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**Trisonic International Limited**

*(Incorporated in Hong Kong with limited liability)*

**Keen Talent Holdings Limited**

*(Incorporated in Hong Kong with limited liability)*



**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)**

**JOINT ANNOUNCEMENT**

**(1) PROPOSED PRIVATISATION**

**OF**

**CHINA VANADIUM TITANO-MAGNETITE MINING COMPANY LIMITED**

**BY**

**KEEN TALENT HOLDINGS LIMITED**

**BY WAY OF A SCHEME OF ARRANGEMENT**

**(UNDER SECTION 86 OF THE COMPANIES LAW OF THE CAYMAN ISLANDS)**

**AND**

**(2) PROPOSED WITHDRAWAL OF LISTING**

**Financial Adviser to the Offeror**

**BofA Merrill Lynch**

**Merrill Lynch (Asia Pacific) Limited**

## **THE PROPOSAL**

### *Scheme of Arrangement*

On 21 December 2012, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders which, if approved and implemented, would result in the Company becoming wholly-owned by the Offeror and the Parent and the withdrawal of the listing of the Shares on the Stock Exchange in accordance with Rule 6.15 of the Listing Rules.

The Proposal will be implemented by way of a scheme of arrangement under Section 86 of the Companies Law. If the Scheme becomes effective, the Scheme Shares will be cancelled and the New Shares will be issued and credited as fully paid to the Offeror.

Having reviewed the Proposal, the Board has agreed to put forward the Proposal for consideration by the Scheme Shareholders.

If the Scheme becomes effective, the Scheme Shareholders will receive from the Offeror the Cash Consideration as consideration for the cancellation of the Scheme Shares:

HK\$1.93 in cash . . . . . for every Scheme Share cancelled

As at the date of this announcement, the Company had two share option schemes, (namely, the Old Option Scheme and the New Option Scheme).

### *The Share Option Schemes and Option Offer*

As at the date of this announcement, there were 29,600,000 outstanding Options under the Old Share Option Scheme and 27,300,000 outstanding Options under the New Share Option Scheme, of which 14,800,000 outstanding Options under the Old Share Option Scheme and all of the outstanding Options under the New Share Option Scheme remained unvested. All the Optionholders have each given an irrevocable undertaking to the Offeror and the Company to not exercise any of his/her outstanding Options during the Offer Period.

Pursuant to Rule 13 of the Takeovers Code, the Offeror will make an appropriate cash offer to the Optionholders to cancel their Options. The Option Offer will be conditional upon the Scheme becoming effective. 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 (i.e. the “see-through” price). As the exercise price of all the Options is above the Cash Consideration, the “see-through” price is zero and the offer price under the Option Offer will be a nominal value of HK\$0.001.

### *Other Securities*

Other than the Shares to be issued under the outstanding Options, the Company does not have any outstanding convertible securities, warrants, options or derivatives in respect of any Shares.

## **FINANCIAL RESOURCES**

The Offeror will finance the aggregate Cash Consideration and Option Amount payable under the Proposal by a combination of external debt financing provided by the Facility and the internal cash resources of the Offeror Group.

BofA Merrill Lynch has been appointed as the financial adviser to the Offeror in respect of the Proposal. BofA Merrill Lynch is satisfied that sufficient financial resources are available to the Offeror for the full payment in cash of: (i) the aggregate Cash Consideration payable by the Offeror under the Scheme; and (ii) the aggregate Option Amount payable by the Offeror under the Option Offer.

## **CONDITIONS OF THE PROPOSAL**

The Proposal is conditional upon the fulfilment or waiver (as applicable) of the Conditions described in the section headed “Conditions of the Proposal” below (which include, among others, the approval of the Scheme by the Scheme Shareholders at the Court Meeting and the sanction of the Scheme by the Grand Court).

If the Conditions are not fulfilled (or, if applicable, not waived) on or before the Long Stop Date, the Proposal will lapse.

## **SHAREHOLDING STRUCTURE OF THE COMPANY**

As at the date of this announcement, there were 2,075,000,000 Shares in issue, of which 1,023,557,072 Shares (representing approximately 49.33% of the Shares in issue) were held by parties acting in concert with the Offeror.

The Scheme Shareholders held an aggregate of 1,068,246,000 Shares (representing approximately 51.48% of the Shares in issue) as at the date of this announcement, of which 1,051,442,928 Shares were held by the Independent Shareholders (representing approximately 50.67% of the Shares in issue) and 16,803,072 Shares (representing approximately 0.81% of the Shares in issue) were held by Sapphire, a party presumed to be acting in concert with the Offeror.

All the Scheme Shareholders will be entitled to vote at the Court Meeting but, for the purposes of Rule 2.10 of the Takeovers Code, only the votes of the Independent Shareholders on the Scheme will be counted at the Court Meeting. All the Shareholders will be entitled to vote at the EGM except Condition (b)(iii) which requires an ordinary resolution of the Independent Shareholders.

