

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF 81% EQUITY INTEREST OF THE TARGET COMPANY

THE DISPOSAL

The Board wishes to announce that on 30 June 2021 (after trading hours), the Company entered into the SPA with the Purchaser, pursuant to which, the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares (representing 81% of the entire issued share capital of the Target Company as at the date of this announcement) at the Consideration of AUD1.50 million (which is equivalent to approximately RMB7.35 million).

Upon Completion, the Company will cease to have any interest in the Target Company and the Target Group will cease to be subsidiaries of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in relation to the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors should note that the Disposal contemplated under the SPA is subject to satisfaction of certain conditions precedent and it may or may not be completed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

INTRODUCTION

The Board wishes to announce that on 30 June 2021 (after trading hours), the Company entered into the SPA with the Purchaser, pursuant to which, the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares (representing 81% of the entire issued share capital of the Target Company as at the date of this announcement) at the Consideration of AUD1.50 million (which is equivalent to approximately RMB7.35 million).

THE SPA

Set out below is a summary and the relevant information of the SPA:

Date : 30 June 2021 (after trading hours)

Parties : (i) the Company; and
(ii) the Purchaser

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owners is an Independent Third Party.

Assets to be disposed of

Pursuant to the SPA, the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Sale Shares, representing 81% of the entire issued share capital of the Target Company as at the date of this announcement.

Consideration and payment terms

The Consideration payable for the sale and purchase of the Sale Shares is AUD1.50 million, which shall be paid by the Purchaser to the Company in full on the Completion Date.

Basis for the determination of the Consideration

The Consideration was determined at arm's length and on a willing-buyer-willing-seller basis between the Company and the Purchaser after taking into account mainly (i) the market value for the 81% equity interest of the Target Group as at 31 March 2021 of not more than AUD2.00 million, based on the independent valuation conducted by Asia-Pacific Consulting and Appraisal Limited; (ii) the financial position of the Target Group as at 31 December 2020 as adjusted for inclusion in the audited consolidated financial statements of the Company for the year ended 31 December 2020; and (iii) the factors stated in the section headed "Reasons for and benefits of the Disposal" in this announcement.

In view of the foregoing, the Directors consider that the Consideration is fair and reasonable.

Conditions Precedent

The Completion is conditional upon satisfaction or waiver (if applicable) of the following Conditions Precedent on or before the Completion Date:

- (a) the Purchaser has completed a due diligence review of the legal and financial position of the Target Group, and all such other matters as deemed necessary by the Purchaser in its absolute discretion, in relation to the Target Group, and the Purchaser, acting reasonably, is satisfied with the results of such review;
- (b) the Company has obtained all corporate approval(s) in connection with the SPA and the transactions contemplated thereunder in accordance with its constitutional documents, and has provided a copy of such approval(s) in English to the Purchaser;
- (c) the Company has complied with all requirements under the Listing Rules and/or imposed by the Stock Exchange in connection with the SPA and the transactions contemplated thereunder, if any; and
- (d) the Purchaser has obtained all corporate approval(s) in connection with the SPA and the transactions contemplated thereunder in accordance with its constitutional documents, and has provided a copy of such approval(s) in English to the Company.

At any time on or before the Completion Date, the Purchaser may only waive the Condition Precedent set out in paragraph (a) above.

If any of the Conditions Precedent is not fulfilled or waived on or before the Long Stop Date, the SPA will be terminated and, in that event, the Company and the Purchaser shall be released and discharged from their respective obligations under the SPA other than in respect of any antecedent breach of the SPA or any provisions of the SPA which are intended to survive the termination of the SPA.

Completion

Completion shall take place on the Completion Date. On Completion, the Company and the Purchaser shall comply with their respective completion obligations pursuant to the terms and conditions of the SPA.

