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CHINA YUNNAN TIN MINERALS GROUP COMPANY LIMITED
中國雲錫礦業集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 263)

- (1) VERY SUBSTANTIAL ACQUISITION;**
(2) CONNECTED TRANSACTION;
(3) PROPOSED SHARE CONSOLIDATION;
(4) PROPOSED RIGHTS ISSUE ON THE BASIS OF NINE RIGHTS SHARES
FOR EVERY ONE CONSOLIDATED SHARE HELD
AT THE RECORD DATE;
AND
(5) RESUMPTION OF TRADING



Underwriter to the Proposed Rights Issue
FREEMAN SECURITIES LIMITED

THE ACQUISITION

The Board announces that on 24 June 2014, (after trading hours), the Purchaser (being a wholly-owned subsidiary of the Company) and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, representing 40% of the total issued share capital of the Target Company at the consideration of HK\$370,000,000. Upon completion, the Target Company will become an associate of the Company.

The Target Company is a company incorporated in the BVI and a wholly-owned subsidiary of the Vendor. Jintang is the operating subsidiary of the Target Group which is principally engaged in the business of development, construction and building management of the “Development Project” comprising the residential and commercial complex known as “Jintang New City Plaza” (金唐新城市廣場) in Chongqing, the PRC.

The Consideration for the Acquisition is HK\$370,000,000, which shall be settled by cash upon Completion of the Sale and Purchase Agreement. It is to be financed by the net proceeds from the Rights Issue.

PROPOSED SHARE CONSOLIDATION

The Company intends to put forward a proposal to the Shareholders to effect the Share Consolidation which involves the consolidation of every five (5) issued Existing Shares each into one (1) Consolidated Share.

Shareholders or potential investors should note that (i) significant number of odd lots will be created after the Share Consolidation; (ii) odd lots arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (iii) odd lots might be sold below the market price in the market.

PROPOSED RIGHTS ISSUE

Conditional upon the Share Consolidation becoming effective, the Company proposes to raise not less than approximately HK\$420.6 million but not more than approximately HK\$422 million, before expenses, by way of Rights Issue of not less than 700,958,385 Rights Shares (assuming no issue of new Shares, no further repurchase of Shares or no grant of Share Option under the Scheme Mandate Limit on or before the Record Date) and not more than 703,352,934 Rights Shares (assuming no issue of new Shares or no further repurchase of Shares on or before the Record Date), at the Subscription Price of HK\$0.6 per Rights Share on the basis of nine (9) Rights Shares for every one (1) Consolidated Share held at the Record Date and payable in full on acceptance.

The estimated net proceeds from the Rights Issue will be approximately HK\$404.26 million to HK\$405.65 million and are intended to be used for payment of cash consideration of HK\$370 million for the Acquisition and the remaining amount of the proceeds (if any) for general working capital purposes of the Company.

GENERAL

The Rights Issue is subject to, among other things, the approval by the Independent Shareholders at the EGM. Pursuant to Rule 7.19(6) of the Listing Rules, any controlling Shareholder and their associates, or where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates will abstain from voting in favour of the resolutions relating to the Rights Issue. As at the date of this announcement, there is no controlling Shareholder. As at the date of this announcement, none of the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates has any Existing Shares.

The Company has established an independent board committee to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and whether the Rights Issue are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the independent financial adviser. In this connection, the Company will appoint an independent financial adviser to advise the independent board committee and the Independent Shareholders as to whether the terms the Rights Issue are fair and reasonable.

A Circular containing, among other things, further details of the Share Consolidation and the Rights Issue and a notice convening the EGM will be despatched by the Company to the Shareholders on or before 24 September 2014. Upon passing of the necessary resolution(s) by the Shareholders (where applicable, the Independent Shareholders) at the EGM approving the Share Consolidation and the Rights Issue and upon the Share Consolidation becoming effective, the Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders as soon as practicable whereas the Prospectus will be despatched to the Excluded Shareholders for their information only.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND RIGHTS SHARES IN NIL-PAID FORM

The Rights Issue is fully underwritten by the Underwriter and is conditional upon the fulfillment of the conditions set out in the section headed “Conditions of the Rights Issue” in this announcement. In particular, the Rights Issue is conditional, among others, upon:

- (i) the Listing Committee granting or agreeing to grant (subject to allotment), and not having revoked, listing of, and permission to deal in, the Rights Shares in nil-paid and fully-paid forms prior to Wednesday, 5 November 2014, being the expected date of commencement of dealings in the Rights Shares in nil-paid form (or such other date as may be agreed between the Company and the Underwriter); and**
- (ii) the obligations of the Underwriter under the Underwriting Agreement becoming unconditional and the Underwriting Agreement not being terminated in accordance with its terms (set out in the section headed “Termination of the Underwriting Agreement” in this announcement).**

If the conditions of the Rights Issue are not fulfilled or if the Underwriter exercises its right to terminate the Underwriting Agreement pursuant to the terms therein, the Rights Issue will not proceed.

Any persons contemplating buying or selling Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any dealings in the Rights Shares in their nil-paid form between 5 November 2014 to 12 November 2014 (both dates inclusive), bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating dealing in the Shares or nil-paid Rights Shares are recommended to consult their own professional advisers.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisition is more than 100%, the Acquisition constitutes a very substantial acquisition for the Company.

In addition, the ultimate beneficial owner of the Vendor is Mr. Liang who is the executive Director of the Company. Accordingly, the Vendor is a Connected person of the Company under the Listing Rules and the Acquisition also constitutes a connected transaction of the Company under Rule 14A.25 of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Vendor and Mr. Liang are also considered to have material interest in the Acquisition. As at the date of this announcement, Mr. Liang does not have any interest in the Shares. As such, no Shareholders will be required to abstain from voting on the resolution(s) approving the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM. Voting at the EGM will be conducted by poll.

INDEPENDENT BOARD COMMITTEE

The Company has established the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement are fair and reasonable and whether the Acquisition is in the interests of the Company and the Shareholders as a whole. An independent financial adviser will be appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

EGM AND CIRCULAR

The EGM will be convened as soon as practicable at which ordinary resolution(s) will be proposed for the Shareholders or Independent Shareholders (as the case may be) to consider, and, if thought fit, to approve the Sale and Purchase Agreement, the Acquisition, the Share Consolidation and the Rights Issue. A Circular containing, among other things, (i) further details of the Acquisition; (ii) financial information and other information of the Target Group; (iii) the pro forma financial information of the Enlarged Group as a result of the Acquisition; (iv) valuation report of the Development Project; (v) details of the Share Consolidation and the Rights Issue; and (vi) a notice of the EGM will be despatched to the Shareholders on or about 24 September 2014 so as to allow sufficient time for the preparation of the relevant information for inclusion in the Circular.

As completion of the Acquisition and the Rights Issue are both conditional upon satisfaction (or, if applicable, waiver) of the respective conditions precedent as set out under the Sale and Purchase Agreement and the Rights Issue in this announcement, the Acquisition and the Rights Issue may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

SUSPENSION OF TRADING AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on 25 June 2014, pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 19 August 2014.

The Board is pleased to announce that the Company has entered into the Sale and Purchase Agreement with the Vendor whereby the Company has conditionally agreed to acquire the Sale Shares in the Target Company and the Vendor has conditionally agreed to sell the Sale Shares, representing 40% of the total issued share capital in the Target Company on 24 June 2014 (after trading hours) as amended by the supplemental agreement entered into by the parties to the Sale and Purchase Agreement dated 18 August 2014. The principal terms of the Sale and Purchase Agreement are summarised as follows:

PRINCIPAL TERMS OF THE SALE AND PURCHASE AGREEMENT

Date: 24 June 2014 (after trading hours) (as amended by the supplemental agreement dated 18 August 2014)

Parties

Purchaser: Max Leap Asia Limited, a wholly-owned subsidiary of the Company

Vendor: Perfect Ease International Limited

The Vendor, i.e. Perfect Ease International Limited, is a company incorporated in BVI and is an investment holding company. The sole director of the Vendor is Mr. Liang. As at the date of this announcement, the Vendor holds 87.2% of the Target Company and the Target Company directly holds 100% equity interests in Jintang. Jintang is a company established in the PRC and is the operating subsidiary of the Target Group. Jintang is principally engaged in the development, construction and building management of the Development Project which is located in Chongqing, the PRC.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Company agreed to purchase and the Vendor agreed to sell the Sale Shares, representing 40% of the total issued share capital of the Target Company.

For further information on the Target Group, please refer to paragraph headed “Information on the Target Group”.

Consideration

The Consideration for the Acquisition is HK\$370,000,000, which shall be settled by cash upon Completion of the Sale and Purchase Agreement. It is to be financed by the net proceeds to be raised from the Rights Issue.