## **INDEPENDENT BOARD COMMITTEE**

The IBC comprises only the independent non-executive Directors, being Mr. Yu Haizong, Mr. Gu Peidong and Mr. Liu Yi, as each of the non-executive Directors, being Mr. Wang Jin and Mr. Teo Cheng Kwee, is a party acting in concert with the Offeror. The IBC has been formed to advise and make a recommendation to the Independent Shareholders as to whether the Proposal is, or is not, fair and reasonable and as to what action they should take in respect of the Proposal and to the Optionholders as to whether the Option Offer is, or is not, fair and reasonable and as to what action they should take in respect of the Option Offer.

## **SCHEME DOCUMENT**

The Scheme Document will be despatched to the Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code and the Grand Court, and other applicable regulations.

## **WITHDRAWAL OF LISTING**

The Company will apply for the withdrawal of listing of the Shares on the Stock Exchange, in accordance with Rule 6.15 of the Listing Rules, with effect from the date on which the Scheme becomes effective.

If the Scheme is withdrawn, not approved or lapses, the listing of the Shares on the Stock Exchange will not be withdrawn.

## **WARNING**

**Shareholders, Optionholders and investors should note that the implementation of the Proposal is subject to the Conditions being fulfilled or waived (as applicable). Therefore, the Proposal may or may not become effective. Shareholders and investors are advised to exercise caution when dealing in the Shares.**

## **INTRODUCTION**

Reference is made to the announcements published by the Company on 5 November 2012 and 5 December 2012 in relation to a possible privatisation proposal.

On 21 December 2012, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders which, if approved and implemented, would result in the Company becoming wholly-owned by the Offeror and the Parent and the withdrawal of the listing of the Shares on the Stock Exchange in accordance with Rule 6.15 of the Listing Rules.

The Proposal will be implemented by way of a scheme of arrangement under Section 86 of the Companies Law. If the Scheme becomes effective, the Scheme Shares will be cancelled and the New Shares will be issued and credited as fully paid to the Offeror.

Having reviewed the Proposal, the Board has agreed to put forward the Scheme for consideration by the Scheme Shareholders.

**TERMS OF THE PROPOSAL**

*Scheme of Arrangement*

Under the Scheme, the Scheme Shareholders will receive from the Offeror the Cash Consideration as consideration for the cancellation of the Scheme Shares:

HK\$1.93 in cash . . . . . for every Scheme Share cancelled

The Cash Consideration for each Scheme Share under the Proposal represents:

- a premium of approximately 21% over the closing price of HK\$1.59 per Share as quoted on the Stock Exchange on the Pre-Announcement Date;
- a premium of approximately 50% over the average closing price of HK\$1.29 per Share as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Pre-Announcement Date;
- a premium of approximately 57% over the average closing price of HK\$1.23 per Share as quoted on the Stock Exchange for the 60 trading days immediately prior to and including the Pre-Announcement Date;
- a premium of approximately 58% over the average closing price of HK\$1.22 per Share as quoted on the Stock Exchange for the 90 trading days immediately prior to and including the Pre-Announcement Date;
- a premium of approximately 16% over the closing price of HK\$1.67 per Share as quoted on the Stock Exchange on the Last Trading Date;
- a premium of approximately 17% over the average closing price of approximately HK\$1.65 per Share as quoted on the Stock Exchange over the 30 trading days up to and including the Last Trading Date;
- a premium of approximately 30% over the average closing price of approximately HK\$1.49 per Share as quoted on the Stock Exchange over the 60 trading days up to and including the Last Trading Date;
- a premium of approximately 40% over the average closing price of HK\$1.38 per Share as quoted on the Stock Exchange for the 90 trading days immediately prior to and including the Last Trading Date.

During the six month period immediately preceding and including the Pre-Announcement Date, the highest closing price and the lowest closing price of the Shares as quoted on the Stock Exchange were HK\$1.84 per Share on 2 May 2012 and HK\$1.08 per Share on 26 July 2012 and 5 September 2012 respectively.

### *The Share Option Schemes and Option Offer*

As at the date of this announcement, the Company had two share option schemes (namely, the Old Share Option Scheme and the New Share Option Scheme).

As at the date of this announcement, there were 29,600,000 outstanding Options under the Old Share Option Scheme and 27,300,000 outstanding Options under the New Share Option Scheme, of which 14,800,000 outstanding Options under the Old Share Option Scheme and all of the outstanding Options under the New Share Option Scheme remained unvested. The weighted average exercise price of the outstanding Options is HK\$4.34 per Share and the lowest exercise price of the outstanding Options is HK\$3.60 per Share. All the Optionholders have each given an irrevocable undertaking to the Offeror and the Company to not exercise any of his/her outstanding Options during the Offer Period.

Other than the Shares to be issued under the outstanding Options, the Company does not have any outstanding convertible securities, warrants, options or derivatives in respect of any Shares.

Pursuant to Rule 13 of the Takeovers Code, the Offeror will make an appropriate cash offer to the Optionholders to cancel their Options. The Option Offer will be conditional upon the Scheme becoming effective. 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 (i.e. the “see-through” price). As the exercise price of all the Options is above the Cash Consideration, the “see-through” price is zero and the offer price under the Option Offer will be a nominal value of HK\$0.001.