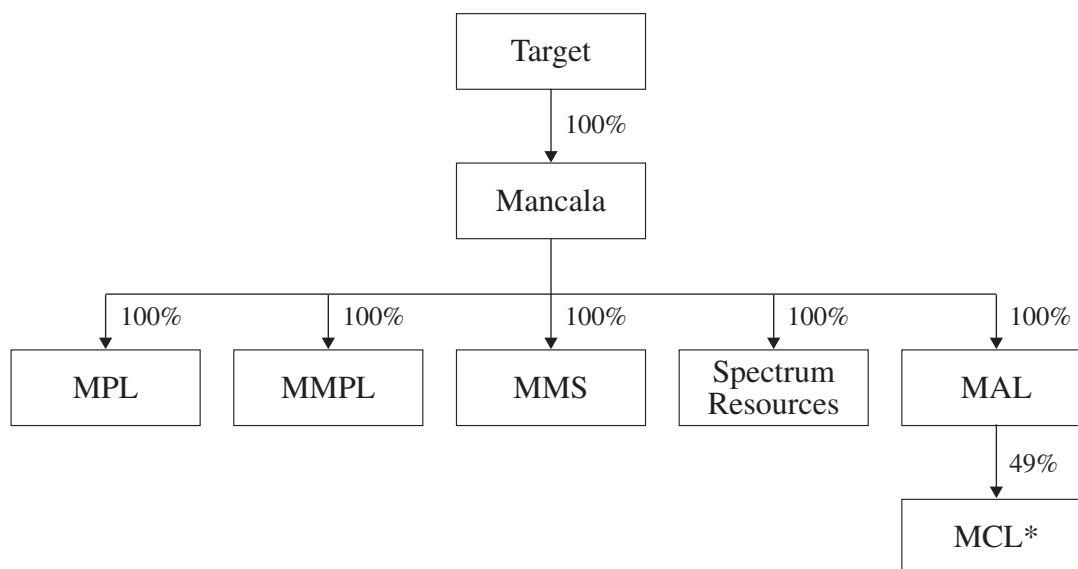
Upon Completion, the Company will cease to have any interest in the Target Company and the Target Group will cease to be subsidiaries of the Company and the financial results of the Target Group will cease to be consolidated into the consolidated financial statements of the Group.

INFORMATION ON THE TARGET GROUP

General information on the Target Group

The Target Company is an investment holding company incorporated in the Cayman Islands with limited liability. The principal business activity of the Target Group is rendering of specialised mining services.

The group structure of the Target Group as at the date of this announcement is set out below:



* As MAL is contractually entitled to appoint a majority of the members to the members' council of MCL, and to control the operations of MCL, MCL is accounted as a subsidiary of MAL.

Financial information on the Target Group

The unaudited consolidated financial information of the Target Group for the financial years ended 31 December 2019 and 2020, is set out as follows:

	For the year ended 31 December 2019 RMB'000	For the year ended 31 December 2020 RMB'000
Revenue	97,033	92,568
Loss before taxation	22,236	32,675
Loss after taxation	22,236	32,675

As at 31 December 2020, the net liabilities of the Target Group, as included in the audited consolidated financial statements of the Company for the year ended 31 December 2020, were approximately RMB7.26 million.

FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Target Group will cease to be subsidiaries of the Company and the financial results of the Target Group will cease to be consolidated into the Group's consolidated financial statements.

The Group is expected to realise a book gain of approximately RMB8.83 million from the Disposal, being the difference between the Consideration and the net liabilities of the Target Group as at 31 December 2020 as recorded by the Group, net of estimated expenses in connection with the Disposal.

Shareholders should note that the financial effect arising from the Disposal (including the incidental costs and expenses) as set out above is for illustrative purpose only, and is subject to final audit by the Company's auditor.

INTENDED USE OF PROCEEDS FROM THE DISPOSAL

The Group intends to apply the net proceeds from the Disposal of approximately AUD1.50 million for the general working capital of the Group.

INFORMATION ON THE PARTIES TO THE SPA

The Company and the Group

The Company is an investment holding company incorporated in the Cayman Islands. The Group is principally engaged in mining and ore processing, sale of self-produced products, trading of steels, management of strategic investments and rendering of specialised mining services.

Subsequent to the Completion, the Group will continue to principally engage in mining and ore processing, sale of self-produced products, trading of steels and management of strategic investments.

The Purchaser

The Purchaser is a company incorporated in Indonesia and is principally engaged in mine surveying, geological exploration, geotechnical and hydrological engineering and providing general mining services in Indonesia. Since its incorporation, the Purchaser has undertaken (i) surveying works on, among other types of minerals, iron ore, chromium ore, gold ore, copper ore, nickel ore, manganese ore and coal ore in various regions in Indonesia, including Aceh Province, Padang, Java Island, Maluku Province, Sulawesi Island and Kalimantan Island; and (ii) other related projects in Indonesia for state-owned enterprises of the PRC. The Purchaser thus believes that the Target Group's technical expertise and track records in mining services industry will complement its principal business activities.

Based on the information available to the Company, the Purchaser is ultimately owned as to 60% and 40% by Ms. Li Yu and Mr. Zhang Jinhai, respectively as at the date of this announcement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owners is an Independent Third Party.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group previously aimed to jointly explore opportunities for strategic collaborations and joint mines development with the Target Group by tapping on the Target Group's technical expertise, experience and knowledge in internationally recognized standards of efficiency, safety and environmental management. Whilst the Target Group has technical expertise and track records in bidding major mining services contracts, the business operations of the Target Group rely heavily on the ability to obtain project financing for capital expenditures and working capital. In this respect, the Target Group has not been able to secure necessary financing for competitive project bidding exercises, which has thus resulted in significantly lower capacity utilisation rates for its operations. The Group, given its limited resources and focused business strategies in the PRC, is thus not in the position to support the Target Group's funding needs under the present business and geopolitical environment.