The Consideration was determined after arm’s length negotiations between the Company and the Vendor, and taking into account the Valuation of not less than RMB1,000 million as stated in the Valuation Report to be prepared by an independent valuer.

The original purchase cost of 87.2% equity interest in the Target Company paid by Mr. Liang was RMB777,713,404 when the Vendor acquired 87.2% equity interest in the Target Company on 10 July 2013. As advised by the Vendor and as at the date of the Sale and Purchase Agreement, the Target Company was indebted to the Vendor a total sum of approximately RMB17.7 million as interest-free shareholder’s loan.

Taking into account the above factors, the Directors (other than the members of the Independent Board Committee whose view will be set out in the Circular to be despatched to the Shareholders after receiving the advice of the independent financial adviser) are of the view that the Consideration is fair and reasonable.

Conditions precedent

Completion is conditional upon the following conditions having been fulfilled or waived (as the case may be):

- (a) The Purchaser having received a legal opinion on PRC laws (in such form and substance to the Purchaser’s reasonable satisfaction) covering the following major issues:
 - (i) Jintang having been duly established and validly subsisting;
 - (ii) the legality of the operation and business of Jintang in all material respects;
 - (iii) Jintang having obtained all the waivers, licenses, consents or permits necessary for their operation and business and all such licenses, consents and permits being in full force and effect;
 - (iv) the legality and validity of Jintang’s ownership to the land use rights of the Land;
 - (v) the designated user and area of the Land;
 - (vi) Jintang having obtained all necessary permits and approvals for the construction and development of the Development Project and such permits and approvals being valid and subsisting;
 - (vii) the legality and validity of the material contracts entered into by Jintang;

- (b) the Purchaser having conducted and completed due diligence on all business, assets and liabilities, legal and financial matters and all such other matters as deemed necessary by the Purchaser in its absolute discretion, in relation to the Target Group, and the Purchaser being satisfied with the results of such due diligence in its absolute discretion;
- (c) the Purchaser having received the Valuation Report in form and substance satisfactory to the Purchaser and the Valuation as stated in the Valuation Report shall be not less than RMB1,000 million;
- (d) the EGM having been duly convened at which resolutions shall have been passed by the Independent Shareholders, by way of a poll to approve (i) the Sale and Purchase Agreement and the transactions contemplated thereunder in accordance with the Listing Rules; and (ii) any connected transaction requiring approval of the Independent Shareholders pursuant to the Listing Rules as a result of transactions contemplated under the Sale and Purchase Agreement;
- (e) if applicable, the obtaining of all consents from any relevant government or regulatory authorities or third parties which are necessary in connection with the execution and performance of the Sale and Purchase Agreement and any of the transactions contemplated thereunder;
- (f) the simultaneous and successful completion of the Rights Issue;
- (g) the Purchaser being satisfied that on or before Completion the Vendor's warranties remain true and accurate in all material respects and are not misleading nor in breach in any material respect; and
- (h) In respect of Development Project — Phase II, Jintang shall obtain the Construction Planning Permit (建設工程規劃許可證) with respect to the gross floor area of approximate 165,692.59 square meters.

The Purchaser may at its absolute discretion at any time waive in writing the condition set out in condition precedent (c) and such waiver may be made subject to such terms and conditions as are determined by the Purchaser, but all other conditions set out above cannot be waived.

If the above conditions precedent have not been waived (where applicable) or fulfilled on or before the Long Stop Date for whatever reason, the Sale and Purchase Agreement shall cease and determine, thereafter neither party shall have any obligations and liability towards each other hereunder save for any antecedent breaches of the terms hereof.

Adjustment to Consideration

If the Valuation as stated in the Valuation Report shall be less than the amount of RMB1,000 million as stated in the condition precedent (c) and the Purchaser elects at its sole discretion to waive the condition precedent (c) as stated above, then a downward adjustment (the “**Adjustment**”) shall be made to the Consideration and the amount of Adjustment shall be deducted from the Consideration payable by the Purchaser as follows:

$$\text{Adjustment} = (a - b) \times 40\%$$

Whereas:

a being the amount specified under condition precedent (c); and

b being the Valuation as stated in the Valuation Report.

Exchange Rate: RMB1 = HK\$1.25

For avoidance of doubt, no adjustment of the Consideration is required if the Valuation as stated in the Valuation Report is equal or above the amount of RMB1,000 million. There is no limit on the downward Adjustment to Consideration.

Completion

Completion shall take place on the third Business Day after the date on which the above-mentioned conditions shall have been satisfied or, if applicable, waived by the Purchaser or such other date as the Purchaser and the Vendor may agree in writing.

Upon Completion, the Company will be beneficially interested in the 40% equity interests in the Target Company and the Target Group will become an associate of the Company.

Pursuant to the Sale and Purchase Agreement, the Purchaser shall be entitled to nominate at any time so long as the Purchaser shall remain as a shareholder of the Target Company as well as of Jintang and the Target Company and Jintang shall accept such nomination, nominee(s) as director(s) of the Target Company in proportion to its and other shareholder(s)' respective shareholdings in the Target Company.

Pursuant to the Sale and Purchase Agreement, without prejudice to the obligation of the Target Company producing its annual consolidated account and distribution of dividend every year, as soon as all units of the Development Project having been sold, the Vendor undertakes to procure consolidated audited account (the “Final Accounts”) of the Target Group and procure the Target Company to distribute by way of dividends all profits after taxation within 3 months of the date of the Final Accounts, provided that no dividends shall be distributed before (i) all external borrowings and all interests (if any) accrued thereon and other charges and liabilities (if any) payable in connection therewith; and (ii) all loans provided by the shareholders of the Target Company (if any) are repaid full.

In case of distribution of dividends in accordance with the above terms, the Company will be able to share returns (in terms of dividends) and cash flow from the Target Group.

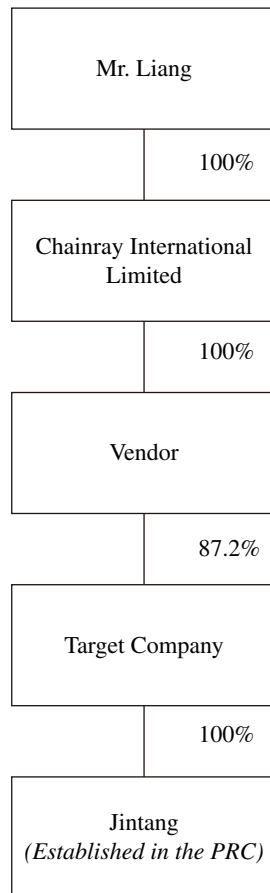
The terms of the Sale and Purchase Agreement were determined after arm's length negotiations and on normal commercial terms. The Directors (other than the members of the Independent Board Committee whose view will be set out in the Circular to be despatched to the Shareholders after receiving the advice of the independent financial adviser) consider the terms and conditions of the Sale and Purchase Agreement to be on normal commercial terms, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE TARGET GROUP

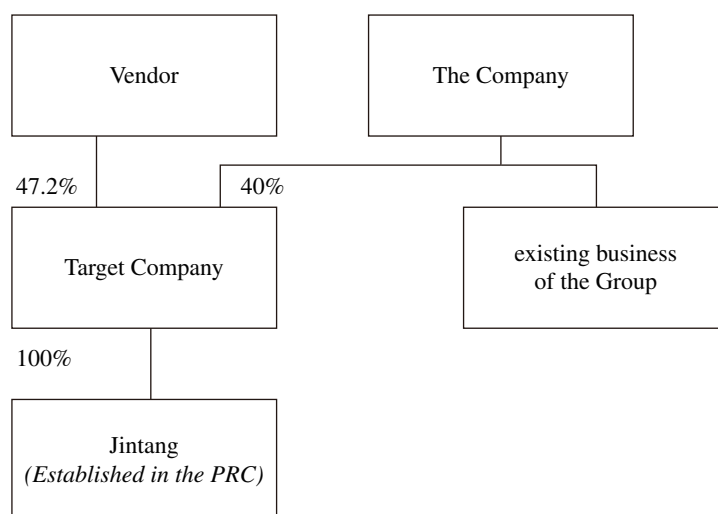
Set out below is the group structure, business and financial information of the Target Group based on the information provided by the Vendor.

Group structure of the Target Group

The Target Company is a company incorporated in the BVI and is a wholly-owned subsidiary of the Vendor. Set out below is the shareholding structure of the Target Group before the Acquisition:



Set out below is the shareholding structure of the Target Group upon Completion:



Business of the Target Group

The Target Company is a company incorporated in the BVI and is owned as to 87.2% by the Vendor as at the date of the Sale and Purchase Agreement. Jintang is the operating subsidiary of the Target Group which is principally engaged in the business of development, construction and building management of the “Development Project” comprising the residential and commercial complex known as “Jintang New City Plaza*” (金唐新城市廣場) in Chongqing, the PRC.

