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Wanguo International Mining Group Limited

萬國國際礦業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3939)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

SUBSCRIPTION OF NEW SHARES

On 3 November 2017 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement under which the Company agreed to issue and allot and the Subscriber agreed to subscribe for an aggregate of 120,000,000 Subscription Shares, being the First Subscription Shares of 66,000,000 Shares and the Second Subscription Shares of 54,000,000 Shares at the Subscription Price of HK\$1.86 per Subscription Share, on the terms and conditions provided in the Subscription Agreement.

The Subscription Price of HK\$1.86 per Subscription Share represents (i) a discount of approximately 5.1% to the closing price of HK\$1.96 per Share as quoted on the Stock Exchange on 3 November 2017, being the date of the Subscription Agreement; and (ii) a discount of approximately 6.5% to the average of the closing prices of HK\$1.99 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of the Subscription Agreement.

The Subscription Price was determined with reference to the prevailing market price of the Shares and after arm's length negotiation between the Company and the Subscriber.

The total number of Subscription Shares represents 20.0% of the existing issued share capital of the Company and approximately 16.67% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares. The Subscription Shares will be issued under the General Mandate.

Since the Subscriptions are subject to the conditions set out in the Subscription Agreement, the Subscriptions may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

INTRODUCTION

The Board is pleased to announce that on 3 November 2017 (after trading hours), the Company, the Subscriber and the Guarantor entered into the Subscription Agreement, pursuant to which the Company agrees to issue and the Subscriber agrees to subscribe for the Subscription Shares at the Subscription Price on the terms and conditions provided in the Subscription Agreement.

THE SUBSCRIPTION AGREEMENT

Date

3 November 2017 (after trading hours)

Parties

Issuer : the Company

Subscriber : Prime Shine Limited

Guarantor : Mr. Gao Mingqing

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner(s) are Independent Third Parties. Based on information provided to the Company, the Subscriber is an indirect wholly-owned subsidiary of Chengtun Mining Group Co. Ltd. (盛屯礦業集團股份有限公司), a company listed on the Shanghai Stock Exchange (Stock code: 600711), and is principally engaged in the business of mining and ore-processing of non-ferrous metals and providing value-added services in the metals industry.

The Subscriptions shall be effected in two stages which includes the First Subscription and the Second Subscription. Immediately upon completion of the Subscriptions, the Subscriber will become a substantial shareholder of the Company.

Subscription Shares

120,000,000 Subscription Shares (the aggregate of the First Subscription Shares and the Second Subscription Shares) representing 20.0% of the total issued share capital of the Company as at the date of this announcement and approximately 16.67% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares. The aggregate nominal value of the Subscription Shares is HK\$12,000,000.

Subscription Price

The Subscription Price of the Subscription Shares of HK\$1.86 per Subscription Share:–

- (a) is at approximately 5.1% discount to the closing price of the Shares of HK\$1.96 on 3 November 2017 (being the date of the Subscription Agreement); and
- (b) is at approximately 6.5% discount to the average of the closing prices of HK\$1.99 per Share for the last five (5) consecutive trading days immediately prior to the date of the Subscription Agreement.

After deducting the relevant expenses of the Subscriptions, the net Subscription Price per Subscription Share is approximately HK\$1.86.

The Subscription Price was determined with reference to the prevailing market price of the Shares and after arm's length negotiation between the Company and the Subscriber. The Board considers that the terms of the Subscription Agreement (including the Subscription Prices) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

General Mandate

The Subscription Shares will be issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 9 June 2017. The Company was authorised to issue and allot 120,000,000 Shares, being 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the AGM. Since the date of the AGM and up to the date of this announcement, no new Shares have been allotted and issued by the Company under the General Mandate.

Ranking of the Subscription Shares

The Subscription Shares will be issued free from all encumbrances together with all rights attaching to them, including the right to receive all dividends declared and will rank pari passu with all other issued Shares in all respects as at the date of issue.

Conditions of the Subscriptions

Completion of the First Subscription and the Second Subscription are conditional on, among others, the Listing Committee of the Stock Exchange granting, or agreeing to grant the listing of, and permission to deal in, the First Subscription Shares and the Second Subscription Shares respectively. The Company will apply to the Listing Committee for listing of and permission to deal in the Subscription Shares.