Subsequently, the global COVID-19 pandemic ("COVID-19") has resulted in various levels of lockdowns, and movement and travel restrictions in many countries, which have further hindered the Target Group's business operations and discussions on potential projects development. In addition, the geopolitical flux has resulted in present trade tension as well, which has further been burdened by global recessionary risks, ongoing market volatility and prolonged travel restrictions, thereby contributing to the challenges in managing the Target Group's operations in Australia. As a result of the aforementioned, the overall productivity and profitability of the Target Group were adversely impacted.

In light of the above circumstances, the Directors have been evaluating the Group's business strategies amidst the COVID-19 pandemic with an aim to optimise its resources that the Group will remain focused in expanding its high-Fe mining operations and trading business while exploring other non-mining business diversification opportunities. The Group had also previously guided that the long-term fundamentals of the Chinese economic growth will remain as a key driving factor for the Group's strategic plans in future, including potential business diversification strategies.

As a result, after taking into account of (i) the net liabilities and loss-making position of the Target Group; (ii) the ongoing working capital burdens of the Target Group; (iii) the lack of project financing for the Target Group; and (iv) the cash inflows arising from the Disposal, the Directors are of the view that the Disposal represents an opportunity for the Group to exit the market in Australia and remain focused in its existing business in the PRC.

In view of the above, the Directors consider that the Disposal and the terms of the SPA, including the Consideration, are on normal commercial terms, fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in relation to the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors should note that the Disposal contemplated under the SPA is subject to satisfaction of certain conditions precedent and it may or may not be completed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, capitalised terms used shall have the following meanings:

“AUD”	the lawful currency of the Commonwealth of Australia
“Board”	the board of Directors of the Company
“Consideration”	the total consideration of AUD1.50 million to be paid by the Purchaser to the Company for the Sale Shares pursuant to the SPA
“Company”	China Vanadium Titano-Magnetite Mining Company Limited, a company incorporated as an exempted company with limited liability in the Cayman Islands, the Shares of which are listed on the Stock Exchange
“Completion”	the completion of the Disposal
“Completion Date”	the date on which the Completion shall take place, being a date that is no later than the Long Stop Date, or such other date as the Company and the Purchaser may agree in writing
“Conditions Precedent”	the conditions precedent set out in the section headed “Conditions Precedent” in this announcement
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Company to the Purchaser pursuant to the SPA

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	independent third party(ies) who is(are) not connected with the Company and its connected person(s) (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the date falling three months from the date of the SPA (i.e. 30 September 2021) or such other date as the Company and the Purchaser may agree in writing
“MAL”	Mancala Asia Limited, a company incorporated under the laws of Hong Kong
“Mancala”	Mancala Holdings Pty Ltd, a company incorporated under the laws of Australia
“MCL”	MCL Vietnam Industries Company Limited, a company incorporated under the laws of Vietnam
“MMPL”	Mancala Mining Pty Ltd, a company incorporated under the laws of Australia
“MMS”	Mancala Mine Services Pty Ltd, a company incorporated under the laws of Australia
“MPL”	Mancala Pty Ltd, a company incorporated under the laws of Australia
“RMB”	the lawful currency of the PRC
“Sale Shares”	4,860,000 shares in the Target Company, representing 81% of the entire issued share capital of the Target Company as at the date of this announcement
“Share(s)”	ordinary shares of the Company
“Shareholder(s)”	holders of the Shares
“SPA”	the sale and purchase agreement dated 30 June 2021 and entered into between the Company and the Purchaser in relation to the Disposal

“Spectrum Resources”	Spectrum Resources Australia Pty Ltd, a company incorporated under the laws of Australia
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Mancala Holdings Limited, a company incorporated in the Cayman Islands which is owned as to 81% by the Company as at the date of this announcement
“Target Group”	the Target Company and its subsidiaries (namely, Mancala, MPL, MMPL, MMS, Spectrum Resources, MAL and MCL), further details of which are set out in the section headed “Information on the Target Group” in this announcement
“PRC”	The People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	PT. Hay Wei Feng Yuan Mining, a company incorporated in Indonesia and an Independent Third Party
“%”	per cent.

In this announcement, AUD amounts have been converted into RMB amounts at the rate of AUD1.00 to RMB4.90. Such exchange rate is used for the purpose of illustration only and does not constitute a representation that any amounts in AUD or RMB have been, could have been or could be, converted at such rate or at any other rate.

By order of the Board
China Vanadium Titano-Magnetite Mining Company Limited
Teh Wing Kwan
Chairman

Hong Kong, 30 June 2021

As at the date of this announcement, the Board comprises Mr. Teh Wing Kwan (Chairman) as non-executive Director, Mr. Jiang Zhong Ping (Chief Executive Officer), Mr. Hao Xiemin (Financial Controller) and Mr. Wang Hu as executive Directors, and Mr. Yu Haizong, Mr. Liu Yi and Mr. Wu Wen as independent non-executive Directors.

Website: www.chinavtmmining.com