The piece of land of the Development Project situate at Long Tower Street* in the west southern part of the Yubei Zone, Chongqing City (重慶渝北區龍塔街道) in the PRC with a site area of approximately 30,817 square meters. It is designated for residential use of 53,883.20 square meters; commercial use of 36,012.85 square meters; office premises of 40,865.48 square meters; car parking areas and other uses of 56,512.26 square meters. The terms for the grant of the land use right of the Land are 52 years for the residential portion and 22 years for the commercial portion. After the completion of the Development Project, it is expected to be a new landmark area near the central business district of the Yubei Zone.

As at the date of this announcement, the building construction of the Development Project — Phase I has been completed and the Development Project — Phase I comprises of a residential block with 252 residential flats which are ready for pre-sale by June 2012. The construction of the Development Project — Phase II has been commenced in May 2014 and the piling work has been completed. The Development Project — Phase II is designated to comprise of 5 blocks of commercial and residential complex. Barring any unforeseen circumstances, the building construction work is expected to be completed by 2016. As advised by the Vendor, as at the date of this announcement, all units (including both the commercial and residential buildings) under the Phase I and Phase II of the Development Project are expected to be ready for pre-sale or sale after building construction has been completed and all the property units developed under Phase I and Phase II of the Development Project are expected to be sold out after completion of construction.

As at the date of this announcement and as advised by the Vendor, 140 property units out of a total of 252 property units constructed under Phase I of the Development Project were sold.

After Mr. Liang acquired equity interest in the Target Company, Jintang stopped the selling of the remaining properties under Phase I as Mr. Liang wanted to carry out the restructure of the building and the site infrastructure in order to have higher selling price and it is expected the selling will resume in September and October 2014. The internal construction and infrastructure of the Development Project — Phase I is expected to be completed by the end of 2014. As advised by the Vendor, no other certificates, licenses, consents or permits in respect of the Phase I of the Development Project is needed for such restructure of the building and the site infrastructure.

Save for Consideration payable under the Sale and Purchase Agreement, there is no other capital commitment or contractual commitment on the part of the Group regarding the Acquisition as at the date of this announcement.

Moreover, pursuant to the Sale and Purchase Agreement, the Vendor undertakes to the Purchaser that all planning, construction, renovation and fitting-out works of the Development Project shall be completed to the reasonable satisfaction of the Purchaser within 5 years from the Completion of the Sale and Purchase Agreement.

Certificates, license, consent or permits

Date of issue	Issuing authority	Description
4 April 2014	Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部制)	For development of the Development Project — Phase I and Phase II
16 July 2012	Chongqing Administration of Land, Resources and Housing (重慶市國土資源和房屋管理局)	For the Development Project — Phase I & Phase II — specify the landuse right of Jintang with a total site area of approximately 30,817 square meters for a term of 52 years from the date of issue of the certificate
5 January 2010	Chongqing Urban Planning Bureau (重慶市規劃局)	For the Development Project — Phase I & Phase II — specify the proposed landuse

Certificates, license, consent or permits	Date of issue	Issuing authority	Description
Construction Planning Permit* (建設工程規劃許可證)	5 April 2012	Chongqing Urban Planning Bureau (重慶市規劃局)	For the Development Project — Phase I — specify the proposed construction planning in respect of a gross floor area of approximate 21,581.20 square meters
Construction Planning Permit* (建設工程規劃許可證)	14 April 2014	Chongqing Urban Planning Bureau (重慶市規劃局)	For the Development Project — Phase II — specify the proposed construction planning in respect of a gross floor area of approximate 145,487.42 square meters (note 1)
Construction Work Permit* (建設工程施工許可證)	12 April 2011	Chongqing Municipal Commission of Urban-Rural Development (重慶市城鄉建設委員會)	For the Development Project — Phase I specify the proposed construction work including the design company, construction company and supervision company
Construction Work Permit* (建設工程施工許可證)	12 May 2014	Chongqing Municipal Commission of Urban-Rural Development (重慶市城鄉建設委員會)	For the Development Project — Phase II — specify the proposed construction work including the design company, construction company and supervision company
Pre-sale permit for properties* (重慶市商品房預售(預租)許可證)	1 April 2013	Chongqing Administration of Land, Resources and Housing (重慶市國土資源和房屋管理局)	For the Development Project — Phase I in respect pre-sale of residential complex
Pre-sale permit for properties* (重慶市商品房預售(預租)許可證)	21 August 2012	Chongqing Administration of Land, Resources and Housing (重慶市國土資源和房屋管理局)	For the Development Project — Phase I:in respect pre-sale of commercial complex

Note 1: The Construction Planning Permit* (建設工程規劃許可證) in respect of a gross floor area of approximate 20,205.17 square meters is under application.

As advised by the Vendor and the PRC legal adviser, all of the above certificates and permits in respect of the Development Project obtained by Jintang are valid as at the date of this announcement and there are no legal impediments for the Jintang to renew such certificates, licenses, consents or permits in respect of the Development Project.

As advised by the Vendor and the PRC legal adviser, there are no legal impediments for the Jintang to obtain such certificates, licenses, consents or permits in respect of the Development Project.

Financial information of the Target Group

Under the General Accepted Accounting Principles in the PRC, the audited net assets of Jintang as of 31 December 2013 is approximately RMB14,281,000 and audited net assets of Jintang as of 31 December 2012 is approximately RMB14,203,000 respectively. The audited revenue of Jintang for the financial year ended 31 December 2012 and 2013 are approximately RMB23,997,000 and approximately RMB51,090,000 respectively. The audited net profit before and after tax of Jintang for the financial year ended 31 December 2013 are RMB140,000 and RMB78,000 respectively. The audited net loss before and after tax of Jintang for the financial year ended 31 December 2012 are RMB825,000 and RMB825,000 respectively.

Under the HKFRS, the unaudited net assets of the Target Company as of 31 December 2013 is approximately HK\$708,000 and unaudited net assets of the Target Company as of 31 December 2012 is approximately HK\$714,000 respectively. The unaudited net loss before and after tax of the Target Company for the financial year ended 31 December 2013 are HK\$6,000 and HK\$6,000 respectively. The unaudited net loss before and after tax of the Target Company for the financial year ended 31 December 2012 are HK\$6,000 and HK\$6,000 respectively. The aggregate investment costs incurred so far for the Development Project were approximately RMB94.3 million as at 31 December 2012 and RMB177.4 million as at 31 December 2013.

Revenue was recognised under the General Accepted Accounting Principles in the PRC because sales proceeds received from pre-sale of the commercial flats in the PRC is required to be recognised as revenue of the entity under the PRC tax laws. According to the HKFRS, sales proceeds received from pre-sale of the commercial flats will not be recognized as income.

Loan Agreement of the Target Group

On 21 August 2013, Jintang as borrower and Anxin Trust Investment Company Limited* (安信信托投資股份有限公司) (“Anxin”) as the trust arranger for and on behalf of Guosen Securities Company Limited* (國信證券股份有限公司) entered into a Loan Agreement, pursuant to which Anxin agreed to pay Jintang an amount of RMB900 million in the form of entrustment loan (the “Entrustment Loan”) for the purpose of financing the Development Project. The Entrustment Loan matures on the date falling 24 months after the date the Entrustment Loan was made. To secure the Entrustment Loan, (i) the Land were charged in favour of Anxin; (ii) properties under the Development Project — Phase I & II were charged in favour of Anxin; and (iii) a personal guarantee by the legal representative of Jintang was provided in favour of Anxin. As at the date of the Sale and Purchase Agreement, the amount of entrustment loan outstanding is RMB900 million.

Total investment cost

As advised by the Vendor, the total investment cost of the Development Project is estimated to be approximately RMB1.025 billion (equivalent to approximately HK\$1.28 billion), comprising (i) the building and utility costs of RMB653.5 million (equivalent to approximately HK\$816.88 million); (ii) the professional and financing fees of approximately RMB87.57 million (equivalent to approximately HK\$109.46 million); (iii) the financing expenses of approximately RMB51.87 million (equivalent to approximately HK\$64.84 million); (iv) contingency cost of RMB23.79 million (equivalent to approximately HK\$29.74 million); and (v) sales tax and fees of RMB208.27 million (equivalent to approximately HK\$260.34 million).

It is intended that funds required for the development of the Development Project as stated above will be financed as to (i) by the Entrustment Loan; (ii) by income to be generated by sale of the residential and commercial complex of the Development Project; and (iii) by funds to be raised by Jintang from other bank borrowings in particular, the total bank borrowings of the Target Group shall not exceed RMB900 million and the term of which shall not be more than 5 years from the Completion of the Sale and Purchase Agreement.

PROPOSED SHARE CONSOLIDATION

The Company intends to put forward a proposal to the Shareholders to effect the Share Consolidation which involves the consolidation of every five (5) issued Shares each into one (1) Consolidated Share.