### **NO DIVIDEND PAYMENT**

The Board did not recommend any payment of dividends for the six-month period ended 30 June 2012. The Offer Price of HK\$1.93 per Share assumes that no dividend or other distribution (whether in cash or in kind) will be declared, made or paid to the Shareholders during the Offer Period. Accordingly, the Company will not declare, make or pay any dividend or other distribution (whether in cash or in kind) to the Shareholders during the Offer Period.

### **CASH AMOUNT TO BE DEPOSITED AND MAINTAINED IN AN ACCOUNT OF THE COMPANY**

To ensure that there is no leakage of value in the Company and to ensure that the Company has at least RMB1,200 million (or its equivalent in any other currency or currencies based on the RMB Benchmark Rate) in cash available for distribution (subject to the relevant laws, rules, regulations or codes in connection with distributions) to the Parent and the Offeror, being the Shareholders after the Scheme has become effective, the Offeror has included as a condition to the Scheme that the Deposit Amount is standing to the credit of the Bank Accounts on the date of the Court Hearing. The

Deposit Amount shall be (i) deposited by the Company and/or its subsidiaries; (ii) standing to the credit of the Bank Accounts on the date of the Court Hearing; and (iii) shall be (and shall remain until and including the date of the Court Hearing) free from any Security Interest at all times once deposited. Prior to the date of the Court Hearing, the Offeror will not impose any restrictions on the Company's use of the Deposit Amount and the Bank Accounts. **The Deposit Amount will not be paid to the Scheme Shareholders and therefore, the Deposit Amount will remain in the Bank Accounts for the benefit of the Offeror to the exclusion of the Scheme Shareholders.**

This condition will be put forward to the Independent Shareholders for approval by ordinary resolution at the EGM. If this condition is approved by the Independent Shareholders at the EGM, the Company and/or its subsidiaries will use its reasonable endeavours to ensure that this condition is fulfilled by depositing the Deposit Amount to the credit of the Bank Accounts on or before the date of the Court Hearing.

## **FINANCIAL RESOURCES**

As all the Optionholders have each given an irrevocable undertaking to the Offeror and the Company to not exercise any of his/her outstanding Options during the Offer Period, the maximum amount of cash required to implement the Proposal in full (including the Option Amount) would be approximately HK\$2,061.77 million, of which HK\$2,061.71 million would be for the Cash Consideration and HK\$56,900 for the Option Amount.

The Offeror will finance the aggregate Cash Consideration and Option Amount payable under the Proposal by a combination of external debt financing by the Facility and the internal cash resources of the Offeror Group.

BofA Merrill Lynch has been appointed as the financial adviser to the Offeror in respect of the Proposal. BofA Merrill Lynch is satisfied that sufficient financial resources are available to the Offeror for the full payment in cash of: (i) the aggregate Cash Consideration payable by the Offeror under the Scheme; and (ii) the aggregate Option Amount payable by the Offeror under the Option Offer.

## **CONDITIONS OF THE PROPOSAL**

The Scheme will become effective and binding on the Company, the Offeror and all the Scheme Shareholders subject to the fulfilment or waiver (as applicable) of the following Conditions:

- (a) the approval of the Scheme (by way of a poll) by a majority in number of Scheme Shareholders representing not less than three-fourths in value of the Scheme Shares held by the Scheme Shareholders present and voting at the Court Meeting (either in person or by proxy), provided that:

- i. the Scheme is approved (by way of a poll) by Independent Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by the Independent Shareholders that are voted at the Court Meeting (either in person or by proxy); and
  - ii. the number of votes cast (by way of a poll) against the resolution to approve the Scheme at the Court Meeting (either in person or by proxy) is not more than 10% of the votes attaching to the Scheme Shares held by the Independent Shareholders;
- (b) (i) the passing of a special resolution to approve and give effect to the Reduction by a majority of at least three-fourths of the votes cast by the Shareholders present and voting either in person or by proxy at the EGM and, (ii) the passing of an ordinary resolution by the Shareholders at the EGM to immediately restore the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares and to apply the credit arising in its books of account as a result of the Reduction to pay up in full at par and issue to the Offeror such number of New Shares as is equal to the number of Scheme Shares cancelled and, (iii) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the deposit and maintenance of the funds by the Company in the Bank Accounts as referred to in Condition (e);
- (c) the sanction of the Scheme (with or without modifications) by the Grand Court and, to the extent necessary, the Grand Court's confirmation of the Reduction and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;
- (d) compliance, to the extent necessary, with the procedural requirements of Section 15 of the Companies Law and compliance with any conditions imposed under Section 16 of the Companies Law, in each case in relation to the Reduction;
- (e) the Deposit Amount (or its equivalent in any other currency or currencies based on the RMB Benchmark Rate), free from any Security Interest at all times once deposited by the Company and/or its subsidiaries, is standing to the credit of the Bank Accounts on the date of the Court Hearing;
- (f) no dividend or other distribution (whether in cash or in kind) during the Offer Period having been declared, made or paid by the Company to the Shareholders;
- (g) all Authorisations having been obtained from the relevant Authorities in the Cayman Islands, Hong Kong, the PRC and/or any other relevant jurisdictions on terms reasonably satisfactory to the Offeror;
- (h) all Authorisations remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any of the



relevant Authorities which is not expressly provided for (or is in addition to requirements expressly provided for) in the relevant laws, rules, regulations or codes in connection with the Proposal (or any matters, documents or things relating to the Proposal), in each case up to the date immediately preceding the Effective Date;

