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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)

UNDERTAKINGS ON PROFITS OF ABA MINING

This announcement is made pursuant to Rule 14A.57 of the Listing Rules.

The Directors hereby announce that pursuant to the Aba Mining Audited Accounts, the Actual Net Profits of Aba Mining for year 2012 was approximately RMB11.33 million (equivalent to approximately HK\$14.39 million), which is short of the Agreed Net Profits by approximately RMB28.67 million (equivalent to approximately HK\$36.41 million). Accordingly, pursuant to the Aba Mining Acquisition Agreement, Chuan Wei is obliged to compensate Lingyu an amount which is equivalent to the Net Profits Difference.

On 7 May 2013, Lingyu and Chuan Wei entered into the Supplemental Agreement, pursuant to which, the Consideration Balance has been adjusted by the Net Profits Difference to approximately RMB1.33 million (equivalent to approximately HK\$1.69 million). Accordingly, the Adjusted Total Consideration for the Aba Mining Acquisition of RMB140.87 million (equivalent to approximately HK\$178.90 million) has been further adjusted by the Net Profits Difference to approximately RMB112.20 million (equivalent to approximately HK\$142.49 million).

Based on the terms of the Supplemental Agreement, the Independent Board Committee is of the opinion that by agreeing to the terms of the Supplemental Agreement whereby the Consideration Balance has been adjusted by the Net Profits Difference, Chuan Wei, being a connected person of the Company, has fulfilled its undertakings regarding the net profits of Aba Mining under the Aba Mining Acquisition Agreement.

This announcement is made pursuant to Rule 14A.57 of the Listing Rules.

BACKGROUND

Reference is made to the announcements of the Company dated 15 November 2010 (the “**November Announcement**”), 28 January 2011, 29 April 2011, 31 May 2011, 21 May 2012 (the “**May Announcement**”). Unless the context otherwise requires, capitalised terms used in this announcement have the same meaning given to them in the November Announcement.

It was announced in the May Announcement that pursuant to the supplemental agreement dated 19 May 2012 entered into by Lingyu and Chuan Wei, the total consideration for the Aba Mining Acquisition was adjusted from RMB150 million (equivalent to approximately HK\$190.50 million) to RMB140.87 million (equivalent to approximately HK\$178.90 million) (the “**Adjusted Total Consideration**”). The Adjusted Total Consideration comprises:

- (a) RMB100 million (equivalent to approximately HK\$127 million), which was paid on the Completion Date;
- (b) RMB10.87 million (equivalent to approximately HK\$13.80 million), which was paid on 30 May 2012; and
- (c) RMB30 million (equivalent to approximately HK\$38.10 million) (the “**Consideration Balance**”), which will be due and payable within 10 working days after both the mining permits in respect of the Yanglongshan Mine and the New Maoling Mining Permit are issued (the “**Balance Due Date**”).

UNDERTAKINGS ON PROFITS

Pursuant to the Aba Mining Acquisition Agreement, Chuan Wei has undertaken to Lingyu that the audited net profits (after taxation and extraordinary items) attributable to the equity holders (the “**Agreed Net Profits**”) of Aba Mining for the year 2012 would be at least RMB40 million (equivalent to approximately HK\$50.80 million).

Pursuant to the audited accounts of Aba Mining for the year ended 31 December 2012 (the “**Aba Mining Audited Accounts**”), the audited net profits (after taxation and extraordinary items) attributable to the equity holders (the “**Actual Net Profits**”) of Aba Mining for the year 2012 was approximately RMB11.33 million (equivalent to approximately HK\$14.39 million), which is short of the Agreed Net Profits by approximately RMB28.67 million (equivalent to approximately HK\$36.41 million) (the “**Net Profits Difference**”). Accordingly, pursuant to the Aba Mining Acquisition Agreement, Chuan Wei is obliged to compensate Lingyu an amount which is equivalent to the Net Profits Difference.

SUPPLEMENTAL AGREEMENT

On 7 May 2013, Lingyu and Chuan Wei entered into the supplemental agreement to the Aba Mining Acquisition Agreement (the “**Supplemental Agreement**”), pursuant to which, the Consideration Balance payable by Lingyu has been adjusted by the Net Profits Difference to approximately RMB1.33 million (equivalent to approximately HK\$1.69 million). Accordingly, the Adjusted Total Consideration for the Aba Mining Acquisition of RMB140.87 million (equivalent to approximately HK\$178.90 million) has been further adjusted by the Net Profits Difference to approximately RMB112.20 million (equivalent to approximately HK\$142.49 million). The Consideration Balance as adjusted by the Net Profits Difference (the “**Adjusted Consideration Balance**”) will be due and payable by Lingyu on the Balance Due Date.

OPINION OF THE INDEPENDENT BOARD COMMITTEE

Based on the terms of the Supplemental Agreement, the Independent Board Committee is of the opinion that by agreeing to the terms of the Supplemental Agreement whereby the Consideration Balance has been adjusted by the Net Profits Difference, Chuan Wei, being a connected person of the Company, has fulfilled its undertakings regarding the net profits of Aba Mining under the Aba Mining Acquisition Agreement.

* *For identification purpose only*

Unless otherwise specified, the exchange rate adopted in this announcement for illustration purpose is RMB1.00 = HK\$1.27. No representation is made and there is no assurance that RMB or HK\$ can be purchased or sold at such rate.

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

Hong Kong, 7 May 2013

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

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement 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.

Website: www.chinavtmmining.com