Effects of the Share Consolidation

As at the date of this announcement, 389,421,327 Existing Shares have been issued and there are 1,330,308 Share Options granted and outstanding. Assuming that no further Existing Shares are issued or repurchased between the date of this announcement and the date of the EGM, immediately after the Share Consolidation, not less than 77,884,265 Consolidated Shares and not more than 78,150,326 Consolidated Shares will be in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank *pari passu* in all respects with each other in accordance with the Company's articles of association. No fractional Consolidated Shares will be issued by the Company. Any fractional entitlements of the Consolidated Shares will be aggregated and sold for the benefits of the Company.

Other than the expenses to be incurred, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders.

Odd lots arrangements and matching services

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation, a designated broker has been appointed to match the purchase and sale of odd lots of the Consolidated Shares at the relevant market price per Consolidated Share for the period from 9:00 a.m. on Monday, 3 November 2014 to 4:00 p.m. on Friday, 21 November 2014 (both dates inclusive). Holders of odd lots of the Consolidated Shares

should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Any Shareholder, who is in any doubt about the odd lot arrangement, is recommended to consult his/her/its own professional advisers. Details of the matching service will be provided in the Circular to be despatched to the Shareholders.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following:

- (i) the passing of the necessary resolution(s) by the Shareholders to approve the Share Consolidation at the EGM to be convened by the Company; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in, the Consolidated Shares arising from the Share Consolidation.

Assuming the above conditions are fulfilled, it is expected that the Share Consolidation will become effective on the business day next following the date that the relevant resolution(s) approving the Share Consolidation.

The board lots size of 4,000 Consolidated Shares will remain unchanged after Share Consolidation becoming effective.

Listing and Dealings

Application will be made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Consolidated Shares arising from the Share Consolidation and those Consolidated Shares which may fall to be issued pursuant to the exercise of the Share Options.

Exchange of Share certificates

Subject to the Share Consolidation having become effective, Shareholders may during the specified period submit share certificates for Existing Shares to the Company's share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, in exchange, at the expense of the Company, for new share certificates for Consolidated Shares. Thereafter, certificates for Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each share certificate for Existing Shares cancelled or each new share certificate issued for Consolidated Shares, whichever number of certificates cancelled/issued is higher. Nevertheless, certificates for Existing Shares will continue to be good evidence of legal title and may be exchanged for certificates for Consolidated Shares at any time.

The new share certificates for the Consolidated Shares will be issued in yellow colour in order to distinguish them from the existing blue colour.

Reasons for the Share Consolidation

Since the last capital reorganisation of the Company with effective from 18 January 2012 (as stated in the announcement of the Company dated 18 January 2012), the Company did not carry out any capital restructure.

Since the financial year ended 31 December 2009, the Company has been making loss. The net asset value per Share is approximately HK\$3.14 based on the net assets of approximately HK\$1,221,073,000 as at 31 December 2013 and the existing issued share capital of the Company (i.e. 389,421,327 Shares). On the other hand, using the closing price of the Shares of HK\$0.345 per Share as quoted on the Stock Exchange on 24 June 2014 as a reference, the Company is trading at a price-to-book (PB) of only approximately 0.11X. The Directors therefore believes that the Company is extremely undervalued. It is expected that the Share Consolidation would bring about a corresponding upward adjustments in the trading price of the Consolidated Shares (i.e. based on the closing price of HK\$0.345 per Existing Shares as quoted on the Stock Exchange on the Last Trading Day, the trading price of the Consolidated Shares will be HK\$1.725) on the Stock Exchange. Therefore, the Board believes that the adjusted share price of the Company upon the completion of the Share Consolidation will provide greater opportunity and flexibility for equity fund raising of the Company in future and may attract more investors and extend the shareholders base of the Company. The Board therefore believes that the Share Consolidation better prepare the Company for future fund raising activities and therefore the Share Consolidation is in the interests of the Company and the Shareholders as a whole.

Shareholders or potential investors should note that (i) significant number of odd lots will be created after the Share Consolidation; (ii) odd lots arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (iii) odd lots might be sold below the market price in the market.

PROPOSED RIGHTS ISSUE

The Rights Issue is proposed to take place after the Share Consolidation becoming effective.

Issue statistics

Basis of the Rights Issue:	Nine (9) Rights Shares for every one (1) issued Consolidated Share held at the Record Date and payable in full on acceptance
Subscription Price :	HK\$0.6 per Rights Share
Number of Existing Shares in issue as at the date of this announcement:	389,421,327 Existing Shares
Number of Consolidated Shares in issue upon the Share Consolidation becoming effective:	Not less than 77,884,265 Consolidated Shares (assuming no issue of new Shares, no further repurchase of Shares or no grant of Share Option under the Scheme Mandate Limit on or before the Record Date) and not more than 78,150,326 Consolidated Shares (assuming no issue of new Shares or no further repurchase of Shares on or before the Record Date)
Number of Rights Shares :	Not less than 700,958,385 Rights Shares and not more than 703,352,934 Rights Shares

Number of Consolidated Shares in issue upon completion of the Rights Issue: Not less than 778,842,650 Consolidated Shares and not more than 781,503,260 Consolidated Shares

Save for the outstanding 1,330,308 Share Options, the Company has no derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into shares of the Company as at the date of this announcement.

Subscription Price

The Subscription Price is HK\$0.6 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the provisional allotment of the Rights Shares under the Rights Issue and, where applicable, application for excess Rights Shares or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 65.22% to the adjusted closing price of HK\$1.725 per Consolidated Share, based on the closing price of HK\$0.345 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (ii) a discount of approximately 65.42% to the adjusted average closing price of HK\$1.735 per Consolidated Share, based on the average closing price of HK\$0.347 per Existing Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation; and
- (iii) a discount of approximately 14.57% to the theoretical ex-rights price of HK\$ 0.7023 per Consolidated Share after the Rights Issue, based on the closing price of HK\$0.345 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation.

Basis of determining the Subscription Price

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriters with reference to (i) the low trading liquidity of the Shares for the recent 12 months; (ii) the prevailing market price of the Shares as described above; (iii) the net loss and the financial positions of the Group for the past years and (iv) having considered the future business development of the Group. Each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the Subscription Price in proportion to his/her/its existing shareholding in the Company.

As the estimated net proceeds from the Rights Issue will be approximately HK\$404.26 million to HK\$405.65 million (assuming no further issue of new shares of the Company on or before the Record Date), the net price per Rights Share will be approximately HK\$0.5767 to HK\$0.57671.

Basis of provisional allotment and fractions to the Rights Shares

On the basis of provisional allotment of nine (9) Rights Shares for every one (1) Consolidated Share held by the Qualifying Shareholders on the Record Date, application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied therefor. On the same basis, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not being Excluded Shareholders at the Record Date. In order to be registered as members of the Company at the Record Date, all transfers of the Shares must be lodged (together with the relevant share certificate(s)) with the Company's branch share registrar in Hong Kong by 4:30 p.m. (Hong Kong time) on Friday, 24 October 2014.

The Company's branch share registrar in Hong Kong is:

Tricor Secretaries Limited
Level 22, Hopewell Centre,
183 Queen's Road East, Hong Kong

Rights of the Excluded Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

The Company will comply with Rule 13.36(2)(a) of the Listing Rules and make enquiries regarding the feasibility of extending the offer of the Rights Shares to Overseas Shareholders. If, based on legal opinions provided by the legal advisors to the Company, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the place of his registered address or the requirements of the relevant regulatory body or stock exchange in that place, the Rights Issue will not be available to such Overseas Shareholders.

The Company will send the Prospectus to the Excluded Shareholders for their information only. The Company will not send any PAL and EAF to them. The Excluded Shareholders will be entitled to attend and vote at the EGM.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the Rights Shares in their nil-paid form commence and before dealings in the Rights Shares in their nil-paid form end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be paid to the Excluded Shareholders pro-rata to their shareholdings held at the Record Date. In light of the administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlement of Excluded Shareholders to the Rights Shares, together with any unsold Rights Shares created by adding together any Rights Shares

provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares, will be made available for excess applications by the Qualifying Shareholders.

Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Excluded Shareholders and for any Rights Shares provisionally allotted but not accepted.

Any Qualifying Shareholder wishing to apply for any Rights Shares in addition to his/her/its provisional allotment must complete and sign the EAF as indicated thereon and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Registrar so as to be received by no later than 4:00 p.m. on Monday, 17 November 2014. All remittances must be made by cheque or cashier's order in Hong Kong dollars.

The Directors will allocate the excess Rights Shares on a fair and equitable basis. Subject to availability of the excess Rights Shares, the excess Rights Shares will be allocated to those who have applied for excess Rights Shares on a pro rata basis by reference to the number of excess Rights Shares being applied for under each application. There is no odd lot arrangement after the excess Rights Shares are allotted. If the aggregate number of Rights Shares not taken up by the Qualifying Shareholders under PALs is greater than the aggregate number of excess Rights Shares applied for through EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares in full application. No preference will be given to topping up odd lots to whole board lots.