- (i) all Authorisations having been obtained from the relevant third parties (other than, for the avoidance of doubt, any that may be required from any member of the Offeror Group) under any existing contractual obligations of any member of the Group on terms reasonably satisfactory to the Offeror and remaining in full force and effect without modification;
- (j) save as publicly announced prior to the date of this announcement (and except in so far as such event forms part of the Proposal), since the Last Accounting Date:
  - i. there having been no material adverse change in the business, financial or trading position or prospects of any member of the Group; or
  - ii. there not having been instituted or remaining outstanding any material litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Group is a party (whether as plaintiff or defendant or otherwise) and no such proceedings having been threatened in writing against any such member and no investigation by any Authority against or in respect of any member of the Group (or the business carried on by any such member) having been threatened in writing, announced, instituted or remaining outstanding by, against or in respect of any such member,

in each case which is material and adverse in the context of the Group taken as a whole;

- (k) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Proposal or the Scheme or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or the Scheme or its implementation in accordance with its terms), other than such actions, proceedings, suits, investigations or enquiries as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal or the Scheme; and
- (l) each member of the Group remaining solvent and not being subject to any insolvency or bankruptcy proceedings or likewise and no liquidator, receiver or other person carrying out any similar function having been appointed anywhere

in the world in respect of the whole or any substantial part of the assets or undertakings of any member of the Group up to the date immediately preceding the Effective Date, in each case which is material and adverse in the context of the Group taken as a whole.

The Offeror reserves the right to waive any of Conditions (e), (f), (g), (h), (i), (j) and (l), either in whole or in respect of any particular matter. Conditions (a), (b), (c), (d) and (k) cannot be waived in any event. If Condition (e) is approved by the Independent Shareholders at the EGM, the Company and/or its subsidiaries will use its reasonable endeavours to ensure that Condition (e) is fulfilled by depositing the Deposit Amount to the credit of the Bank Accounts on or before the date of the Court Hearing. As of 31 October 2012, the Company's cash and cash equivalents are sufficient to satisfy Condition (e). Neither the Parent nor the Offeror will take any action to prevent Condition (e) from being fulfilled. Further, each of the Parent, the Offeror, Mr. Wang and Mr. Teo Cheng Kwee undertakes to the Shareholders and the Company that they will not and will ensure that their Associates will not (whether directly or indirectly) direct, instruct or otherwise cause the Board to take any action (or omit to take any action) to prevent Condition (e) from being fulfilled.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Scheme if the circumstances which give rise to a right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal. All of the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Grand Court may direct), failing which the Proposal and the Scheme will lapse. The Company has no right to waive any of the Conditions.

When the Conditions are fulfilled or waived (as applicable) the Scheme will become effective and binding on the Offeror, the Company and all the Scheme Shareholders. According to the Takeovers Code, an offer document should be posted within 21 days of the date of this announcement but the Executive can be consulted if an extended period for the despatch of the Scheme Document is required to accommodate the timetable of the Grand Court. As of the date of this announcement, the Company has no indication as to the Grand Court's timetable with respect to the Proposal. However, assuming the Scheme Document can be despatched according to the requirements under the Takeovers Code, that is on or before 11 January 2013, and the Conditions are fulfilled (or, as applicable, waived), it is expected that the Scheme may become effective on or before 18 March 2013. The Company will issue further announcements to update the Shareholders as and when necessary once it has clarity regarding the Grand Court's timetable. A detailed expected timetable will also be included in the Scheme Document.

## SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, there were 2,075,000,000 Shares in issue. The table below sets out the shareholding structure of the Company as at the date of this announcement and immediately following the completion of the Proposal, on the basis that no outstanding Options would be exercised during the Offer Period because of the Irrevocable Undertakings from all the Optionholders to the Offeror and the Company and that there is no other change to the shareholding structure:

	<b>As at the date of this announcement</b>		<b>Upon completion of the Proposal</b>	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
<b>Shareholders</b>				
Offeror	0	0	1,068,246,000	51.48
<b>Concert Parties</b>				
Parent	1,006,754,000	48.52	1,006,754,000	48.52
Sapphire	16,803,072	0.81	0	0
<b>Subtotal</b>	<b>1,023,557,072</b>	<b>49.33</b>	<b>1,006,754,000</b>	<b>48.52</b>
<b>Other Shareholders</b>				
Independent Shareholders	1,051,442,928	50.67	0	0
<b>Total Shares in issue</b>	<b>2,075,000,000</b>	<b>100.00</b>	<b>2,075,000,000</b>	<b>100.00</b>

As at the date of this announcement, Mr. Wang, a non-executive Director, owns or controls approximately 82.6% of the entire issued share capital of the Parent and approximately 27.2% of the entire issued share capital of Sapphire. Pursuant to the Takeovers Code, the Parent and Sapphire are deemed to be associated companies of Mr. Wang and each other, and the Parent, Sapphire and Mr. Wang are presumed to be parties acting in concert with the Offeror. Sapphire holds approximately 0.81% of the entire issued share capital of the Company as at the date of this announcement. Accordingly, the Offeror and parties acting in concert with it hold an aggregate of approximately 49.33% of the entire issued share capital of the Company as at the date of this announcement.

