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China Vanadium Titano-Magnetite Mining Company Limited

中國鈇鈦磁鐵礦業有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00893)

ANNOUNCEMENT PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE AND RULE 13.09 OF THE LISTING RULES IN RELATION TO A POSSIBLE PRIVATISATION PROPOSAL AND RESUMPTION OF TRADING

This announcement is made pursuant to Rule 3.7 of the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong (the “**SFC**”) (the “**Takeovers Code**”) and Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The board of directors (the “**Board**”) of China Vanadium Titano-Magnetite Mining Company Limited (the “**Company**”) confirms that it has received a letter (the “**Letter**”) from Trisonic International Limited (“**Trisonic**”), in which Trisonic informed the Board of the Company that it is interested in pursuing a proposal for the privatisation of the Company by Keen Talent Holdings Limited (“**Keen Talent**”, a wholly-owned subsidiary of Trisonic) (the “**Proposal**”). Trisonic is the controlling shareholder of the Company with a holding of approximately 48.5% of the entire issued share capital of the Company as at the date of this announcement.

Mr. Wang Jin, a non-executive director of the Company and holding no share of the Company (the “**Share(s)**”) as at the date of this announcement, owns or controls approximately 82.6% of the entire issued share capital of Trisonic and approximately 27.2% of the entire issued share capital of Sapphire Corporation Limited (“**Sapphire**”). The remaining of the entire issued share capital of Trisonic is owned by Mr. Shi Yinjun as to 7.2%, Mr. Zhang Yuangui as to 7.2% and Mr. Li Hesheng as to 3.0% as at the date of this announcement. Pursuant to the Takeovers Code, Trisonic and Sapphire are deemed to be associated companies of Mr. Wang Jin and each other, and Trisonic, Sapphire and Mr. Wang Jin are presumed to be parties acting in concert with Keen Talent. Sapphire holds a long position of approximately 9.2% and a short position of approximately 7.2% of the entire issued share capital of the Company as at the date this announcement. Accordingly, Keen Talent and parties acting in concert with it hold an aggregate long position of approximately 57.7% and short position of approximately 7.2% of the entire issued share capital of the Company as at the date of this announcement.

Trisonic has indicated in the Letter that it expects to structure the Proposal by way of a scheme of arrangement (under section 86 of the Companies Law, Cap. 22 (Law 3 of 1961), as consolidated and revised, of the Cayman Islands) (the “**Privatisation**”).

The Letter makes clear that the making of a formal offer by Keen Talent in respect of the Proposal is subject to a number of matters being satisfied and there is no guarantee that the Letter will lead to a formal offer being made by Keen Talent for the Company. These matters include: (i) the procuring of appropriate financing for the Proposal on satisfactory terms; (ii) confirmation of the structure of the Proposal based on the advice of the Cayman Islands and Hong Kong legal counsels; and (iii) all necessary prior regulatory clearances (if any), including with the SFC and the Stock Exchange, having been obtained to the satisfaction of Keen Talent.

If a formal offer in respect of the Proposal is put forward, Trisonic has indicated that it expects Keen Talent to propose an offer price of HK\$1.72 in cash per Share (the “**Cash Consideration**”) for the cancellation of all the issued Shares currently not held by Trisonic (the “**Share Offer**”), except where a dividend is declared by the Company prior to the announcement of a firm intention to make the Privatisation as required under Rule 3.5 of the Code is published, in which event the Cash Consideration may be reduced to the same extent as the amount of dividend per Share so declared by the Company.

In addition to the Share Offer, Trisonic has indicated that it expects Keen Talent to propose an appropriate cash offer to the holders of the Company’s share options (the “**Option(s)**”) for the cancellation of all outstanding Options pursuant to Rule 13 of the Takeovers Code (the “**Option Offer**”). The Option Offer will be conditional upon the Proposal becoming effective. Normally, the amount of the cash offer to cancel an Option will be calculated by deducting the exercise price per Share payable on exercise of an Option from the Cash Consideration (ie, the “see-through” price). As the exercise price of all the Options is above the Cash Consideration, the offer price under the Option Offer is expected to be a nominal value of HK\$0.001.

The Executive Director of the Corporate Finance Division of the SFC (the “**Executive**”) has requested Keen Talent, and Keen Talent has confirmed, that if a formal offer is made in respect of the Proposal, the Executive will not allow the Cash Consideration to be less than HK\$1.72 in cash per Share (except where it is adjusted to take into account the amount of dividend per Share declared by the Company (if any)) under the Takeovers Code. Keen Talent has advised the Company that this does not imply that it will increase the Cash Consideration beyond the amount mentioned above in the event that a formal offer in respect of the Proposal is put forward.

The Board is considering the Letter and the Proposal. The terms of the Proposal have not been finalised and no binding agreement has been entered into between any of the parties involved in the Proposal. The Company will make further announcements to inform the market in compliance with the Takeovers Code and the Listing Rules as and when appropriate or required.

Shareholders and/or potential investors should be aware that the implementation of the Proposal is subject to the satisfaction or waiver of a number of pre-conditions and therefore the Proposal may or may not proceed, Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Company’s shares, as there is no certainty that the Proposal will proceed, and, should the Proposal proceed, there is no certainty that the Proposal will ultimately become effective. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisors.

Save for the above, the Board of the Company is not aware of any negotiations or agreements relating to the Company or any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

In compliance with Rule 3.8 of the Takeovers Code, the relevant securities of the Company comprise (i) 2,075,000,000 ordinary shares of HK\$0.10 each; (ii) 29,600,000 outstanding Options under the share option scheme adopted by the Board of the Company on 4 September 2009; and (iii) 27,300,000 outstanding Options under the share option scheme approved by the shareholders of the Company at the annual general meeting of the Company held on 15 April 2010, as at the date of this announcement. The Company has no other outstanding securities.

As required under Rule 3.8 of the Takeovers Code, associates (as defined in the Takeovers Code) (including those who hold 5% or more of any class of relevant securities (as defined in paragraphs (a) to (d) in Note 4 to Rule 22 of the Takeovers Code)) of the Company, Trisonic, Keen Talent and any potential offeror for the Shares are hereby reminded to disclose their dealings in the securities of the Company pursuant to the requirements of the Takeovers Code. In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

Responsibilities of stockbrokers, banks, and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been suspended with effect from 9:00 a.m. on 2 November 2012 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 6 November 2012.

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to Trisonic, Keen Talent or Sapphire) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The directors of Trisonic jointly and severally accept full responsibility for the accuracy of the information contained in this announcement insofar as it relates to Trisonic and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The sole director of Keen Talent accepts full responsibility for the accuracy of the information contained in this announcement insofar as it relates to Keen Talent and Sapphire and confirms having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

By order of the Board of
**China Vanadium Titano-Magnetite
Mining Company Limited**
Jiang Zhong Ping
Chairman

Hong Kong, 5 November 2012

As at the date of this announcement, the Board of the Company comprises Mr. Jiang Zhong Ping (Chairman), Mr. Liu Feng and Mr. Yu Xing Yuan as executive directors, Mr. Wang Jin and Mr. Teo Cheng Kwee as non-executive directors; and Mr. Yu Haizong, Mr. Gu Peidong and Mr. Liu Yi as independent non-executive directors.

As at the date of this announcement, the directors of Trisonic are Mr. Shi Yin Jun, Mr. Yang Jian, Mr. Wang Jin, Mr Wang Jun Lin and Mr. He Fa Rong.

As at the date of this announcement, the sole director of Keen Talent is Mr. Wang Jun Lin.