Any fractional entitlement for the excess Rights Shares will be rounded up to the nearest whole number to the best effort and issued to such Qualifying Shareholder who applies for excess Rights Shares.

Investors with their Shares held by a nominee company should note that the Board will regard the nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually.

The allocation of excess Rights Shares (if any) to the Qualifying Shareholders will be announced by the Company on or about 26 November 2014. If no excess Rights Shares are allotted to the Qualifying Shareholders, it is expected that a cheque for the amount tendered on application will be refunded in full without interest on or before 27 November 2014. If the number of excess Rights Shares allotted to the Qualifying Shareholders is less than that applied for, a cheque for the amount of the surplus application monies are also expected to be refunded to them without interest on or before 27 November 2014.

All cheques and cashier's orders will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the EAF together with a cheque or cashier's order in payment for excess Rights Shares applied for will constitute a warranty by the applicant that

the cheque or the cashier's order will be honoured on first presentation. If any cheque or cashier's order accompanying a completed EAF is dishonoured on first presentation, without prejudice to the other rights of the Company, such EAF is liable to be rejected.

Completion and return of the EAF by anyone outside Hong Kong will constitute a warranty and representation to the Company that all these local registration, legal and regulatory requirements of such relevant jurisdictions other than Hong Kong in connection with the EAF and any application under it, have been, or will be, duly complied with. For the avoidance of doubt neither HKSCC nor HKSCC Nominees Limited is subject to any of the representations and warranties.

The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including refund cheques for wholly or partially unsuccessful applications for excess Rights Shares, will be despatched by ordinary post at the risk of the persons entitled thereto to their respective registered addresses as shown in the register of members of the Company on the Record Date.

If the Underwriter exercises the right to terminate the Underwriting Agreement or if the conditions of the Rights Issue are not fulfilled or waived (as applicable), the monies received in respect of the relevant applications for excess Rights Shares will be returned to the applicants, or in case of joint applicants, to the first-named person, without interest by means of cheques despatched by the ordinary post to their respective addresses at their own risk as soon as practicable thereafter.

Closure of register of members

The register of members of the Company, in relation to the Rights Issue, will be closed from Monday, 27 October 2014 to Friday, 31 October 2014, both dates inclusive. No transfer of shares of the Company will be registered during this period.

Status of the Rights Shares

The Rights Shares (when allotted, fully paid or credited as fully paid and issued) will rank *pari passu* in all respects with the Consolidated Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares. Dealings in the Rights Shares will be subject to payment of stamp duty in Hong Kong.

Share certificates for the Rights Shares and refund cheques

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully paid Rights Shares are expected to be posted to the Qualifying Shareholders who have accepted and applied for (where appropriate), and paid for the Rights Shares on 27 November 2014 by ordinary post at their own risk. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are also expected to be posted on 27 November 2014 by ordinary post to the applicants at their own risk.

The first day of dealing in the Rights Shares in their fully-paid form is expected to commence on 9:00 a.m. on Friday, 28 November 2014.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms). No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Subject to the granting of the listing of, and permission to deal in, Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange, Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of dealings in Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the general rules of CCASS and CCASS operational procedures in effect from time to time.

The nil-paid Rights Shares, fully-paid Right Shares will be traded in board lots of 4,000 Consolidated Shares.

Dealings in the Rights Shares in both nil-paid and fully-paid forms which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

UNDERWRITING ARRANGEMENT

The Underwriting Agreement

Date:	18 August 2014
Underwriter:	Freeman Securities Limited
Total number of Rights Shares being underwritten by the Underwriter:	The Underwriter has conditionally agreed to fully underwrite not less than 700,958,385 Underwritten Shares and not more than 703,352,934 Underwritten Shares, not taken up by the Qualifying Shareholders
Commission:	3.0% of the aggregate Subscription Price in respect of the maximum number of Underwritten Shares as determined on the Record Date

The Underwriter and its ultimate beneficial owners are third parties independent of and not connected with the Company and its Connected persons.

Pursuant to the Underwriting Agreement, the Company also undertakes to the Underwriter that the Company shall not from the date of the Underwriting Agreement until the Record Date allot or issue any Shares whether those Shares are allotted or issued pursuant to the general mandate of the Company or otherwise, or grant any options, warrants, subscription

rights or other securities convertible into, exchangeable for or which carry rights to acquire Shares (other than the issue of Shares upon exercise of the Share Options) without the written approval of the Underwriter.

The Board considers the terms of the Underwriting Agreement including the commission rate accord with market practice and are fair and reasonable so far as the Company and the Shareholders are concerned.

Termination of the Underwriting Agreement

If at any time between the date hereof and 4:00 p.m. on the Latest Time for Termination, one or more of the following events or matters (whether or not forming part of a series of events) shall occur, arise or exist:

- (a) the Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that, (i) any of the representations or warranties contained in the Underwriting Agreement is untrue, inaccurate, misleading or breached; or (ii) any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the representations or warranties contained hereunder untrue, inaccurate, misleading or breached, and in each case the same is (in the reasonable opinion of the Underwriter) material in the context of the Rights Issue; or
- (b) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions, on Hong Kong, the PRC or other jurisdiction relevant to the Group or any member of the Group) occurs which in the reasonable opinion of the Underwriter makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (c)
 - (i) any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;
 - (ii) any change in local, national or international financial, political, industrial or economic conditions;
 - (iii) any change of an exceptional nature in local, national or international equity securities or currency markets;
 - (iv) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;
 - (v) any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange;
 - (vi) any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere; or

(vii) any act of God, war, riot, public disorder, civil commotion, terrorism, strike or lock-out;

which event or events is or are in the reasonable opinion of the Underwriter:

- (1) likely to have a material adverse effect on the business, financial position or prospects of the Group taken as a whole; or
- (2) likely to have a material adverse effect on the success of the Rights Issue or the level of Rights Shares taken up; or
- (3) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue,

then and in such case, the Underwriter may, in addition to and without prejudice to any other remedies to which the Underwriter may be entitled, by notice in writing to the Company terminate the Underwriting Agreement forthwith. Upon the giving of such notice by the Underwriter, all obligations of the Underwriter hereunder shall cease and determine (save for any antecedent breaches thereof) and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement save for any antecedent breach.

Conditions of the Rights Issue

The Rights Issue is conditional upon the following being fulfilled:

- (i) the passing of the relevant resolutions in respect of the Share Consolidation, the Rights Issue and any transactions contemplated hereunder by the Independent Shareholders at the EGM in accordance with the Listing Rules;
- (ii) the Share Consolidation becoming effective;
- (iii) the simultaneous and successful completion of the Acquisition pursuant to the Sale and Purchase Agreement;
- (iv) the Listing Committee of the Stock Exchange agreeing to grant the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms either unconditionally or subject to such conditions which the Underwriter, in its reasonable opinion, accepts and the subsequent satisfaction of such conditions (if any);
- (v) the delivery to the Stock Exchange and filing and registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents each duly certified by two Directors (or by their agents duly authorised in writing) on or before Posting Date in compliance with the Companies Ordinance (and all other documents required to be attached thereto) and otherwise complying with the requirements of the Companies Ordinance and the Listing Rules;
- (vi) the posting of the Prospectus Documents to the Qualifying Holders; and
- (vii) the Underwriter having not terminated the Underwriting Agreement.

In the event that the above conditions have not been fulfilled by the Underwriter in all respects by or at the time and/or date specified therefor (or if no time or date is specified, 31 December 2014) (or such later date(s) as the Underwriter may agree with the Company), all liabilities of the parties to the Underwriting Agreement shall cease and determine and no party shall have any claim against the other party save for any antecedent breach of the Underwriting Agreement and all such reasonable costs, fees and other out-of-pocket expenses as have been properly incurred by the Underwriter in connection with the underwriting of the Underwritten Shares by the Underwriter shall be borne by the Company, and the Rights Issue will not proceed.