Sapphire has reduced its shareholding in the Company from 9.20% as at 5 November 2012 to 0.81% as at the date of this announcement due to the termination of a share financing agreement between Sapphire and Credit Suisse International dated 12 January 2011 (the “**Share Financing Agreement**”) and which the outstanding amount owing by Sapphire to Credit Suisse International under the Share Financing Agreement was settled by cash and 174,140,928 Shares (representing approximately 8.39% of the issued share capital of the Company). As Shares were held by Credit Suisse International as collateral under the Share Financing Agreement, there was no physical transfer of such Shares by Sapphire to Credit Suisse International for the settlement.

The Scheme Shareholders held an aggregate of 1,068,246,000 Shares (representing approximately 51.48% of the Shares in issue) as at the date of this announcement, of which 1,051,442,928 Shares were held by the Independent Shareholders (representing approximately 50.67% of the Shares in issue) and 16,803,072 Shares (representing approximately 0.81% of the Shares in issue) were held by Sapphire, a party presumed to be acting in concert with the Offeror.

The Shares held by the Parent will not form part of the Scheme Shares and will not be cancelled upon the Scheme becoming effective.

All the Scheme Shareholders will be entitled to vote at the Court Meeting but, for the purposes of Rule 2.10 of the Takeovers Code, only the votes of the Independent Shareholders on the Scheme will be counted at the Court Meeting. All the Shareholders will be entitled to vote at the EGM except Condition (b)(iii) which requires an ordinary resolution of the Independent Shareholders.

As at the date of this announcement, BofA Merrill Lynch did not hold any voting rights or other rights over the Shares.

Each of the Offeror and the Parent has agreed to undertake to the Grand Court that each of them will be bound by the Scheme, so as to ensure that they will be subject to the terms and conditions of the Scheme.

## **REASONS FOR THE PROPOSAL**

The Directors (other than members of the IBC who will express their view after receiving advice from the IFA) are of the view that the terms of the Proposal are attractive to the Scheme Shareholders and that the Proposal will be beneficial to the Scheme Shareholders in a number of ways.

The Directors (other than members of the IBC) consider that the Scheme provides an opportunity for the Scheme Shareholders to realise their Shares (which have a relatively low degree of market liquidity) in return for cash. In this regard, the Board noted that the trading volume of the Shares on the Stock Exchange since the IPO has been, in general, decreasing. The average daily trading volume of the Shares for the six months following the IPO was 13.7 million Shares (representing approximately 0.66% of the

Shares in issue as at the date of this announcement) whereas the average trading volume of the Shares for the six months preceding the Pre-Announcement Date was 5.3 million Shares (representing approximately 0.26% of the Shares in issue as at the date of this announcement). Given this relatively low liquidity of the Shares traded on the Stock Exchange, the Offeror Directors and the Directors (excluding members of the IBC) believe that there is currently limited opportunity for the Scheme Shareholders to divest their investment in the Company.

Over the 365 trading days up to and including the Last Trading Date, the price of the Shares fell by approximately 44.0% and the market, as represented by the Hang Seng Index, increased by approximately 1.0%. During the period from the IPO to the Last Trading Date, the Hang Seng Index increased by approximately 5.3% to 22,623.37 and the price of the Shares fell by approximately 54.6% to HK\$1.67 per Share. This relatively weak performance of the Shares versus the broader market can in part be attributed to challenging macro sector dynamics, including the recent weakness in iron ore prices.

The Directors (other than members of the IBC) believe that, in view of the relatively thin trading liquidity and persistently weak performance of the Shares since the IPO, access to the equity capital markets does not provide the Company with an attractive fund raising avenue, and that the costs and management resources associated with the maintenance of the Company's listing status are not warranted.

The Directors (other than members of the IBC) believe the Scheme offers an opportunity to the Scheme Shareholders to realise their investment at a premium to the current Share price without having to incur the brokerage fees, transaction levies and trading fees which are customarily payable when disposing of shares in the open market.

The Proposal provides the Scheme Shareholders with an attractive opportunity to divest their holding of Shares in exchange for cash during the current global economic downturn, at a significant premium over the recent market trading price.

In addition, the Proposal allows the Scheme Shareholders a chance to redeploy capital into other investment opportunities that they may consider more attractive in the current market environment.

## **INFORMATION ON THE COMPANY**

The Company is an exempted company incorporated in the Cayman Islands with limited liability, the shares of which have been listed on the Stock Exchange since October 2009. The Group is principally engaged in the business of mining, ore processing, iron pelletising, sale of vanadium-bearing iron concentrates, ordinary iron concentrates, iron pellets and titanium concentrates and management of strategic investments.

