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China Vanadium Titano-Magnetite Mining Company Limited
中國釩鈦磁鐵礦業有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 00893)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO DISCLOSEABLE TRANSACTION CHANGE OF CONTRACTOR FOR THE MINING SITE UPGRADE AND CAPACITY EXPANSION

Reference is made to the announcement of the Company dated 26 October 2026 (the "**26 October 2026 Announcement**") relating to, inter alia, (i) the termination of the Zhongxiang Construction Contract and (ii) entry into the Tianzeng Construction Contract. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the 26 October 2026 Announcement.

Following the 26 October 2026 Announcement, the Company would like to provide additional information in relation to the change of contractor:

PROPOSED PRICE ADJUSTMENT BY ZHEJIANG ZHONGXIANG

As announced by the Company on 30 September 2025, Zhejiang Zhongxiang was engaged as the main contractor for the Mining Site Upgrade and Capacity Expansion work for a total contract sum of approximately RMB34,000,000.

Citing inflationary pressures on its supply chain for procurement of materials and labour given the prevailing operating environment, in August 2026, Zhejiang Zhongxiang proposed an indicative price adjustment of approximately 27% to 31% for the outstanding construction works of RMB26.0 million, representing an estimated additional cost of approximately RMB8.0 million as at the date of the negotiation. The proposed adjustment was primarily attributable to several factors identified during the course of construction, including (i) a proposed technical revision to the total excavation length, increasing by about 2,400 metres or approximately 22% compared with the initial estimate; (ii) an increase of approximately 10% in certain construction unit price arising from cost pressures; and (iii) additional costs of labour, equipment leasing and other costs associated with the revised construction arrangements, and deployment of additional resources.

As a result of the proposed revision, the estimated cost of completing the remaining construction works would increase from approximately RMB26.0 million to approximately RMB34.0 million as at the date of the negotiation, subject to further costs, technical assessments and verification of the relevant variation works that may require further discussions and re-negotiation, indicating that there was an uncertainty in finalising the revised contract terms with Zhejiang Zhongxiang.

Whilst there had been extensive discussions, there was no mutual agreement in principle on the above proposed adjustments between the parties. Following that, both parties mutually agreed to terminate the Zhongxiang Construction Contract.

ADDITIONAL DETAILS (INCLUDING TECHNICAL ASSESSMENT)

Technical assessment on works done

The scope of works for the Mining Site Upgrade and Capacity Expansion spans across multiple underground mining levels (Levels 5 to 8 in particular). These works comprise interrelated activities, including underground roadway excavation, ventilation infrastructure development, shaft-related works, track laying, pipeline installation, electrical works and other supporting infrastructure. As at the date of termination, Zhejiang Zhongxiang had undertaken these activities at varying stages of completion. Using the cumulative length of underground excavation as a representative measure of overall construction progress, Zhejiang Zhongxiang has completed approximately 4,458.4 metres out of the total initial estimated excavation length of 11,077 metres, representing approximately 40% of the initially planned excavation works. However, the overall completion percentage of the Mining Site Upgrade and Capacity Expansion cannot technically be interpreted based on this excavation progress to date, nor should it be regarded as a proportionate indication of the time required to complete the remaining construction works having considered that (i) the underground mining construction does not necessarily progress at a linear rate, as technical complexity, site conditions, resource requirements and time required may vary across different construction stages; (ii) initial engineering works, including infrastructure development, may require extensive preparation and involve more technical challenges and, whereas subsequent construction works may progress more efficiently once that infrastructure is ready but unforeseen site conditions, changing regulatory requirements or other operational constraints may also affect the pace of the remaining works during construction.

Payment terms upon termination

As at the date of termination of the Zhongxiang Construction Contract, the aggregate amount payable and accrued in respect of the construction works performed by Zhejiang Zhongxiang was approximately RMB8.1 million, of which approximately RMB5.7 million had been settled. The remaining balance amounting to RMB2.4 million shall become due and payable within one year following confirmation of completion pursuant to the terms of the Zhongxiang Construction Contract.