EFFECT ON THE SHAREHOLDING STRUCTURE

The changes in the shareholding structure of the Company arising from Share Consolidation and the Rights Issue assuming (i) no exercise of 1,330,308 Share Options granted and outstanding; and (ii) full exercise of exercise of 1,330,308 Share Options granted and outstanding are as follows:

scenario 1: no exercise of share options

Name of Shareholders	As at the date of this announcement		Immediately after the Share Consolidation but before completion of the Rights Issue <i>(Note 2)</i>		Immediately after completion of the Rights Issue (all Rights Shares are subscribed by the Qualifying Shareholders)		Immediately after completion of the Rights Issue (none of the Rights Shares are subscribed by the Qualifying Shareholders) <i>(Notes 3 to 6)</i>	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Consolidated Shares</i>	<i>Approximate %</i>	<i>No. of Consolidated Shares</i>	<i>Approximate %</i>	<i>No. of Consolidated Shares</i>	<i>Approximate %</i>
Director								
Dr. Wong Yun Kuen <i>(Note 1)</i>	9,000	0.00%	1,800	0.00%	18,000	0.00%	1,800	0.00%
Holder of share options	—	0.00%	—	0.00%	—	0.00%	—	0.00%
Public Shareholders:								
Underwriter	—	0.00%	—	0.00%	—	0.00%	700,958,385	90.00%
Other public Shareholders	389,412,327	100.00%	77,882,465	100.00%	778,824,650	100.00%	77,882,465	10.00%
	<u>389,421,327</u>	<u>100.00%</u>	<u>77,884,265</u>	<u>100.00%</u>	<u>778,842,650</u>	<u>100.00%</u>	<u>778,842,650</u>	<u>100.00%</u>

scenario 2: full exercise of share options

Name of Shareholders	As at the date of this announcement		Immediately after the Share Consolidation but before completion of the Rights Issue (Note 2)		Immediately after completion of the Rights Issue (all Rights Shares are subscribed by the Qualifying Shareholders)		Immediately after completion of the Rights Issue (none of the Rights Shares are subscribed by the Qualifying Shareholders) (Notes 3 to 6)	
	No. of Shares	Approximate %	No. of Consolidated Shares	Approximate %	No. of Consolidated Shares	Approximate %	No. of Consolidated Shares	Approximate %
Director								
Dr. Wong Yun Kuen (Note 1)	9,000	0.00%	1,800	0.00%	18,000	0.00%	1,800	0.00%
Holder of share options	1,330,308	0.34%	266,061	0.34%	2,660,610	0.34%	266,061	0.03%
Public Shareholders:								
Underwriter	—	0.00%	—	0.00%	—	0.00%	703,352,934	90.00%
Other public Shareholders	<u>389,412,327</u>	<u>99.66%</u>	<u>77,882,465</u>	<u>99.66%</u>	<u>778,824,650</u>	<u>99.66%</u>	<u>77,882,465</u>	<u>9.97%</u>
	<u>390,751,635</u>	<u>100.34%</u>	<u>78,150,326</u>	<u>100.00%</u>	<u>781,503,260</u>	<u>100.00%</u>	<u>781,503,260</u>	<u>100.00%</u>

Notes:

- Dr. Wong Yun Kuen is an independent non-executive Director.
- Upon completion of the Share Consolidation, no fractional Consolidated Shares will be issued.
- This scenario is for illustrative purpose only and will never occur. Pursuant to the Underwriting Agreement, the Underwriter confirms that it has sub-underwritten its underwriting obligations under the Underwriting Agreement to sub-underwriters and declares that it has no intention of becoming, whether by itself or together with the parties acting in concert with it (if any), the controlling shareholder (as defined in the Listing Rules) of the Company as a result of performance of its obligations under the Underwriting Agreement. Accordingly, the Underwriter:
 - confirms that, without prejudice in any event to the Underwriter's obligations to procure subscription for the Underwritten Shares not taken up under the Underwriting Agreement, it shall, whether by itself or together with the parties acting in concert with it (if any), be under no circumstances hold 29.9% or more of the issued share capital of the Company immediately after completion of the Rights Issue; and
 - agrees that it shall, in fulfillment of the Underwriter's obligations under the Underwriting Agreement to subscribe for (or procure subscribers for) any Underwritten Shares, take appropriate steps such as sub-underwriting all or part of the Underwritten Shares thereunder (sub-underwriter(s) not being party(ies) acting in concert with the Underwriter) to ensure that the Underwriter, together with the parties acting in concert with it (if any) will not become the controlling shareholder of the Company immediately after completion of the Rights Issue.
- Pursuant to the Underwriting Agreement, the Underwriter further undertakes to the Company that, without prejudice in any event to the Underwriter's obligations to procure subscription for the Underwritten Shares not taken up under the Underwriting Agreement or otherwise, it shall ensure (i) that the subscribers for any Underwritten Shares (collectively the "Relevant Subscribers") are independent of and not connected or acting in concert with the directors, chief executive or substantial Shareholders of

the Company or any of its subsidiaries or any of their respective associates and (ii) that no such Relevant Subscriber shall be procured if allotment and issue of any Rights Shares to it would result in it and persons acting in concert with it, when aggregated with the total number of Shares (if any) already held by them, holding 29.9% or more of the enlarged issued share capital of the Company immediately after completion of the Rights Issue.

- 5 Pursuant to the Underwriting Agreement, the Underwriter undertakes that in the event that the Underwriter or any of the sub-underwriters mentioned above is required to take up the Rights Shares pursuant to their underwriting/sub-underwriting obligations, (i) the Underwriter will not and shall procure that each sub-underwriter will not, whether by itself or together with the parties acting in concert with it (if any), own 29.9% or more of the issued share capital of the Company immediately after the Rights Issue; and (ii) the Underwriter shall and shall cause the sub-underwriters to procure independent places to take up such number of Rights Shares as necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with.
- 6 The Company will ensure the compliance with the public float requirements under Rule 8.08 of the Listing Rules upon completion of the Rights Issue.

The Underwriter has sub-underwritten its underwriting commitment to 12 sub-underwriters. The list of sub-underwriters and the minimum and maximum number of Rights Shares sub-underwritten to each of them are listed out as below:

scenario 1: assuming no exercise of share options

HEC Securities Limited	230,000,000 Rights Shares
Enerchine Securities Limited	230,000,000 Rights Shares
Au Yeung Kai Wah	24,130,385 Rights Shares
Kitchell, Osman Bin	24,092,000 Rights Shares
Kwong Kai Sing, Benny	24,092,000 Rights Shares
Shimazaki, Koji	24,092,000 Rights Shares
Yu Man Fung, Alice	24,092,000 Rights Shares
Lam Wai Ming	24,092,000 Rights Shares
Lam Suk Ping	24,092,000 Rights Shares
Chow Kam Wah	24,092,000 Rights Shares
Yao Man Yi	24,092,000 Rights Shares
Shum Ming Choy	24,092,000 Rights Shares

scenario 2: full exercise of share options

HEC Securities Limited	230,000,000 Rights Shares
Enerchine Securities Limited	230,000,000 Rights Shares
Au Yeung Kai Wah	24,364,934 Rights Shares
Kitchell, Osman Bin	24,332,000 Rights Shares
Kwong Kai Sing, Benny	24,332,000 Rights Shares
Shimazaki, Koji	24,332,000 Rights Shares
Yu Man Fung, Alice	24,332,000 Rights Shares
Lam Wai Ming	24,332,000 Rights Shares
Lam Suk Ping	24,332,000 Rights Shares
Chow Kam Wah	24,332,000 Rights Shares
Yao Man Yi	24,332,000 Rights Shares
Shum Ming Choy	24,332,000 Rights Shares

Each of the 12 sub-underwriters and its respective ultimate beneficial owners (if applicable) are third parties independent of and not connected with the Company and its connected persons as well as the Underwriter and each of the 12 sub-underwriters are independent of each other such that the Takeovers Code obligations and/or public float issue will not be triggered as a result of the Rights Issue.

As at the date of this announcement, an associate of the Underwriter holds 18,140,000 Shares, representing approximately 4.66% of the total issued share capital of the Company. Therefore, the associate of the Underwriter, to the extent the number of Shares it holds on the date of the EGM, will abstain from voting in respect of the resolution to approve the Specific Mandate.

REASONS FOR AND BENEFITS OF THE ACQUISITION AND THE RIGHTS ISSUE

The Group is principally engaged in the trading of goods, financing, brokerage and securities investment and iron ore mining businesses.

As stated in the annual report 2013 of the Company, during the year under review, the turnover of the Group was down by approximately 67% to approximately HK\$4,400,000 (2012: HK\$13,500,000) and the gross profit was decreased by approximately 73% to approximately HK\$2,916,000 (2012: HK\$10,745,000). For the year ended 31 December 2013, the Group recorded a loss attributable to equity holders of the Company of approximately HK\$178,000 (2012: HK\$246,300,000), representing a decrease of approximately 99.93% when compared to last year. As at 31 December 2013, the total assets and current assets of the Company were HK\$515,766,000 and HK\$866,512,000 respectively, of which HK\$234,333,000 and HK\$405,370,000 belong to available-for-sale financial assets and financial assets at fair value through profit or loss respectively.

