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## **Wanguo International Mining Group Limited**

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

**(Stock code: 3939)**

### **AMENDMENTS TO THE TERMS OF THE ACQUISITION OF 51% EQUITY INTEREST IN XIZANG CHANGDU COUNTY DADI MINING COMPANY LIMITED**

Reference is made to the circular (the "**Circular**") of Wanguo International Mining Group Limited (the "**Company**") dated 29 August 2014 in respect of acquisition of 51% equity interest in Xizang Changdu County Dadi Mining Company Limited. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as defined in the Circular.

As the Vendors have not fulfilled the conditions precedent of the Acquisition Agreements, i.e. obtaining proper consents and approval of the transfer in various local government bureaus, before 30 September 2014 (being the latest date of payment by the Company), details of which are set out in sub-paragraphs (b), (e), and (g) of the sub-section headed "Letter from the Board - Conditions precedent" in the Circular, the Company, having considered that the Acquisition would further expand the Company's business and maximise returns to the Shareholders, has conditionally agreed with the Vendors' proposal to continue with the Acquisition based on the Amended Terms (as defined below). Upon negotiations and mediation conducted by the Changsha Arbitration Commission (長沙仲裁委員會) on 8 October 2015, the amendments to the Acquisition Agreements as conditionally agreed among the Company and each of the Vendors include (i) reduction of the Consideration to be settled and amending dates of payment, and (ii) enforcement on the proper consents and approval of the transfer in various local government bureaus.

Details of the amended terms of the Acquisition Agreements (the "**Amended Terms**") are set out below:

#### **Acquisition Agreement (1) dated 16 May 2014**

- A. The consideration for the acquisition of 16% equity interest in Xizang Changdu be reduced from RMB75.2 million to RMB61.2 million.
- B. Yifeng Wanguo shall pay to the Vendors RMB30 million on 20 October 2015 and RMB10 million on or before 10 January 2016. These monies are refundable if the Vendors fail to complete the

conditions as stipulated in paragraph C below.

- C. Upon receipt of the part payment of the considerations as stipulated in paragraph B above, the Vendors and/or Yifeng Wanguo shall complete the following:
1. The Vendors shall procure the submission of the application of the transfer of mining right Xizang Changdu with the Land Resources Bureau of Xizang Autonomous Region (西藏自治區國土廳), and obtain its approval of transfer;
  2. The Vendors shall procure the approval of the transfer in respect of consideration in Xizang Changdu in Ministry of Commerce of Xizang Autonomous Region (西藏自治區商務廳), and obtain new approval if any prior approval has expired;
  3. The Vendors shall procure the registration with the Development and Reform Commission of Xizang Autonomous Region (西藏自治區發展和改革委員會) pursuant to the relevant laws and regulations;
  4. The Vendors shall ensure the validity of all the licenses of Xizang Changdu before the transfer; and
  5. The Vendors and the Company shall procure the review of the balances and the transactions of Xizang Changdu.
- D. Upon completion of conditions as stipulated in paragraph C above, Yifeng Wanguo shall pay the remaining balance of RMB21.2 million to the Vendors within five (5) Business Days. The Vendors shall complete the following within sixty (60) days after receiving the aforesaid balance:
1. Complete the changes of business license of Xizang Changdu;
  2. Ensure no tax exposure in respect of transactions in construction work done between 2006 and 2013 by providing missed invoices, technical and relevant supporting;
  3. Ensure no tax exposure in respect of detailed survey done and expenses incurred before 2014 by providing missed invoices; and
  4. Complete of assets realization account opening.
- E. Yifeng Wanguo should pay the consideration in accordance with the conditions stipulated in paragraph B and paragraph D above. Otherwise, Yifeng Wanguo shall bear the penalty at 0.0008% per day for default as stipulated in original Acquisition Agreement (1).
- F. The Vendors shall issue receipts to Yifeng Wanguo upon receiving the consideration within five (5) days.
- G. The costs of the mediation were payable by both parties.

**Acquisition Agreement (2) dated 16 May 2014**

- H. The consideration for the acquisition of 35% equity interest in Xizang Changdu be reduced from RMB164.5 million to RMB133.8 million.

