream mining operations so as to strengthen its operational system capability. The reorganised FM business unit, as part of the asset-light strategies, has broadened the recurring income stream for the Group and has been profitable since its commencement of operations. The Group has since procured several one-off or short-term project contracts for labor support and maintenance services. These services which include packaging and loading for industrial products, among others, cater to a diverse clientele in mining, magnetic materials manufacturing, and sand and gravel production industries.

As FM continue to hold an increasingly important and integral role in other industries and sectors, the Group could potentially expand the service scopes for its FM capabilities and forge partnership with strategic partners in the forms of joint ventures or other forms of strategic collaboration in expanding value chain of the FM business, as disclosed in the 1H2023 Interim Report.

### *Proposed joint venture companies*

In view of the above, the Board wishes to update and announce that, as part of its operational strategies, Sichuan Lingwei Property Service Co. Ltd.\* 四川省凌威物業服務有限公司 (“**Sichuan Lingwei**”), an indirect wholly-owned subsidiary of the Company has, on the date of this announcement, entered into two (2) joint ventures via execution of capital contribution agreements (the “**Agreements**”) with the following strategic partners:

- (a) Neijiang Mingyu Property Services Co. Ltd.\* 內江銘宇物業服務有限責任公司 (“**Mingyu**”), a limited liability company established in the PRC
- the proposed name of the joint venture company with Mingyu is Sichuan Fengwei Property Services Co. Ltd.\* 四川省豐威物業服務有限公司 (“**Sichuan Fengwei JVCo**”), which is to be equally held by Sichuan Lingwei and Mingyu;
  - Sichuan Fengwei JVCo shall have a board composition of four (4) directors and each party is entitled to appoint two (2) directors to the board of directors; and
  - the proposed initial registered capital of Sichuan Fengwei JVCo is RMB5.0 million, which is to be contributed equally by Sichuan Lingwei and Mingyu. The Group intends to finance its capital contribution portion of RMB2.5 million from internal resources and the parties further agree that the capital contribution may be made progressively.
- (b) Neijiang Shengchuan Property Services Co. Ltd.\* 內江盛川物業服務有限責任公司 (“**Shengchuan**”), a limited liability company established in the PRC
- the proposed name of the joint venture company with Shengchuan is Sichuan Shengwei Property Services Co. Ltd.\* 四川省盛威物業服務有限公司 (“**Sichuan Shengwei JVCo**”), which is to be equally held by Sichuan Lingwei and Shengchuan;
  - Sichuan Shengwei JVCo shall have a board composition of four (4) directors and each party is entitled to appoint two (2) directors to the board of directors; and
  - the proposed initial registered capital of Sichuan Shengwei JVCo is RMB5.0 million, which is to be contributed equally by Sichuan Lingwei and Shengchuan. The Group intends to finance its capital contribution portion of RMB2.5 million from internal resources and the parties further agree that the capital contribution may be made progressively.

### *Proposed principal activities for the joint venture companies*

The proposed principal activities for Sichuan Fengwei JVCo and Sichuan Shengwei JVCo are mainly industrial property management; landscape and greening construction projects; labour services; professional cleaning, sanitisation and disinfection services; building cleaning services; general machinery equipment installation services; catering management; engineering management services; logistics services; car park management; special equipment repairs; among others.

Sichuan Fengwei JVCo will focus on business activities within the southeastern region of Sichuan Province (e.g: Xichang City, Panzhihua City and Yibin City) whereas Sichuan Shengwei JVCo will operate within the eastern region of Sichuan Province (e.g: Neijiang City).

Upon its establishment, Sichuan Fengwei JVCo and Sichuan Shengwei JVCo will become associates of the Group, and their financial results will be accounted for under the equity method of accounting in the consolidated financial statements of the Group.

### *Rationale for the proposed joint venture arrangements*

The Board is of the view that the establishment of the above joint venture companies will help to expand the service scopes and revenue streams for its reorganised FM business segment with a more diversified project portfolio and broader client base, including those in the industrial and commercial FM business networks. The expansion plans under the proposed joint venture arrangements, if implemented successfully, could further strengthen the execution capabilities and improve its economies of scale for the FM operations.

To the best knowledge and belief of the Directors after making all reasonable enquiry, Mingyu and Shengchuan are two companies independent of each other; and each of Mingyu, Shengchuan and their respective ultimate beneficial owner(s) are independent third parties of the Company, and the entering into each of the Agreements and the transactions contemplated thereunder do not constitute a connected transaction under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). Further, as all the applicable percentage ratios of each the Agreements and each of the transactions contemplated thereunder are lower than 5%, each of the Agreements and each of the transactions do not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

Further announcement(s) on the joint venture arrangements will be made by the Company as and when there is a material development in accordance with the Listing Rules, as applicable.

**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, 7 December 2023

*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.*

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*\* for identification purpose only*