Set out below is a summary of the audited consolidated results of the Company for the financial years ended 31 December 2011 and its unaudited consolidated results for each of the six months ended 30 June 2012 and 2011 as extracted from the relevant annual report and the Company's interim results announcement for the six months ended 30 June 2012, respectively:

	For the six months ended			For the year ended
	30 June 2012	30 June 2011	YoY Change	31 December
	<i>RMB million</i>	<i>RMB million</i>		2011
				<i>RMB million</i>
Revenue	774	845	(8.46%)	1,713
Profit before income tax	276	366	(24.60%)	748
Profit and total comprehensive income for the period/year	200	304	(34.09%)	613
Profit and total comprehensive income for the period/year attributable to owners of the Company	197	301	(34.44%)	606
Earnings per Share:	<i>RMB cents</i>	<i>RMB cents</i>		<i>RMB cents</i>
– Basic and diluted	9	14	(35.71%)	29

The unaudited consolidated net assets of the Company attributable to owners of the Company as at 30 June 2012 were approximately RMB3,330 million (equivalent to approximately HK\$4,092 million). The audited consolidated net assets of the Company attributable to owners of the Company as at 31 December 2011 and 2010 were approximately RMB3,199 million and RMB2,807 million, respectively (equivalent to approximately HK\$3,967 million and HK\$3,481 million, respectively).

### **IRREVOCABLE UNDERTAKING FROM OPTIONHOLDERS NOT TO EXERCISE THE OPTIONS**

As at the date of this announcement, all the Optionholders holding an aggregate of 56,900,000 Options have each given an irrevocable undertaking to the Offeror and the Company not to exercise the vested and unvested Options (as applicable) in respect of the Options held by each of the Optionholders during the Offer Period. The Optionholders have also confirmed to the Company that the Company has no obligation to issue any new Shares to them.

## **INFORMATION ON THE OFFEROR**

The Offeror is an investment holding company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Parent. The Parent is the controlling shareholder of the Company.

The Parent is an investment holding company incorporated in Hong Kong with limited liability and 82.6% beneficially owned by Mr. Wang, a non-executive Director. The remaining of the entire issued share capital of the Parent is owned by Mr. Shi Yinjun as to 7.20%, Mr. Zhang Yuangui as to 7.20% and Mr. Li Hesheng as to 3.00% as at the date of this announcement.

## **FUTURE PLANS FOR THE GROUP**

It is the intention of the Offeror to continue the existing businesses of the Group in all material respects upon the successful privatisation of the Company.

The Offeror has no plan, in the event that the Scheme becomes effective, to: (i) make any material changes to the existing businesses of the Group (including any material redeployment of the fixed assets of the Group); or (ii) make any material changes to the continued employment of the employees of the Group, as a result of the Proposal.

On the other hand, the Offeror will continue to assess any business opportunity that may arise from time to time involving the business and/or assets of the Group and will formulate strategic corporate planning as and when appropriate.

## **OVERSEAS SHAREHOLDERS**

The making of the Proposal to and acceptance of the Proposal by Scheme Shareholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions where such Scheme Shareholders are located. Such Scheme Shareholders should inform themselves about and observe any applicable legal, tax or regulatory requirements of their own jurisdictions.

It is the responsibility of any overseas Scheme Shareholders and Optionholders wishing to accept the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection with such acceptance (including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due by such overseas Scheme Shareholder or Optionholder in any such jurisdiction).

## **INDEPENDENT BOARD COMMITTEE**

The executive Directors believe that the terms of the Proposal and the Scheme are fair and reasonable and in the interests of the Shareholders as a whole. However, an independent financial adviser will be appointed (with the approval of the IBC) to advise the IBC in connection with the Proposal, the Scheme and the Option Offer). A further

announcement will be made by the Company upon the appointment of the independent financial adviser.

The IBC comprises only the independent non-executive Directors, being Mr. Yu Haizong, Mr. Gu Peidong and Mr. Liu Yi, as each of the non-executive Directors, being Mr. Wang Jin and Mr. Teo Cheng Kwee, is a party acting in concert with the Offeror. The IBC has been formed to advise and make a recommendation to the Independent Shareholders as to whether the Proposal is, or is not, fair and reasonable and as to what action they should take in respect of the Proposal and to the Optionholders as to whether the Option Offer is, or is not, fair and reasonable and as to what action they should take in respect of the Option Offer.

The recommendations of the IBC and the independent financial adviser (as to whether the Proposal is or is not fair and reasonable, as to voting by the Independent Shareholders at the Court Meeting and the EGM) will be set out in the Scheme Document.

### **SCHEME DOCUMENT**

The Scheme Document containing, among other things, further details of the Proposal and the Scheme, the expected timetable, an explanatory memorandum as required under the Companies Law and the Rules of the Grand Court, information regarding the Company, the Record Date, the recommendations of the IBC with respect of the Proposal, the Scheme and the Option Offer, the letter of advice from the IFA to the IBC and notices of the Court Meeting and the EGM, together with proxies in relation thereto, will be despatched to the Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code and the Grand Court, and other applicable regulations.

The Scheme Document will contain important information and the Scheme Shareholders are urged to read the Scheme Document containing such disclosures carefully before casting any vote at (or providing any proxy in respect of) the Court Meeting or the EGM.

### **WITHDRAWAL OF LISTING OF THE SHARES**

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as document or evidence of title. The Company will apply for the withdrawal of listing of the Shares on the Stock Exchange, in accordance with Rule 6.15 of the Listing Rules, with effect from the date on which the Scheme becomes effective. The holders of the Scheme Shares will be notified by way of an announcement of the dates of the last day for dealing in the Shares and on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective. A detailed timetable of the Scheme will be included in the Scheme Document.



