

[FOR IMMEDIATE RELEASE]



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

China VTM Mining Announces 2017 Annual Results

Consolidate the Foundation with Inclusiveness

Hong Kong, 27 March 2018 – **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 2017 (the “Reporting Year”).

During the Reporting Year, China’s economy entered into a new normal pace of growth, while public infrastructure spending and unexpected real estate demand helped to stabilise steel demand and stimulate steel prices. The Group made guided decisions to reduce trading sales, which generated substantially lower margins but required more working capital. As a result, the Group’s revenue from self-produced products rose but the total revenue decreased by 28.1% to approximately RMB1,317.5 million for the Reporting Year due mainly to the significantly lower trading sales. Yet owing to higher selling prices of the Group’s self-produced products, the Group recorded a higher gross profit of approximately RMB127.5 million and gross profit margin of approximately 9.7% compared with the corresponding period in 2016 of approximately RMB42.4 million and 2.3%, respectively.

The overall operating costs structure was also in line with the Group’s expectations that compliance costs pressure remained with an increase in materials costs and energy consumption, as well as a drop in fixed operating expenses. The impairment losses were approximately RMB206.4 million for the Reporting Year due mainly to the lower value-in-use for key operating assets, but the write-down was much lower compared with the corresponding period in 2016. Benefited from market recovery and its focused strategies, the Group’s operating cash flows position improved sharply, generating approximately RMB67.0 million operating cash inflows for the Reporting Year compared with the operating cash outflows of approximately RMB197.0 million in 2016; the loss attributable to owners of the Company also narrowed from approximately RMB773.7 million in 2016 to approximately RMB349.5 million for the Reporting Year. The basic and diluted loss per share attributable to ordinary equity holders of the Company was approximately RMB0.16. The board of directors of the Company does not recommend payment of a final dividend for the Reporting Year.

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In response to the fast-changing market conditions, the Group adjusted its strategic directions necessarily and changed certain investment parameters accordingly for the Reporting Year. The Group focused on improving operating cash flows rather than maximising the overall plant utilisation rates. The Group changed its revenue mix by cutting down low-margin and high-volume trading sales, scaling up capacity for vanadium-bearing iron concentrates and maintaining output for high-grade titanium concentrates, which brought a higher gross margin and increased cash profits. Moreover, the Group refreshed its strategies to streamline operations, improve efficiencies and keep costs including direct costs, selling and administrative expenses at a lower level.

Looking ahead, **Mr. Teh Wing Kwan, Chairman of China VTM Mining** said, “The recent market price recovery is encouraging and the supply-side reform is progressing. However, the Group cautions that unless higher demand for steel is supported by a sustained fundamental and successful reform, temporary price gains will fade, capacity utilisation may fall and our operating margins may come under pressure again. As such, we will refresh our focused strategies and strengthen our execution capabilities, as well as deepen our strategic reviews to assess the commercial and technical feasibility of rationalising under-utilised assets, restructure our operations and potentially, transform our existing business models. The Group will strive to achieve sustainable growth and pursue unrelentingly the long-term value for our shareholders.”

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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 providing specialist mining services.

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 2017, 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>.

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