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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)

**MAJOR TRANSACTION AND
CONTINUING CONNECTED TRANSACTION
AND
RENEWAL OF MASTER GUARANTEE AGREEMENT**

Reference is made to the circulars of the Company dated 10 June 2019 and 8 June 2022 (the “**Circulars**”), and the announcements of the Company dated 30 July 2019, 16 May 2022, 28 March 2024, 19 June 2024, 19 August 2024, 21 August 2024 and 15 November 2024 (the “**Announcements**”). Unless otherwise stated, capitalized terms used herein shall have the same meanings as those defined in the Circulars and the Announcements.

As disclosed in the Circulars, the Announcements and the annual reports of the Company, the Company has provided CVT Guarantees on secured loan facilities previous made in 2010, 2013 and 2014 to Huili Caitong, the Company’s former wholly-owned subsidiary, and Xiushuihe Mining, another former indirect subsidiary of the Company and a subsidiary of Huili Caitong, by CCB, ICBC and Cinda (collectively, the “**Financial Institutions**”). Furthermore, the Company and Chengyu Vanadium entered into the 2019 Counter Indemnity, following the disposal of the Huili Caitong Group in 2019, for the provision of counter-indemnity by Chengyu Vanadium in favour of the Company in respect of the Company’s contingent liabilities and potential claims under the CVT Guarantees. The 2019 Counter Indemnity remains effective until the date of actual release of the CVT Guarantees. These details of the CVT Guarantees are in consistent with the terms and conditions for the completion of the disposal of the Huili Caitong Group in 2019 (the “**Disposal**”).

Given that the CVT Guarantees are continuing in nature and will only be released upon the full and final settlement are made and officially discharged by the respective Financial Institutions, the Company has, on 16 May 2022, extended the CVT Guarantees by entering into the Master Guarantee Agreement and the 2022 Counter Indemnity with Chengyu Vanadium, which allows the Company to claim against Chengyu Vanadium directly for any payments, losses and expenses incurred as a result of the provision of CVT Guarantees. The terms set out thereof, the transactions contemplated thereby together with the annual caps for the three years ending 31 December 2024 as set out in the circular of the Company dated 8 June 2022, were subsequently approved by the Independent Shareholders at the extraordinary general meeting (“**EGM**”) of the Company on 29 June 2022 (“**2022 EGM**”). Under such terms, the Company would like to highlight that these annual caps approved in the 2022 EGM will expire on 31 December 2024 (the “**Existing Guarantee Annual Cap**”).

The Company had further disclosed in the Circular dated 8 June 2022 that for good corporate governance practice, the Company shall seek Independent Shareholders’ approval every three years for the current continuing connected transaction, as applicable and will keep Shareholders updated from time to time on any material information pertaining to the continuity of the CVT Guarantees.

As disclosed in the Company’s announcements dated 28 March 2024, 19 June 2024, 19 August 2024, 21 August 2024 and 15 November 2024, (i) CCB and ICBC had each taken legal actions against Huili Caitong and Xiushuihe Mining, respectively, in relation to the Indebtedness Amount owed to CCB by Huili Caitong (the “**CCB-Caitong Indebtedness Amount**”), the ICBC-Caitong Indebtedness Amount, the ICBC-Xiushuihe Indebtedness Amount; and (ii) Cinda had issued a legal demand letter to Huili Caitong in relation to the Cinda-Caitong Indebtedness Amount (collectively, the “**Total Indebtedness Amounts**” or the “**Indebtedness Claims**”) (collectively, the “**Status Updates**”). Under the CVT Guarantees, the Company shall fulfill its corporate guarantee obligations in relation to the Total Indebtedness Amounts.

In response to the Status Updates, as disclosed in the Announcements, the Company has served legal demand letters on 18 June 2024, 19 August 2024 and 15 November 2024, respectively, on the Huili Caitong Parties, demanding them to perform, satisfy and/or fulfill their respective obligations relating to the Total Indebtedness Amounts. The Company has also received written responses from the Huili Caitong Parties that:

- Chengyu Vanadium Titano will continue to fulfill its obligations under the Master Guarantee Agreement and the 2022 Counter Indemnity; and
- Huili Caitong Parties will continue to take all necessary actions to facilitate, expedite and/or give effect to the creation of the proposed additional charge despite that the local Bureaus of Natural Resource have clarified that, registering a charge in favor of a non-financial institution on mining concession is currently not permitted under the Ministry of Natural Resources’s policy. In view of this, the Company’s management has requested Huili Caitong and Xiushuihe Mining to initiate and facilitate the process of creating additional charges on fixed operating assets, such as machineries, equipment, and infrastructures.

As at the date of this Announcement, the Huili Caitong Parties are still in discussions with the Financial Institutions, exploring potential options for settlement and/or debt restructuring (the “**Ongoing Discussions**”).

Given that (i) the Master Guarantee Agreement and Existing Guarantee Annual Caps will expire on 31 December 2024; (ii) the CVT Guarantees are continuing in nature and will only be released upon the full and final settlement are made and officially discharged by the respective Financial Institutions; and (iii) notwithstanding that there is uncertainty about the outcomes of the Ongoing Discussions under the Status Updates, the Company has requested for the renewal of the Master Guarantee Agreement in an EGM to be convened in due course, as in consistent with the practice of the 2022 EGM.

As such, the Company intends to seek Independent Shareholders’ approval in the upcoming EGM, to enter into a renewed Master Guarantee Agreement with Chengyu Vanadium and the Borrowers (the “**Proposed 2025 Master Guarantee Agreement**”), such that the Proposed 2025 Master Guarantee Agreement, which shall cover the revised annual caps and annual guarantee fees, is to be extended for another three financial years ending 31 December 2027, under which the Company shall agree to continue to provide the CVT Guarantees while Chengyu Vanadium shall agree to continue to provide the counter indemnity in favour of the Company; and the Borrowers shall agree to continue to pay annual guarantee fees to the Company.

As of the date of this announcement, the Company is in the process of discussing and finalising the terms and conditions of the Proposed 2025 Master Guarantee Agreement with the aforementioned parties, including the revised annual caps and annual guarantee fees for the three financial years ending 31 December 2027 (the “**Proposed Revised Guarantee Annual Caps and Guarantee Fees**”), having considered the Status Updates and Ongoing Discussions.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the maximum amount of the CVT Guarantees under the Proposed 2025 Master Guarantee Agreement is/are expected to exceed 25%, the transactions contemplated thereunder constitute a major transaction, which is subject to the reporting, announcement, circular and Shareholders’ approval requirements under Chapter 14 of the Listing Rules. Furthermore, the transactions contemplated under the Proposed 2025 Master Guarantee Agreement are expected to constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement, circular and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Company will convene an EGM to seek approval of the Independent Shareholders in respect of, among other things, the Proposed 2025 Master Guarantee Agreement and the transactions contemplated thereunder, as well as the Proposed Revised Guarantee Annual Caps and Guarantee Fees. The Company will make further announcements to provide updates on the actual date and arrangements of the upcoming EGM as soon as the terms and conditions of the Proposed 2025 Master Guarantee Agreement (which will take into consideration of the Status Updates and Ongoing Discussions) are finalised, for the sake of accuracy, completeness and the interests of the Independent Shareholders.

The Company will continue to monitor the situation closely and shall make further announcement(s) should there be any changes in the above circumstances or as and when there is a material development.

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, 23 December 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.

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