## **IF THE SCHEME LAPSES**

The Scheme will lapse if any of the Conditions has not been fulfilled or waived (as applicable) on or before the Long Stop Date. If the Scheme is withdrawn, not approved or lapses, the listing of the Shares on the Stock Exchange will not be withdrawn.

If the Scheme is not approved or otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may within 12 months from the date on which the Proposal lapses announce an offer or possible offer for the Company, except with the consent of the Executive.

## **GENERAL**

As at the date of this announcement, none of the Offeror and persons acting in concert with it has received any irrevocable commitment from the Independent Shareholders in respect of voting at the Court Meeting or the EGM.

As at the date of this announcement, none of the Offeror or any person acting in concert with it has entered into any outstanding derivative in respect of securities in the Company.

Save for the Proposal, the Scheme and the Option Offer, there are no arrangements (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Company or the Offeror which might be material to the Proposal.

There is no agreement or arrangement to which the Offeror is party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Proposal.

There are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any person acting in concert with it has borrowed or lent, save for any borrowed shares which have been either on-lent or sold.

The Offeror has appointed BofA Merrill Lynch as its financial adviser in connection with the Proposal.

## **COSTS OF THE SCHEME**

If the IBC or the independent financial adviser to the IBC do not recommend the Proposal, the Scheme or the Option Offer, and the Scheme is not approved, all expenses incurred by the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code.

## **WARNING**

**Shareholders, Optionholders and investors should note that the implementation of the Proposal is subject to the Conditions being fulfilled or waived (as applicable). Therefore, the Proposal may or may not become effective. Shareholders and investors are advised to exercise caution when dealing in the Shares.**

## **DISCLOSURE OF DEALINGS**

All Associates of the Company and the Offeror are reminded to disclose their dealings in any relevant securities of the Company.

The Offeror, the Parent and their respective concert parties have not dealt in the relevant securities (as such term is defined in the Takeovers Code) of the Company in the past six months prior to the Pre-Announcement Date.

## **SUSPENSION OF TRADING IN THE SHARES**

Trading of the Shares on the Stock Exchange is expected to be suspended on the day of the Court Meeting and the EGM. Trading of the Shares on the Stock Exchange is also expected to be suspended on the day of the hearing of the Grand Court to sanction the Scheme and, if the Scheme is sanctioned by the Grand Court, will continue to be suspended until listing on the Stock Exchange is withdrawn. Further suspension of trading of Shares on the Stock Exchange as may be required will be further announced.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings respectively set opposite them, unless the context otherwise requires:

“acting in concert”	has the meaning given to it in the Takeovers Code, and “persons acting in concert” and “concert parties” will be construed accordingly
“Associate”	has the meaning given to it in the Takeovers Code
“Authorisations”	all necessary approvals, licences, consents, registrations, filing, rulings, permits and authorisations which may be required in connection with the Proposal
“Authority”	any relevant government, quasi-governmental, supranational, regulatory, administrative or investigative body, court, tribunal, arbitrator, agency, authority or department in any jurisdiction
“Bank Accounts”	one or more bank accounts of the Group with Standard Chartered Bank and/or with its affiliates
“Board”	the board of Directors

“BofA Merrill Lynch”	Merrill Lynch (Asia Pacific) Limited, a registered institution under the SFO, registered to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities under the SFO, being the financial adviser to the Offeror in connection with the Proposal
“Cash Consideration”	the consideration of HK\$1.93 in cash for every Scheme Share cancelled
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961), as consolidated and revised, of the Cayman Islands
“Company”	China Vanadium Titano-Magnetite Mining Company Limited, a company incorporated in the Cayman Islands with limited liability on 28 April 2008
“Concert Parties”	Mr. Wang Jin (a non-executive Director and a director and the controlling shareholder of the Parent), the Parent and Sapphire, being persons presumed to be acting in concert with the Offeror
“Conditions”	the conditions of the Scheme
“Court Hearing”	the court hearing of the petition to sanction the Scheme and to confirm the proposed reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Grand Court for the purpose of approving the Scheme
“Deposit Amount”	an amount of not less than RMB1,200 million (or its equivalent in any other currency or currencies based on the RMB Benchmark Rate)
“Directors”	directors of the Company
“Effective Date”	the date on which the Scheme becomes effective
“EGM”	an extraordinary general meeting of the Company to be convened immediately following the close of the Court Meeting for the purpose of approving (i)

by special resolution, the Reduction; (ii) by ordinary resolution, the restoration in the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares and to apply the credit arising in its books of account as a result of the Reduction to pay up in full at par and issue to the Offeror such number of New Shares as is equal to the number of Scheme Shares cancelled; and (iii) by ordinary resolution the deposit and maintenance of the Deposit Amount by the Company in the Bank Accounts as referred to in Condition (e)