In particular, completion of the First Subscription is conditional on, among others, the Subscriber having notified the Company of the person it wishes to nominate as non-executive director of the Company and the person it wishes to nominate as an independent non-executive director of the Company in accordance with the terms of the Subscription Agreement. The completion of the Second Subscription is conditional on, among others, the shareholdings of Victor Soar Investments Limited and Achieve Ample Investments Limited in the Company being 39.08% and 19.25% respectively, of the enlarged share capital of the Company in issue following the Subscriptions.

If any of the conditions is not satisfied on or before 15 November 2017 in relation to the First Subscription and/or 20 December 2017 in relation to the Second Subscription, unless the Parties have agreed in writing separately, the Subscription Agreement will immediately terminate and cease to have effect, and the Parties shall cease to have liabilities under the Subscription Agreement. The Parties shall not bring a claim against each other for the termination of the Subscription Agreement, other than liabilities and obligations already accrued prior to such termination.

Since the Subscriptions are subject to the conditions set out in the Subscription Agreement, the Subscriptions may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Completion of the Subscriptions

Completion of the First Subscription is expected to take place on the fifth Business Day following the conditions precedent to the First Subscription being satisfied (or waived in accordance with the terms of the Subscription Agreement), or any other day mutually agreed by the Subscriber and the Company in writing (the “**First Completion Date**”). Completion of the Second Subscription is expected to take place on the fifth Business Day following the conditions precedent to the Second Subscription being satisfied (or waived in accordance with the terms of the Subscription Agreement), or any other day mutually agreed by the Subscriber and the Company in writing (the “**Second Completion Date**”).

Use of proceeds

The Company shall use the proceeds from the Subscriptions for the following purposes:

- (a) payment of the consideration in relation to the acquisition of 35% equity interest of Xizang Changdu County Dadi Mining Company Limited by the Group;
- (b) payment of the consideration in relation to the acquisition of 61.1% equity interest of AXF Gold Ridge Pty. Ltd. by the Group; and
- (c) funding of the project concerning the exploitation and operations of the gold mine located on the island of Guadalcanal, the central island of the Solomon Islands, approximately 30 kilometers south-east of the capital city Honiara in Solomon Islands.

Lock-up of the Subscription Shares

During the period from the First Completion Date until the day falling twelve (12) months after the Second Completion Date in relation to the First Subscription Shares, and the period from the Second Completion Date until the day falling twelve (12) months after the Second Completion Date in relation to the Second Subscription Shares, the Subscriber is not allowed to directly, or indirectly, offer, sell, alienate, transfer or assign any of the First Subscription Shares or Second Subscription Shares to any third party; do any acts that will result in encumbrance, garnishment, execution or levy of any First Subscription Shares or Second Subscription Shares, or disposal of any rights of any First Subscription Shares or Second Subscription Shares; or do any acts relating to security borrowing or short selling of the First Subscription Shares or Second Subscription Shares, as the case may be.

Undertakings by the Guarantor

For the years 2017 and 2018, where the net profits of the Group as set out in the audited consolidated financial statements of the Group for the corresponding financial year falls below the amount as agreed between the Subscriber and the Guarantor for that financial year, the Guarantor shall pay the Shortfall to the Group within 60 Business Days following the publication of the audited consolidated financial statements of that year.

Following Completion, if the Company is required to pay damages, compensation, undisclosed debts, fine (including penalty interests) or expenses to any relevant governmental departments and/or third parties (together, the “**Expenses**”); and/or if the Company is required to pay any penalty interests, undisclosed payable taxes, fines or penalties with respect to taxes (together, the “**Overdue Taxes**”), and the Expenses and/or Overdue Taxes is attributable to any facts which occurred on or before the Second Completion Date, the Guarantor shall pay an amount equal to 16.67% of the Expenses and/or Overdue Taxes to the Subscriber in full.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after issuance of the First Subscription Shares; and (iii) immediately after issuance of the Second Subscription Shares:

	As at the date of this announcement		Immediately after issuance of the First Subscription Shares		Immediately after issuance of the Second Subscription Shares	
	Shares	Approx. %	Shares	Approx. %	Shares	Approx. %
Victor Soar Investments Limited ¹	301,500,000	50.25	301,500,000	45.27	281,400,000	39.08
Achieve Ample Investments Limited ²	148,500,000	24.75	148,500,000	22.30	138,600,000	19.25
Subscriber	0	0	66,000,000	9.91	120,000,000	16.67
Public Shareholders	150,000,000	25.00	150,000,000	22.52	180,024,000	25.00
Total	<u>600,000,000</u>	<u>100.00</u>	<u>666,000,000</u>	<u>100.00</u>	<u>720,000,000</u>	<u>100.00</u>

¹ Victor Soar Investments Limited is wholly-owned and controlled by Mr. Gao Mingqing. Mr. Gao Mingqing is the Chairman and an executive director of the Company.

² Achieve Ample Investments Limited is wholly-owned and controlled by Ms. Gao Jinzhu. Ms. Gao Jinzhu is an executive director of the Company.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTIONS

The Directors consider that the Subscriptions offer a good opportunity to raise additional funds to strengthen the financial position and broaden the capital base of the Group so as to facilitate its future development. The Directors consider that the terms of the Subscription Agreement are fair and reasonable, on normal and commercial terms and are in the interests of the Company and the Shareholders as a whole.

The gross proceeds from the Subscription Agreement are approximately HK\$223.2 million and the net proceeds of approximately HK\$223.0 million are intended to be applied for the purposes as set out in the “Use of Proceeds” section of this announcement.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not raised any funds by way of issue of Shares in the past twelve months before the date of this announcement.

INFORMATION ON THE GROUP

The Company is an investment holding company whose subsidiaries are principally engaged in the business of mining, ore processing and sale of concentrates in the People’s Republic of China.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“AGM”	the annual general meeting of the Company held on 9 June 2017
“Board”	the board of Directors
“Business Day”	any day (not being a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Wanguo International Mining Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 3939)

“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Expenses”	any damages, compensation, undisclosed debts, fine (including penalty interests) or expenses that the Company is required to pay to any relevant governmental departments and/or third parties
“First Completion Date”	the fifth Business Day following the day on which the conditions precedent of the First Subscription having been satisfied (or waived in accordance with the terms of this Agreement) or any other day mutually agreed by the Subscriber and the Company in writing
“First Subscription”	the subscription of the First Subscription Shares by the Subscriber in accordance with the terms of the Subscription Agreement
“First Subscription Shares”	means 66,000,000 newly issued and allotted Shares of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region
“Independent Third Party”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of the Securities on the Stock Exchange

“Overdue Taxes”	any penalty interests, undisclosed payable taxes, fines or penalties with respect to taxes that the Company is required to pay
“Parties”	the Company and the Subscriber
“Second Completion Date”	the fifth Business Day following the day on which the conditions precedent of the Second Subscription having been satisfied (or waived in accordance with the terms of this Agreement) or any other day mutually agreed by the Subscriber and the Company in writing
“Second Subscription”	the subscription of the Second Subscription Shares by the Subscriber in accordance with the terms of the Subscription Agreement
“Second Subscription Shares”	means 54,000,000 newly issued and allotted Shares of the Company
“Share(s)”	ordinary share(s) of par value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shortfall”	the amount by which the net profits as stated in the audited consolidated financial statements for the year 2017 or 2018 (as the case may be) falls below the amount as agreed by the Subscriber and the Guarantor for the year 2017 or 2018 (as the case may be)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Prime Shine Limited, a company incorporated in the British Virgin Islands, with its registered address at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands
“Subscriptions”	the subscription of the Subscription Shares by the Subscriber in accordance with the terms of the Subscription Agreement

“Subscription Agreement”	the subscription agreement dated 3 November 2017 entered into between the Company and the Subscriber in relation to the Subscriptions
“Subscription Price”	total consideration for the Subscriptions being HK\$223,200,000 (HK\$1.86 per Subscription Share)
“Subscription Share(s)”	means the First Subscription Shares and the Second Subscription Shares
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

By order of the Board
Wanguo International Mining Group Limited
Gao Mingqing
Chairman

Hong Kong, 3 November 2017

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