As stated in the annual report 2013 of the Company, it is noted that the Group's strategy is to continue identifying suitable mineral projects that may have a good profit and/or development potential for investment with the objectives of enhancing the Group's business operations and, more importantly, maximizing the long term return for shareholders of the Company. In February and June 2013, the Group entered into an acquisition agreement and a supplemental agreement in relation to the acquisition of a target group which is principally engaged in the iron ore mining and ore processing operation in Xinjiang Uygur Autonomous Region, the PRC. The Board believes that the acquisition represents a valuable investment opportunity for the Group, having considered the amount of proved and probable reserves as well as indicated resources at the target mines and the future growth opportunity of the target mines to generate revenue and cash flow to the Group.

While focusing on its principal business and the acquisition of the new target group in iron ore mining business, the Board believes that the Acquisition is in line with the Group's investment strategy to bring investment return to the Group and would allow the Group to tap into the real estate business in the PRC with growth potential after having considered the construction progress and future prospects of the Development Project, the existing financing capacity of the Target Group as well as the ability of the Target Group to generate returns and cash flow to the Group.

As described above, the Acquisition is to be funded by the net proceeds from the Rights Issue. The Board therefore considers that the Rights Issue represents an opportunity for the Company to enhance its working capital and strengthen its capital base and financial position. Upon completion of the Rights Issue, the Company will be in a good position to capture the potential business opportunity from the Acquisition and to enhance its earning potential, and therefore enhance the overall value of the Shares. Moreover, the Board is of the view that it is in the interests of the Company and its Shareholders as a whole to raise the capital which through the Rights Issue since it would allow the Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company and participate in the future growth and development of the Group.

In view of the (i) business potentials of the Target Group to generate returns and cash flow to the Group which will strengthen the financial position of the Group and might lead to a turnaround from a net loss to a net profit in future; (ii) the financial position of the Group and the needs to preserve existing financial resources of the Group for the existing projects; (iii) the Rights Issue allows the Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company and participate in the future growth and development of the Group, the Directors (other than the members of the Independent Board Committee whose view will be set out in the Circular to be despatched to the Shareholders after receiving the advice of the independent financial adviser) consider that (i) it is suitable to raise additional funds by way of the Rights Issue when the Group identifies appropriate business opportunities in relation to the Acquisition; (ii) the terms of each of the Sale and Purchase Agreement and the Rights Issue are on normal commercial terms and are fair and reasonable; and (iii) the Acquisition and the Rights Issue as a whole are in the interest of the Shareholders and the Group as a whole.

POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS

As a result of the Share Consolidation and the Rights Issue, adjustments may need to be made to the exercise price and other rights (if any) pursuant to the terms of the share option scheme of the Company if necessary and the Company will make announcement accordingly.

FUND RAISING ACTIVITIES OF THE COMPANY FOR THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activity in the past 12 months immediately preceding the date of this announcement.

EXPECTED TIMETABLE

Hong Kong Times

Expected date of despatch of the Circular in relation to, inter alia, Proposed Share Consolidation and Proposed Rights Issue to the Shareholders	Wednesday, 24 September 2014
Latest time for lodging proxy forms for the EGM.....	11:00 a.m. on Wednesday, 15 October 2014
Expected time and date of the EGM to approve the Proposed Share Consolidation and Rights Issue.....	11:00 a.m. on Friday, 17 October 2014
Announcement of the result of the EGM.....	Friday, 17 October 2014
Effective date of the Share Consolidation	Monday, 20 October 2014
Commencement of dealings in the Consolidated Shares.....	9:00 a.m. on Monday, 20 October 2014
First day of free exchange of certificates for the Existing Shares into new certificates for the Consolidated Shares	Monday, 20 October 2014
Original counter for trading in board lots of 4,000 (in form of existing share certificates) temporarily closes	9:00 a.m. on Monday, 20 October 2014
Temporary counter for trading in board lots of 800 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Monday, 20 October 2014
Last day of dealings in the Consolidated Shares on a cum-rights basis.....	Wednesday, 22 October 2014
Commencement of dealings in the Consolidated Shares on an ex-rights basis.....	Thursday, 23 October 2014
Latest time for lodging transfer of the Consolidated Shares in order to be qualified for the Rights Issue.....	4:30 p.m. on Friday, 24 October 2014
Closure of register of members to determine the eligibility of the Rights Issue (both dates inclusive)	Monday, 27 October 2014 to Friday, 31 October 2014
Record Date for the Rights Issue.....	Friday, 31 October 2014
Register of members re-opens	Monday, 3 November 2014

Despatch of the Prospectus Documents.....	Monday, 3 November 2014
Original counter for trading in the Consolidated Shares in board lots of 4,000 Consolidated Shares (in the form of new share certificates for Consolidated Shares) re-opens.....	9:00 a.m. on Monday, 3 November 2014
Parallel trading in the Consolidated Shares (in the form of new and existing certificates) commences.....	9:00 a.m. on Monday, 3 November 2014
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares	9:00 a.m. on Monday, 3 November 2014
First day of dealings in nil-paid Rights Shares.....	9:00 a.m. on Wednesday, 5 November 2014
Latest time for splitting nil-paid Rights Shares.....	4:30 p.m. on Friday, 7 November 2014
Last day of dealings in nil-paid Rights Shares	4:00 p.m. on Wednesday, 12 November 2014
Latest time for acceptance of, and payment for, the Rights Shares and application for excess Rights Shares	4:00 p.m. on Monday, 17 November 2014
Latest time for termination of the Underwriting Agreement	4:00 p.m. on Thursday, 20 November 2014
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares closes	4:00 p.m. on Friday, 21 November 2014
Temporary counter for trading in board lots of 800 Consolidated Shares (in the form of existing share certificates) closes.....	4:00 p.m. on Friday, 21 November 2014
Parallel trading in the Consolidated Shares (in the form of new and existing certificates) ends.....	4:00 p.m. on Friday, 21 November 2014

Last day of free exchange of certificates for the Existing Shares into new certificates for the Consolidated Shares	4:30 p.m. on Tuesday, 25 November 2014
Announcement for result of the Rights Issue	Wednesday, 26 November 2014
Refund cheques for wholly and partially unsuccessful applications for excess Rights Shares expected to be posted	Thursday, 27 November 2014
Certificates for the fully-paid Rights Shares expected to be despatched	Thursday, 27 November 2014
Dealings in fully-paid Rights Shares commence	9:00 a.m. on Friday, 28 November 2014

The above timetable refers to Hong Kong Times. Dates or deadlines specified in this announcement are indicative only and may be varied by agreement between the Company and the Underwriter. Any consequential changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

Effect of bad weather on the latest time for acceptance of and payment for the Rights Issue and for application and payment for excess Rights Shares

If there is:

- a tropical cyclone warning signal number 8 or above, or
 - a “black” rainstorm warning
- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Monday, 17 November 2014, the latest time of acceptance of and payment for the Rights Shares will not take place at 4:00 p.m. on Monday, 17 November 2014, but will be extended to 5:00 p.m. on the same day instead; and
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Monday, 17 November 2014, the latest time of acceptance of and payment for the Rights Shares will not take place at 4:00 p.m. on Monday, 17 November 2014, but will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares does not take place on Monday, 17 November 2014, the dates mentioned in the section headed “Expected timetable” in this announcement may be affected. A further announcement will be made by the Company in such event.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND RIGHTS SHARES IN NIL-PAID FORM

The Rights Issue is fully underwritten by the Underwriter and is conditional upon the fulfilment of the conditions set out in the section headed “Conditions of the Rights Issue” in this announcement. In particular, the Rights Issue is conditional upon:

- (i) the Listing Committee granting or agreeing to grant (subject to allotment), and not having revoked, listing of, and permission to deal in, the Rights Shares in nil-paid and fully-paid forms prior to 9:00 a.m. on Wednesday, 5 November 2014, being the expected date of commencement of dealings in the Rights Shares in nil-paid form (or such other date as may be agreed between the Company and the Underwriter); and**
- (ii) the obligations of the Underwriter under the Underwriting Agreement becoming unconditional and the Underwriting Agreement not being terminated in accordance with its terms (set out in the section headed “Termination of the Underwriting Agreement” in this announcement).**

If the conditions of the Rights Issue are not fulfilled or if the Underwriter exercises its right to terminate the Underwriting Agreement pursuant to the terms therein, the Rights Issue will not proceed.

Any persons contemplating buying or selling Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any dealings in the Rights Shares in their nil-paid form between 5 November 2014 to 12 November 2014 (both dates inclusive), bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating dealing in the Shares or nil-paid Rights Shares are recommended to consult their own professional advisers.

GENERAL

The Rights Issue is subject to, among other things, the approval by the Independent Shareholders at the EGM. Pursuant to Rule 7.19(6) of the Listing Rules, any controlling Shareholder and their associates, or where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors), the chief executive of the company and their respective associates will abstain from voting in favour of the resolutions relating to the Rights Issue. As at the date of this announcement, there is no controlling Shareholder. As at the date of this announcement, none of the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates has any Shares.

