



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

China VTM Mining Announces 2018 Interim Results

Hong Kong, 29 August 2018 – **China Vanadium Titano-Magnetite Mining Company Limited** (“China VTM Mining” or the “Company”, together with its subsidiaries, the “Group”) (Stock code: 00893.HK), announced today its interim results for the six months ended 30 June 2018 (the “Reporting Period”).

The shift in demand to high-grade iron ore from low-grade iron ore has fragmented the iron ore market and driven up the prices for iron ore with higher iron content, which is less pollutive during steel production, while the Chinese government has stepped up efforts in anti-smog policies to control emission and protect the environment. This market trend, though largely affected the Group’s production of low-grade iron concentrates, has resulted in improvement of operating cash flows for its production of high-grade iron concentrates.

During the Reporting Period, the Group’s revenue fell by 23.3% year-on-year to approximately RMB548.8 million as a result of the significantly lower selling price for both low-grade iron concentrates and titanium concentrates and lower trading volume, offset by higher selling price of high-grade iron concentrates. On the back of lower revenue, the Group’s gross profit fell by 31.8% year-on-year to RMB47.7 million with a gross profit margin of 8.7%.

The loss attributable to owners of the Company (“Net Loss”) was approximately RMB400.4 million during the Reporting Period due mainly to weak financial performance and accounting impairment losses including write-down of inventories to net realisable value for the Low Fe and inactive mines of the Group. Excluding these impairment losses and written down value, the Group’s Net Loss would have been narrowed to just RMB12.6 million, as mainly attributed to an improvement in financial performance for the Group’s High Fe mines in the northern region of Sichuan.

The basic and diluted loss per share attributable to ordinary equity holders of the Company was approximately RMB18 cents. The board of directors of the Company does not recommend the payment of an interim dividend for the Reporting Period.

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In line with the fragmented market segments, the Group has now segregated its mines operations by grades and geographic locations to facilitate future strategic reviews, resources allocation and operational management with a key objective to potentially expand production capacity for the High Fe mines in northern Sichuan province as its core mining assets while minimising future impairment losses for the low Fe mines in the southern region of Sichuan.

Looking ahead, **Mr. Teh Wing Kwan (“Mr. Teh”), Chairman of China VTM Mining** said, “It is obvious that China has stepped up efforts to fight against pollution and control emission that we have seen stringent enforcement measures for environmental protection. China’s ‘Blue Skies’ plans are here to stay for good.”

“These anti-smog policies have fragmented the iron ore market, being the premium-priced high-grade iron ore and the discounted-priced low-grade iron ore. This demand shift is drastic and requires us to formulate our strategies towards improving operating cash flows and minimising assets impairment risk. To improve future financial performance, the management will have to implement definitive plans accordingly without further delay,” added Mr. Teh.

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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 (including expansion), 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.

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

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