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## **China Vanadium Titano-Magnetite Mining Company Limited**

**中國鈦鈹磁鐵礦業有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 00893)**

### **CONNECTED TRANSACTIONS NON-EXERCISE OF OPTIONS IN RELATION TO THE ACQUISITIONS OF HUANGCAOPING MINE AND LAGALUO MINE AND UPDATE ON THE ACQUISITION OF XIAOHEIQING JINGZHI MINE**

The Company announces that it has decided not to exercise each of the Huangcaoping Option, the Lagaluo Option and the Xiaoheiqing Option. The Huangcaoping Option and the Lagaluo Option were granted by Yanyuan Xiwei and Weixi Guangfa, respectively.

Both Yanyuan Xiwei and Weixi Guangfa are controlled by Chuan Wei. As Chuan Wei is a connected person of the Company under the Listing Rules, each of the non-exercise of the Huangcaoping Option and the Lagaluo Option constituted a connected transaction for the Company under Rule 14A.70(3) of the Listing Rules.

As the applicable percentage ratios (other than the profits ratio) in respect of each of the non-exercise of the Huangcaoping Option and the Lagaluo Option is less than 5%, each of such transactions constituted a non-exempt connected transaction for the Company under Rule 14A.32 of the Listing Rules and will only be subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

## **INTRODUCTION**

Reference is made to:

- (a) the prospectus of China Vanadium Titano-Magnetite Mining Company Limited (“**Company**”) dated 24 September 2009 pursuant to which it was disclosed, amongst other things, that:
  - (i) pursuant to the undertaking given by Yanyuan County Xiwei Mining Company Limited\* (鹽源縣西威礦業有限責任公司) (“**Yanyuan Xiwei**”) to the Company dated 17 June 2009, the Company was granted an option (“**Huangcaoping Option**”) to acquire the Huangcaoping mine (“**Huangcaoping Mine**”), such option has expired on 16 June 2011; and

- (ii) pursuant to the undertaking given by Weixi Guangfa Iron Ore Development Company Limited\* (維西廣發鐵礦開發有限公司) (“**Weixi Guangfa**”) dated 28 July 2009, the Company was granted an option (“**Lagaluo Option**”) to acquire the Lagaluo mine (“**Lagaluo Mine**”), such option will expire on 27 July 2011.
- (b) the announcement of the Company dated 13 May 2010 pursuant to which, amongst other things, it was announced that the Company and Panzhihua Jingzhi Mining Co., Ltd.\* (攀枝花市經質礦產有限責任公司) (“**Panzhihua Jingzhi**”) had agreed to extend the period for exercise of the option (“**Xiaoheiqing Jingzhi Option**”) for the acquisition of the Xiaoheiqing Jingzhi mine by an additional year from 12 May 2010 to 11 May 2011.

## **NON-EXERCISE OF THE HUANGCAOPING OPTION AND THE LAGALUO OPTION**

The Company announces that it has decided not to exercise both the Huangcaoping Option and the Lagaluo Option (collectively “**Options**”) because it is of the view that the potential reserves of both the Huangcaoping Mine and the Lagaluo Mine are unlikely to be significant enough commercially to justify investment by the Company. The directors of the Company (including the independent non-executive directors) confirm that the non-exercise of the Options is in the interest of the Company and its shareholders as a whole.

Both Yanyuan Xiwei and Weixi Guangfa are controlled by Sichuan Chuanwei Group Co., Ltd.\* (四川省川威集團有限公司) (“**Chuan Wei**”), a limited liability company established in the PRC. Chuan Wei is a connected person of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) since Chuan Wei is ultimately controlled by the founders of the Company (namely Wang Jin (a non-executive director of the Company), Shi Yinjun, Yang Xianlu, Wu Wendong, Zhang Yuangui and Li Hesheng) other than Yang Xianlu.

Wang Jin, a non-executive director of the Company, is also a director and a holder of equity interest in Chuan Wei and is regarded as having a material interest in the transactions of the non-exercise of the Options. As such, Wang Jin has abstained from voting in the relevant resolutions of the board of directors of the Company.

## **FINANCIAL INFORMATION ON THE HUANGCAOPING MINE AND THE LAGALUO MINE**

Based on the audited financial statements of Yanyuan Xiwei for the year ended 31 December 2010 prepared under the PRC generally acceptable accounting principles:

- (a) the net assets of Yanyuan Xiwei was approximately RMB2,808,474 as at 31 December 2010; and
- (b) the net profits of Yanyuan Xiwei were approximately (i) RMB157,926 (before taxation) and RMB7,259 (after taxation) for the year ended 31 December 2009 and (ii) RMB1,489,577 (before taxation) and RMB965,673 (after taxation) for the year ended 31 December 2010.

Based on the audited financial statements of Weixi Guangfa for the year ended 31 December 2010 prepared under the PRC generally acceptable accounting principles:

- (a) the net liabilities of Weixi Guangfa were approximately RMB19,881,288 as at 31 December 2010; and
- (b) (i) the net profit of Weixi Guangfa was nil for the year ended 31 December 2009 and (ii) Weixi Guangfa has recorded a loss of approximately RMB3,966,500 for the year ended 31 December 2010.

## **GENERAL INFORMATION**

The Company and its subsidiaries are primarily engaged in mining, ore processing, iron pelletising and sales of iron concentrates, iron pellets and titanium concentrates.

Yanyuan Xiwei is a company established in the People's Republic of China ("PRC") whose principal business is mining, beneficiation processing and sale of iron ore and it is the holder of the mining permit for the Huangcaoping Mine.

Weixi Guangfa is a company established in the PRC whose principal business is surveying, processing and sale of iron ore products and it is the holder of the mining permit for the Lagaluo Mine.

## **IMPLICATIONS UNDER THE LISTING RULES IN RELATION TO THE NON-EXERCISE OF THE HUANGCAOPING OPTION AND THE LAGALUO OPTION**

As Chuan Wei is a connected person of the Company under the Listing Rules as explained in the section headed "Non-exercise of the Huangcaoping Option and the Lagaluo Option" above, each of the non-exercise of the Huangcaoping Option and the Lagaluo Option constituted a connected transaction for the Company under Rule 14A.70(3) of the Listing Rules.

As the applicable percentage ratios (other than the profits ratio) in respect of each of the non-exercise of the Huangcaoping Option and the Lagaluo Option is less than 5%, each of such transactions constituted a non-exempt connected transaction for the Company under Rule 14A.32 of the Listing Rules and will only be subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

## UPDATE ON THE ACQUISITION OF XIAOHEIQING JINGZHI MINE

The Company announces that it was not able to exercise the Xiaoheiqing Jingzhi Option prior to its expiration in May 2011 because it was not able to reach an agreement to the terms of the acquisition of the Xiaoheiqing Jingzhi mine with Panzhihua Jingzhi prior to the expiration of the Xiaoheiqing Jingzhi Option. Notwithstanding the expiry of the Xiaoheiqing Jingzhi Option, the Company will enter into further negotiations with Panzhihua Jingzhi with a view to acquiring the Xiaoheiqing Jingzhi mine in terms acceptable to the Company.

\* *For identification purpose only*

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

Hong Kong, 26 July 2011

*As at the date of this announcement, the Board comprises Mr. JIANG Zhong Ping, 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.*

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