

IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION

CAUSE NO. FSD 0006 OF 2013

IN THE MATTER of sections 15 and 86 of the Companies Law (2012 Revision)

AND IN THE MATTER of the Grand Court Rules 1995 Order 102

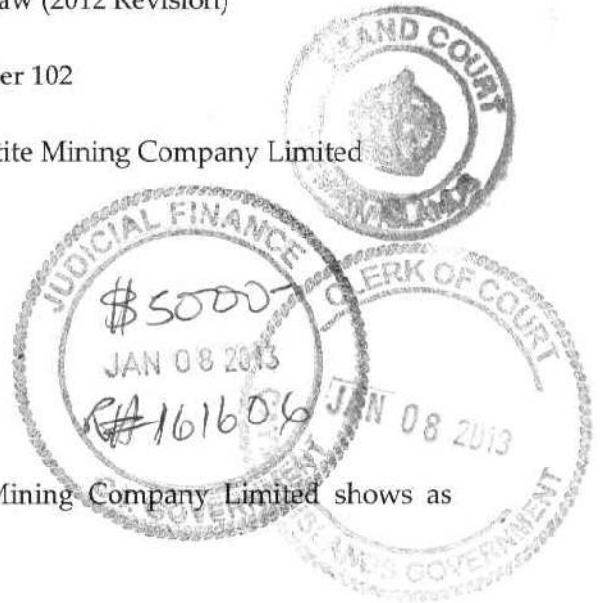
AND IN THE MATTER of China Vanadium Titano-Magnetite Mining Company Limited

PETITION

TO: The Grand Court of the Cayman Islands

THE PETITION of China Vanadium Titano-Magnetite Mining Company Limited shows as follows:

1. The object of this Petition is to seek:
 - (i) the sanction of the Court, pursuant to section 86 of the Companies Law (2012 Revision) (the "Companies Law"), to a proposed scheme of arrangement (the "Scheme of Arrangement") between the petitioner, China Vanadium Titano-Magnetite Mining Company Limited (the "Company") and the Scheme Shareholders as defined in the Scheme of Arrangement contained in a composite scheme document ("Scheme Document") a draft of which is attached as Exhibit "JZP-1" to the affirmation of Jiang Zhong Ping; and
 - (ii) the confirmation of the Court, pursuant to section 15 of the Companies Law, of the intended reduction of the issued share capital ("Reduction of Capital") of the Company consequent upon the cancellation of the Scheme Shares (as defined in



Shareholders	As at the Latest Practicable Date		Upon completion of the Proposal	
	Number of Shares	%	Number of Shares	%
Keen Talent Holdings Limited (“Offeror”)	0	0	1,068,246,000	51.48
Concert Parties				
Trisonic International Limited (“Parent”)	1,006,754,000	48.52	1,006,754,000	48.52
Sapphire Corporation Limited (“Sapphire”)	16,803,072	0.81	0	0
Subtotal	1,023,557,072	49.33	0	0
Scheme Shareholders	1,068,246,000	51.48	0	0
Independent Shareholders	1,051,442,928	50.67	0	0
Total Shares in issue	2,075,000,000	100.00	2,075,000,000	100.00

6. As an exempted company the Company is subject to restrictions in its powers to trade in the Cayman Islands but is otherwise capable of exercising all the functions of a natural person of full capacity as provided by section 27(2) of the Companies Law.
7. The purpose of the Scheme of Arrangement is to privatise the Company so that Keen Talent Holdings Limited and Trisonic International Limited will own 100% of the Company. This will be achieved by the steps summarised in paragraph 8 below.
8. The principal features of the Scheme of Arrangement are:
 - (i) the Reduction of Capital by the cancellation and extinguishment of the Scheme Shares pursuant to the Scheme of Arrangement, in consideration of which the

opportunity for the Scheme Shareholders to realise their Shares (which have a relatively low degree of market liquidity) in return for cash. The Board has noted that the trading volume of the Shares on the Stock Exchange has been, in general, decreasing. The average daily trading volume of the Shares for the six months following the initial public offering on the Stock Exchange was 13.7 million Shares (representing approximately 0.66% of the Shares in issue as at the Latest Practicable Date) 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 Latest Practicable Date). Given this relatively low liquidity of the Shares traded on the Stock Exchange, the Offeror Directors and the Directors (excluding members of the Independent Board Committee) 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 initial public offering on the Stock Exchange 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 the iron ore price.