- I. Upon receipt of the consideration from Yifeng Wanguo as stipulated in paragraph D above within sixty (60) days, the Vendors and/or HK Taylor shall complete the following:
1. The Vendors shall procure the complete the change of registration of 35% equity interest in Xizang Changdu to HK Taylor with Industry and Commerce;
  2. Ensure no tax exposure for construction work done between 2006 and 2013 by providing missed invoices, technical and relevant supporting;
  3. Ensure no tax exposure for Vendors' expenses incurred before 2014 by providing missed tax invoices; and
  4. The Vendors shall procure the completion of assets realization account opening.
- J. Upon completion of the matters mentioned in paragraph I above, HK Taylor shall pay the consideration of RMB133.8 million to the Vendors. Otherwise, HK Taylor shall bear the penalty at 0.0008% per day for default as stipulated in original Acquisition Agreement (2).
- K. The Vendors shall issue receipts to HK Taylor upon receiving the consideration within five (5) days.
- L. The costs of the mediation were payable by both parties.

Except for the Amended Terms as mentioned in paragraphs A to L above, all of the terms of the two Acquisition Agreements remain unchanged as disclosed in the Circular.

The aggregate Consideration for the two Acquisition Agreements with the Amended Terms has been reduced from RMB239.7 million to RMB195.0 million, representing a saving by the Group of RMB44.7 million or 18.6% for the Acquisition.

## **RECOMMENDATION**

The Board (excluding the independent non-executive Directors) is of the view that the terms and conditions of the Acquisition under the Amended Terms have been negotiated on an arm's length basis and on normal commercial terms which are fair and reasonable and in the best interest of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS ON THE ACQUISITION**

As the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition under the Amended Terms exceed 5% but are less than 25%, the Acquisition under the Amended Terms constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. In addition, given that Mr. Wen Baolin, one of the Vendors, is a non-executive Director of the Company, the Acquisition under the Amended Terms would constitute a connected transaction as defined in the Listing Rules. The Acquisition under the Amended Terms is therefore subject to the approval by the Independent Shareholders.

The Independent Board Committee has been formed to provide recommendation to the Independent Shareholders in relation to the Acquisition Agreements with the Amended Terms, and the transactions

contemplated thereunder. The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard in due course.

### **SHAREHOLDERS' MEETING WAIVER**

Pursuant to the Rule 14A.37 of the Listing Rules, the Exchange may waive the requirement to hold an extraordinary general meeting (the "EGM") of the Company and accept a written Shareholders' approval, subject to the conditions that (1) no Shareholder is required to abstain at the EGM to approve the transactions contemplated under the Acquisition Agreement as revised and (2) the approval is given by a Shareholder or a closely allied group of Shareholders who (together) hold more than 50% of the voting rights of the Company. Since no Shareholder has any material interest in the Acquisition under the Amended Terms, no Shareholder would be required to abstain from voting at EGM (if convened) convened to approve the Acquisition under the Amended Terms, the Company will apply to the Stock Exchange for a waiver from holding the EGM under Rule 14A.43 of the Listing Rules. The Company has obtained a written approval regarding the Acquisition under the Amended Terms from Victor Soar and Achieve Ample, collectively being the holders of 450,000,000 Shares, representing 75% of the total issued Shares as at the date of this announcement. Victor Soar, a company wholly-owned and controlled by Mr. Gao Mingqing, owns 50.25% interest of the Company. Achieve Ample, a company wholly-owned and controlled by Ms. Gao Jinzhu, owns 24.75% interest of the Company. Both Mr. Gao Mingqing and Ms Gao Jinzhu are executive Directors.

Accordingly, if the waiver mentioned above is granted by the Stock Exchange, no EGM will be convened for the purposes of considering and approving the Acquisition under the Amended Terms.

The Company expects that a circular containing, among other things, (i) details of the Amended Terms; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) other information as required under the Listing Rules will be dispatched to the Shareholders as soon as possible.

By Order of the Board

**Wanguo International Mining Group Limited**

**Gao Mingqing**

*Chairman*

Hong Kong, 16 October 2015

*As at the date of this announcement, the Board comprises Mr. Gao Mingqing (Chairman), Ms. Gao Jinzhu, Mr. Xie Yaolin and Mr. Liu Zhichun as executive Directors; Mr. Li Kwok Ping, Mr. Lee Hung Yuen and Mr. Wen Baolin as non-executive Directors; and Dr. Lu Jian Zhong, Mr. Qi Yang, Mr. Shen Peng and Mr. Li Hongchang as independent non-executive Directors.*