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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)**

### **INSIDE INFORMATION**

This announcement is made by China Vanadium Titano-Magnetite Mining Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). 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, 28 March 2024 and 19 June 2024 (the “**Announcements**”). Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that the Company has been notified that a litigation has been commenced by Industrial and Commercial Bank of China Limited, Liangshan Branch\* (中國工商銀行股份有限公司涼山分行) (“**ICBC**”) against its former indirect wholly-owned subsidiary, Huili Caitong Iron and Titanium Co., Ltd.\* (會理市財通鐵鈦有限責任公司) (“**Huili Caitong**”) in China (the “**ICBC-Caitong Litigation**”), for (i) principal indebtedness of RMB69.7 million and accumulated interest thereof owing by Huili Caitong under loan facilities granted by ICBC; and (ii) other applicable charges and costs involved in the ICBC-Caitong Litigation up to the actual date of settlement (the “**ICBC-Caitong Indebtedness Amount**”), on which the Company has previously provided a corporate guarantee (the “**CVT Guarantees to ICBC**”), prior to the disposal of Huili Caitong and its subsidiaries (the “**Huili Caitong Group**”) in 2019, details of which have been disclosed in the Circulars. Under the CVT Guarantees to ICBC, the Company shall fulfil its corporate guarantee obligations in relation the ICBC-Caitong Indebtedness Amount.

In addition to the ICBC-Caitong Indebtedness Amount, another former indirect subsidiary of the Company and an existing subsidiary of Huili Caitong, Huili Xiushuihe Mining Co. Ltd. (“**Xiushuihe Mining**”), also owes ICBC a principal indebtedness of RMB19.0 million and accumulated interest thereof (the “**ICBC-Xiushuihe Indebtedness Amount**”).

As at the date of this announcement, whilst Huili Caitong Group has not received any notifications on commencement of litigation against Xiushuihe Mining for the ICBC-Xiushuihe Indebtedness Amount, the Company needs to further caution that based on the discussions with its PRC legal advisor and management of Huili Caitong Group, it is likely that ICBC will commence litigation against Xiushuihe Mining for the ICBC-Xiushuihe Indebtedness Amount, on which the Company has corporate guarantee obligations under the CVT Guarantees to ICBC as well (the “**Potential ICBC-Xiushuihe Litigation**”). It should be noted that both the ICBC-Caitong Indebtedness Amount and the ICBC-Xiushuihe Indebtedness Amount (collectively, the “**ICBC Indebtedness Amounts**”) form part of the CVT Guarantees to ICBC (the “**CVT Guarantee Obligations to ICBC**”).

In response to the CVT Guarantee Obligations to ICBC, the Company had on 19 August 2024 served a legal demand letter against the Huili Caitong Parties demanding, among others:

- Huili Caitong and Xiushuihe Mining to repay the ICBC Indebtedness Amounts and to perform, satisfy and/or fulfil its obligations to ICBC in relation to the ICBC Indebtedness Amounts and/or to proactively engage discussions with ICBC, including but not limited to exploring potential options for settlements and/or debts restructuring, as applicable and if so required;
- to expedite the process of creating an additional charge in favour of the Company against the operating assets of the Huili Caitong Parties, including the pledged operating assets for which pre-existing charge has been created in favour of any other chargees, as applicable, which the Company had previously requested on 19 June 2024; and
- Chengyu Vanadium Titano to perform, satisfy and fulfil its obligations under the 2022 Counter Indemnity which covers the Company’s contingent liabilities and potential claims under the Master Guarantee Agreement, including (i) the ICBC Indebtedness Amounts; (ii) all costs incurred by the Company for effecting its right under the 2022 Counter Indemnity; and (iii) any other cost which shall be borne by Chengyu Vanadium Titano should the Company suffer any financial losses arising from the CVT Guarantee Obligations to ICBC.

Following the Announcements, the Company had previously on 19 June 2024, received written confirmations:

- from Chengyu Vanadium Titano that it will continue to fulfil its obligations under the Master Guarantee Agreement; and
- from Huili Caitong Parties that they have agreed to take all necessary actions and sign all required documentation to facilitate and/or give effect to the creation of the proposed additional charge, subject to the consent of the first chargee.

Having considered (i) the financial positions of both Huili Caitong and Xiushuihe Mining (including the indicative market values of their operating assets) as at 30 June 2024; (ii) the adequacy of the transaction contemplated under the Master Guarantee Agreement, including the latest independent valuation report dated 26 July 2024 in relation to the value of inventories pledged in favour of the Company thereunder (and after accounting for the potential CVT Guarantee Obligations to CCB, details of which have been disclosed in the Announcements) remained substantially higher than the maximum guarantee amount as at 30 June 2024; and (iii) other currently available information available to the Group, the Group does not expect the above matter to have material impact on its business operations and financial position as at the date of this announcement save for the additional administrative expenses (including legal and other professional fees) as may be incurred by the Company.

Whilst the Company is not able to determine the potential outcome of the ICBC-Caitong Litigation against Huili Caitong and the Potential ICBC-Xiushuihe Litigation at this juncture, the Company will vigorously pursue its rights against Chengyu Vanadium Titano through the enforcement of the Master Guarantee Agreement should the Company suffer from any losses as a result of the CVT Guarantee to ICBC.

As reiterated, the Company had previously disclosed in its circular dated 8 June 2022 that the slowing economy, prolonged market recovery, and heightened credit risk have prompted many financial institutions in China to adopt a more conservative approach towards extending banking facilities. This shift has been driven by the need to reduce credit exposure across various industries, resulting in requirements for additional collateral, higher loan-to-value ratios, and/or stricter debt-service coverage ratios, amidst the spillover effects from the real estate debt crisis. The Company has further disclosed on 19 March 2024 that the Group remains cautious that China's economic growth momentum may continue to be affected by falling business confidence, spiraling real estate crisis and exacerbating credit stress. That said, these macroeconomic uncertainties may further lead to tighter liquidity conditions for many businesses as credit demand has softened, financiers could curtail lending, debt restructuring needs may rise and corporate refinancing risks will intensify. These factors underscore the Group's concerns over increased risk of liquidity squeezes for the overall markets amidst challenging macro-operating environment.

The Company will closely monitor the situation and should there be any changes in the above circumstances or as and when there is a material development in the above matter, the Company will issue announcements to provide further update.

**Shareholders and potential investors 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, 19 August 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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*\* for identification purpose only*