The Directors (other than members of the Independent Board Committee) believe that, in view of the relatively thin trading liquidity and persistently weak performance of the Shares since the initial public offering on the Stock Exchange, 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.

13. Article 6 of the Articles of Association of the Company provides as follows:

“The Company may from time to time by special resolution, subject to any confirmation or consent required by the Law, reduce its share capital or any capital redemption reserve or other undistributable reserve in any manner permitted by law.”

14. The Company intends to convene an extraordinary general meeting to take place immediately after the Court Meeting at which it is intended to submit a special resolution to confirm the Reduction of Capital pursuant to the Scheme of Arrangement, an ordinary resolution to approve the Restoration of Capital and an ordinary resolution of the Independent Shareholders to approve the deposit of not less than RMB1,200 million (or its equivalent in any other currency or currencies based on the RMB Benchmark Rate (as defined in the Scheme Document)) (“Deposit Amount”), free from any Security Interest (as defined in the Scheme Document) in the Bank Accounts (as defined in the Scheme Document) on the date of the hearing of this Petition. 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. These resolutions are set out below.

SPECIAL RESOLUTION

1. THAT:

- (a) pursuant to the scheme of arrangement dated [●] 2013 (the “Scheme of Arrangement”) between the Company and Scheme Shareholders in the form of the print thereof, which has been produced to this meeting and for the purposes of identification signed by the chairman of this meeting, or in such other form and on such terms and conditions as may be approved or imposed by the Grand Court of the Cayman Islands,

ORDINARY RESOLUTION

(to be passed only by the Independent Shareholders (as defined in the Scheme of Arrangement))

3. THAT the deposit and maintenance of the funds by the Company in the Bank Accounts (as defined in the Scheme of Arrangement) as referred to in Condition (e) (as defined in the Scheme of Arrangement) be and is hereby approved.

15. The Scheme of Arrangement and the Reduction of Capital will not involve any diminution of liability in respect of any unpaid share capital or the payment to any member of the Company of any paid up capital or alteration of the underlying assets, business operations, management or financial position of the Company and will have no effect on the creditors of the Company. It is to be noted that the Reduction of Capital and the Restoration of Capital will occur simultaneously. The Company will continue to be able to pay its debts as they fall due in the ordinary course of business.

16. The form of Minute proposed to be registered is as follows:

"The issued share capital of China Vanadium Titano-Magnetite Mining Company Limited was by virtue of a Special Resolution passed on [●] 2013 and with the confirmation of an order of the Grand Court of the Cayman Islands dated [●] 2013, reduced from HK\$[207,500,000] divided into [2,075,000,000] shares of par value HK\$0.10 each to HK\$[106,824,600] divided into [1,068,246,000] shares of par value HK\$0.10. (the "Reduction of Capital"). Simultaneously with the Reduction of Capital, the issued share capital of China Vanadium Titano-Magnetite Mining Company Limited was restored to HK\$[207,500,000] by allotting and issuing to Keen Talent Holdings Limited, credited as fully paid at par, [1,068,246,000] shares of par value HK\$0.10 each.

The authorised share capital of the Company, on the registration of this Minute, is HK\$1,000,000,000 divided into 10,000,000,000 ordinary shares of par value HK\$0.10 each."

Notice of Hearing

This Petition, having been presented to the Court on the day of 2013,
will be heard at the Law Courts, George Town, Grand Cayman on the day of 2013
at a.m. or as soon thereafter as the Petition can be heard.

This Petition was filed by Conyers Dill & Pearman (Cayman) Limited, Attorneys-at-Law for and on behalf of the Petitioner herein whose address for service is that of its said Attorneys-at-Law, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.