“Executive”	the Executive Director of the Corporate Finance Division of the SFC (or any delegate of the Executive Director)
“Facility”	the bank facility arranged by Bank of America, N.A., Deutsche Bank AG, London Branch, ICBC International Strategic Investment Limited and Standard Chartered Bank (Hong Kong) Limited which the Parent has obtained for the purpose of financing the Proposal
“Grand Court”	the Grand Court of the Cayman Islands
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IBC”	the independent committee of the Board formed for the purpose of advising the Independent Shareholders as to what action they should take in relation to the Proposal and comprise all the independent non-executive Directors
“IFA”	the independent financial adviser to be appointed by the IBC to advise the IBC on the Proposal
“IPO”	the listing of the Shares on the Stock Exchange on 8 October 2009

“Irrevocable Undertaking”	irrevocable undertaking to not exercise the vested and unvested Options (as applicable) in respect of the Options held by the Optionholder(s)
“Independent Shareholders”	the Shareholders (other than the Concert Parties and any other persons acting in concert with the Offeror)
“Last Accounting Date”	31 December 2011, being the date to which the latest published audited accounts of the Company were made up
“Last Trading Date”	19 December 2012, being the last full trading day prior to the suspension of trading in the Shares
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	10 June 2013 (or such later date, if any, as: (i) the Offeror and the Company may agree in writing; or (ii) as the Grand Court may, on application of the Offeror or the Company, allow or direct)
“Mr. Wang”	Mr. Wang Jin, a non-executive Director, a director and the controlling shareholder of the Parent and a person acting in concert with the Offeror (as defined in the Takeovers Code)
“New Shares”	the new Shares to be issued to the Offeror pursuant to the Scheme, the number of which is equal to the number of Scheme Shares to be cancelled
“New Share Option Scheme”	the share option scheme approved by the Shareholders at the annual general meeting of the Company held on 15 April 2010
“Offer Period”	has the meaning given to it in the Takeovers Code
“Offeror”	Keen Talent Holdings Limited, a company incorporated in Hong Kong, being a wholly-owned subsidiary of the Parent
“Offeror Board”	the board of Offeror Directors
“Offeror Directors”	the directors of the Offeror

“Offeror Group”	the Offeror, the Parent and the subsidiaries of the Parent (other than the Group)
“Old Share Option Scheme”	the share option scheme adopted by the Board on 4 September 2009
“Option Amount”	the consideration of HK\$0.001 in cash for every Option cancelled
“Option Offer”	the offer made by the Offeror for the cancellation of the outstanding Options, subject to the Scheme becoming unconditional
“Option Price”	in respect of each Option, the relevant exercise price payable by the relevant Optionholder to subscribe for a Share under the Share Option Schemes
“Optionholders”	holder(s) of the Options
“Options”	the rights to subscribe for Shares under the Share Option Schemes, with each Option representing the right to subscribe for a Share at the relevant Option Price
“Parent”	Trisonic International Limited, a company incorporated in Hong Kong and the controlling shareholder of the Company
“PRC”	the People’s Republic of China
“Pre-Announcement Date”	1 November 2012, being the trading day immediately prior to the suspension of trading in the Shares pending the issuance of the announcement on 5 November 2012
“Proposal”	the proposed privatisation of the Company by the Offeror by way of the Scheme
“Record Date”	the record date for determining entitlements under the Scheme
“Reduction”	the proposed reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares

“Registrar of Companies”	the registrar of companies appointed under the Companies Law
“RMB”	Renminbi, the lawful currency of the PRC
“RMB Benchmark Rate”	the applicable exchange rate published by the People’s Bank of China at closing of the PRC market on the day immediately prior to the date of the Court Hearing in the Cayman Islands or, if that day is not a day on which the applicable exchange rate is published, the immediately preceding day that the applicable exchange rate was published
“Sapphire”	Sapphire Corporation Limited, a company incorporated in Singapore
“Scheme”	a scheme of arrangement under Section 86 of the Companies Law for the implementation of the Proposal
“Scheme Document”	the composite scheme document to be issued by the Company to the Shareholders in relation to the Scheme
“Scheme Shareholders”	the Shareholders other than the Parent
“Scheme Shares”	the Shares held by the Scheme Shareholders
“Security Interest”	a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having similar effect (other than a lien arising under the standard terms of the Bank Accounts)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share Option Schemes”	the Old Share Option Scheme and the New Share Option Scheme
“Shareholders”	registered holders of Shares whose names appear on the Company’s register of members
“Shares”	ordinary shares of HK\$0.1 each in the capital of the Company

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“Takeovers Code”

the Hong Kong Code on Takeovers and Mergers

*Unless otherwise specified in this announcement, translations of RMB into HK\$ are made in this announcement, for illustration only, at the rate of RMB1.00 to HK\$1.24. No representation is made that any amounts in RMB or HK\$ could have been or could be converted at that rate, at any other rate or at all.*

By order of the board of  
**Keen Talent Holdings Limited**  
**Wang Jun Lin**  
*Director*

By order of the board of  
**Trisonic International Limited**  
**Wang Jin**  
*Director*

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

Hong Kong, 21 December 2012

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

*The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this announcement insofar as it relates to the Offeror and Sapphire and confirm, 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.*

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

*The directors of the Parent jointly and severally accept full responsibility for the accuracy of the information contained in this announcement insofar as it relates to the Parent 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.*

*As at the date of this announcement, the Board 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.*



*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Offeror Group and 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.*