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

China VTM Mining Announces 2016 Annual Results

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Explore New Opportunities to Expand Horizons

Hong Kong, 27 March 2017 – **China Vanadium Titano-Magnetite Mining Company Limited** (“China VTM Mining” or the “Company”, together with its subsidiaries, the “Group”) (Stock code: 00893.HK), today announced its annual results for the year ended 31 December 2016 (the “Reporting Year”).

In 2016, the path of recovery in the global economy remained uncertain while China was undergoing a major structural reform and rebalancing its economic recovery. The severe overcapacity in the steel industry remained a serious concern and there was also limited opportunity to export excess steel when global investments were subdued and anti-dumping measures were in place. In face of the unfavourable operating environment, the Group has diversified its business by trading of steels and coals. As such, the Group’s revenue increased significantly by 255.0% to approximately RMB1,833.3 million during the Reporting Year. In addition, the Group has commenced to sell raw ore together with rendering of processing services for an independent third party to improve its profitability. The gross profit was approximately RMB42.4 million for the Reporting Year, reversing a gross loss of approximately RMB23.2 million last year.

However, due to the impairment losses arose from the weak performance of existing operating assets and less-than-optimal utilisation rates for the Group’s production facilities, the Group recorded a loss and total comprehensive loss attributable to owners of the Company of approximately RMB773.7 million for the Reporting Year (2015: RMB1,105.5 million), but this was an improvement over that of 2015. The basic and diluted loss per share attributable to ordinary equity holders of the Company was approximately RMB0.37. The board of directors of the Company does not recommend the payment of a final dividend for the Reporting Year.

Given the market uncertainties and commodity prices volatility, the Group has been proactively looking for ways to improve production efficiency and assets utilisation, to reduce costs and, potentially, to expand its revenue stream via improving efficiencies. At the end of 2016, the Group entered into an agreement for the acquisition of 49% of the issued share capital of Mancala Holdings Limited. The acquisition was completed in February 2017. It is expected that the acquisition will allow the Group to gain access to foreign expertise in relation to (i) technical and strategic reviews of the economic values of its existing mines and (ii) productivity improvement plans for certain selected mine operations.

Commenting on the business outlook, **Mr. Jiang Zhong Ping, Chairman and Acting Chief Executive Officer of China VTM Mining** said, “Despite the progress in cutting excessive industry capacity by the Chinese government, it is obvious that overcapacity issue would not be fully resolved in the short term. In the meantime, as the smog pollution in China has worsened, it is likely that the Chinese government will enforce tougher environmental measures to control emission, which will impose great pressure on the steel industry. However, the management remains guardedly hopeful about the recovery in both demand and prices for steel over a longer run. The Group will keep a proactive approach towards operational and financial improvements, continue to initiate and review strategies in diversifying investments, improving operational efficiencies, optimising utilisation and exploring means to restructure its operating assets. The Group is committed to achieving sustainable growth and working towards enhancing long-term shareholders’ value.”

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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 iron products, coals and steels, and management of strategic investments.

The Group currently owns the Baicao mine, the Xiushuihe mine, 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.

As at 31 December 2016, the Group’s annual capacity (on a wet basis) of vanadium-bearing iron concentrates, ordinary iron concentrates, iron pellets and high-grade titanium concentrates amounted to 2,600 Ktpa, 150 Ktpa, 1,000 Ktpa and 280 Ktpa, respectively.

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

For media enquiries, please contact:

Cornerstones Communications Limited

Kylie Yeung / Wendy Lau / Sara Qian

Tel: (852) 2903 9293 / 2903 9286 / 2903 9282

Fax: (852) 2887 1712

E-mail: chinavtm@cornerstonescom.com