No refund is required from Zhejiang Zhongxiang, as the amounts settled were based on cumulative construction works actually performed up to the date of termination of the Zhongxiang Construction Contract. Other than the remaining balance which is not yet due as at the date of this announcement, no compensation or liquidated damages in respect of the termination or the consequential changes to the project completion timetable were to be paid by Zhejiang Zhongxiang, as the termination was a mutually agreed commercial arrangement, which did not arise from any contractual default by either party. The Board considers that the mutual termination was commercially appropriate and in the interests of the Company, as it enabled the continuation of the remaining construction works under alternative arrangements at terms which are commercially acceptable to Aba Mining while avoiding protracted negotiations and mitigating the risks that might otherwise arise from continuing with the existing contractual arrangements, including potential disputes, additional costs and further delays in project completion.

Assessment of the Change of Contractor

Based on discussions with Zhejiang Tianzeng (including detailed technical assessment) and having considered its technical qualifications (as previously announced), construction capabilities and available resources, Zhejiang Tianzeng has sufficient manpower, equipment and necessary resources to undertake the remaining construction works at the agreed contract sum of RMB26.0 million, subject to the provision of a more flexible construction period to facilitate an orderly handover, and implementation of necessary safety measures to ensure the proper and safe execution of the remaining works under the existing site conditions, as well as full settlement of progress billings in accordance with the agreed payment terms, without any retention or withholding.

In assessing the financial and operational implications of the Mining Site Upgrade and Capacity Expansion at the inception, the Board had taken into consideration the historical performance of the High-Fe Mining Operations, which contributed approximately 12.4% and 16.0% of the Group's total revenue for the financial year ended 31 December ("**FY**") 2024 and six months ended 30 June ("**1H**") 2025, respectively, as announced on 30 September 2025. In addition, it was observed that while the High-Fe Mining Operations had stabilised since its resumption of production in December 2024, the economies of scale had variably and already been affected and disrupted by its existing on-site upgrade and progressive expansion engineering works as such upgrading works have been carried intermittently. Accordingly, the Board did not expect the temporary suspension of operation of Maoling-Yanglongshan Mine would have a material impact on the Group's financial position as at the date of entry into Zhongxiang Construction Contract, as announced on 30 September 2025.

While delay in completion of the Mining Site Upgrade and Capacity Expansion following the change of contractor would mean delay in revenue-generating activities for the High-Fe Mining Operations, such delay would not cause further significant disruption to the already-suspended High-Fe Mining Operations given the pre-suspension revenues contribution and loss-making position of the High-Fe Mining Operations in FY2024 and 1H2025, which had already been partly affected and disrupted by the then on-site intermittent upgrading plans.

As previously announced, the decision to upgrade and expand the Maoling-Yanglongshan Mine forms part of the Group's longer term strategic plans, which build on the Group's resource integration process completed in 2023 towards optimising production, improving operational efficiencies and increasing revenues stream, which aims to progressively increase the annual production capacity of iron concentrates of the Maoling-Yanglongshan Mine by approximately 30% to 40% upon optimisation of the upgraded production capacity in full commercial scale, which would in turn improve economies of scale and lower production unit cost, barring unforeseen circumstances. For detailed reasons and benefits of the entering into the construction contract for the Mining Site Upgrade and Capacity Expansion, please refer to Company's announcement dated 30 September 2025.

As disclosed above, apart from a known increase in contract price by RMB8 million at the outset of negotiation, there was already an uncertainty in finalising the revised contract terms with Zhejiang Zhongxiang, if the Zhongxiang Construction Contract was to be continued. The Board is thus of the view that the said uncertainty remained a key operational risk and the increasing capital expenditure is an immediate concern. As such, the Board believes that the 6-month delay, in comparison to continuation of Zhongxiang Construction Contract at higher costs with no certainty in confirming contract terms, would not have a material impact on the financial position of the Group as at the date of announcement and for FY2027, having considered (i) the revenue contribution from the High-Fe Mining Operations for FY2024 and 1H2025, (ii) the effects of cost savings arising from continuation of remaining works under Tianzeng Construction Contract; and (iii) being able to complete the Mining Site Upgrade and Capacity Expansion with greater certainty in FY2027 as part of the Group's long-term strategic plans, barring unforeseen circumstances.

By order of the Board
China Vanadium Titano-Magnetite Mining Company Limited
Hao Xiemin
Chief Executive Officer

Hong Kong, 2 November 2026

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, Mr. Wu Wen and Mdm. Tang Guoqiong as independent non-executive Directors.

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