The Company has established an independent board committee to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and whether the Rights Issue are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the independent financial adviser. In this connection, the Company will appoint an independent financial adviser to advise the independent board committee and the Independent Shareholders as to whether the terms the Rights Issue are fair and reasonable.

A Circular containing, among other things, further details of the Share Consolidation and the Rights Issue and a notice convening the EGM will be despatched by the Company to the Shareholders on or before 24 September 2014. Upon passing of the necessary resolution(s) by the Shareholders (where applicable, the Independent Shareholders) at the EGM approving the Share Consolidation and the Rights Issue and upon the Share Consolidation becoming effective, the Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders as soon as practicable whereas the Prospectus will be despatched to the Excluded Shareholders for their information only.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisition is more than 100%, the Acquisition constitutes a very substantial acquisition for the Company.

In addition, the ultimate beneficial owner of the Vendor is Mr. Liang who is the executive Director of the Company. Accordingly, the Vendor is a Connected person of the Company under the Listing Rules and the Acquisition also constitutes a connected transaction of the Company under Rule 14A.25 of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Vendor and Mr. Liang are also considered to have material interest in the Acquisition. As at the date of this announcement, Mr. Liang does not hold any interest in the Shares. As such, no Shareholders will be required to abstain from voting on the resolution(s) approving the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM. Voting at the EGM will be conducted by poll.

The EGM will be convened and held for Shareholders to consider and, if thought fit, to approve the Sale and Purchase Agreement, the Acquisition, Share Consolidation and the Rights Issue.

GENERAL

The EGM will be convened as soon as practicable at which ordinary resolution(s) will be proposed for the Shareholders or Independent Shareholders (as the case may be) to consider, and, if thought fit, to approve the Sale and Purchase Agreement, the Acquisition, the Share Consolidation and the Rights Issue. A Circular containing, among other things, (i) further details of the Acquisition; (ii) financial information and other information of the Target Group; (iii) the pro forma financial information of the Enlarged Group as a result of the Acquisition; (iv) valuation report of the Development Project; (v) the details of the Share Consolidation and the Rights Issue; and (vi) a notice of the EGM will be despatched to the Shareholders on or about 24 September 2014 so as to allow sufficient time for the preparation of the relevant information for inclusion in the Circular.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on 25 June 2014 at the request of the Company pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 19 August 2014.

As completion of the Acquisition and the Rights Issue are both conditional upon satisfaction (or, if applicable, waiver) of the conditions precedent as set out under the section headed “Conditions precedent” in this announcement, the Acquisition and the Rights Issue may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

Unless the context otherwise requires, the following terms shall have the following meanings in this announcement:

“Acquisition”	acquisition of 40,000 ordinary shares of US\$1.00 each in the Target Company, representing 40% of the issued share capital of the Target Company pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors
“Business Day(s)”	means a day on which banks in Hong Kong are open for business other than (i) a Saturday or (ii) a “general holiday” as defined in Section 2 of the General Holidays Ordinance Cap.149, or one of the days specified from time to time in the schedule to that Ordinance as being “general holidays” under Section 3 thereof or (iii) a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon and “Business Days” shall be construed accordingly
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	a circular containing, among other things, (i) further details of the Acquisition; (ii) financial information and other information of the Target Group; (iii) the pro forma financial information of the Enlarged Group as a result of the Acquisition; (iv) valuation report of the Development Project; (v) details of the Share Consolidation and the Rights Issue; and (vi) a notice of the EGM to be despatched by the Company to the Shareholders

“Company”	China Yunnan Tin Minerals Group Company Limited (Stock Code: 263), a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Completion”	the completion of the Sale and Purchase Agreement and/or the Rights Issue, as the context may require
“Connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the consideration of the Acquisition
“Consolidated Share(s)”	ordinary share(s) each in the share capital of the Company immediately following and arising from the consolidation of every five (5) Existing Shares
“Development Project”	means the development project of residential and commercial complex known as “金唐新城市廣場” comprising Phase I & Phase II on the Land with an approximately aggregate gross floor area of 187,273.79 square meters
“Development Project — Phase I”	means phase I of the Development Project known as “金唐新城市廣場一期” with a gross floor area of approximate 21,581.20 square meters
“Development Project — Phase II”	means phase II of the Development Project known as “金唐新城市廣場二期” with a gross floor area of approximate 165,692.59 square meters
“Directors”	the directors of the Company
“EAF(s)” or “Excess Application Form(s)”	the form of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares, being in such usual form as may be agreed between the Company and the Underwriter
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Acquisition, the Sale and Purchase Agreement, the Share Consolidation and the Rights Issue and the transactions contemplated thereunder
“Enlarged Group”	the Group and the Target Group upon Completion
“Existing Share(s)”	the ordinary share(s) each in the existing share capital of the Company before the Share Consolidation becoming effective

“Excluded Shareholder(s)”	the Overseas Shareholders at the Record Date where the Directors, based on opinions provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Group”	the Company and its subsidiaries
“HKFRS”	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Board, comprising of Dr. Wong Yun Kuen, Mr. Wong Shun Loy and Mr. Hu Chao, being all the independent non-executive Directors, established for the purpose of, among, other things, advising the Independent Shareholders in respect of the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder
“Independent Third Party(ies)”	person(s) or company(ies) who/which is/are not connected with the Company, any of the director, chief executive or substantial shareholders (as defined under the Listing Rules)
“Independent Shareholders”	the Shareholders other than those who are required to abstain from voting at the EGM under the Listing Rules in relation to the resolution(s) approving the Acquisition, the Sale and Purchase Agreement, the Rights Issue and the transactions contemplated thereunder and their respective associates
“Issue Date”	the date of issue of each of the Convertible Notes
“Jintang”	Kim Dynasty Realty & Development Co. Ltd. (重慶金唐房地產開發有限公司), a wholly foreign owned enterprise established in the PRC on 29 July 2002, the registered capital of which is US\$3 million
“Land”	the piece of land situate at Long Tower Street* in the west southern part of the Yubei Zone, Chongqing City (重慶渝北區龍塔街道) in the PRC with a site area of approximately 30,817 square meters

“Last Trading Day”	24 June 2014, being the last trading day for the Existing Shares on the Stock Exchange before the release of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Monday, 17 November 2014 or such later time or date as may be agreed between the Underwriter and the Company, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents
“Latest Time for Termination”	4:00 p.m. on Thursday, 20 November 2014, or such other time as may be agreed between the Company and the Underwriter
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreements”	a loan agreement entered into between Jintang and Anxin Trust Investment Company Limited (“Anxin”) dated 21 August 2013 for banking facilities currently in the aggregate principal amount of RMB900 million together with all ancillary securities documentations
“Long Stop Date”	31 December 2014 or such other later date as shall be agreed by the Purchaser and the Vendor in writing
“Maturity Date”	the day last preceding the fifth anniversary of the Issue Date or, if that is not a Business Day, the first Business Day thereafter
“Mr. Liang”	Mr. Liang Shan, being the ultimate beneficial owner of the Vendor, the executive Director of the Company
“Overseas Shareholder(s)”	the Shareholder(s) whose address(es) on the register of member of the Company are outside Hong Kong at the close of the business on the Record Date
“PAL(s)”	provisional allotment letter(s) for the Rights Issue
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau and Taiwan
“Prospectus”	the prospectus to be despatched to the Shareholders on the Prospectus Posting Date in connection with the Rights Issue in such form as may be agreed between the Company and the Underwriter
“Prospectus Documents”	the Prospectus, the PAL(s) and EAF(s)

“Prospectus Posting Date”	Monday, 3 November 2014 or such other day as may be agreed between the Company and the Underwriter, being the date of despatch of the Prospectus Documents
“Purchaser”	Max Leap Asia Limited, a company incorporated in the BVI with limited liability on 27 March 2014, which is wholly owned by the Company
“Qualifying Shareholders”	the Shareholders, whose names appear on the register of members of the Company as at the Record Date, other than the Excluded Shareholders
“Record Date”	31 October 2014, being the date by reference to which entitlements to the Rights Issue will be determined
“Registrar”	Tricor Secretaries Limited, Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, the Company’s branch share registrar and transfer office in Hong Kong
“Rights Issue”	the proposed issue by way of rights of Rights Shares at a price of HK\$0.6 per Rights Shares on the basis of nine (9) Rights Shares for every one (1) Consolidated Share then held on the Record Date
“Rights Share(s)”	Not less than 700,958,385 Consolidated Shares and not more than 703,352,934 Consolidated Shares, proposed to be offered to the Qualifying Shareholders for subscription on the basis of nine (9) Rights Shares for every one (1) Consolidated Share held at the Record Date pursuant to the Rights Issue
“Sale and Purchase Agreement”	the sale and purchase agreement dated 24 June 2014 as amended and supplemented by the supplemental agreement dated 18 August 2014 entered into among the Purchaser and the Vendor in relation to the Acquisition
“Sale Shares”	40,000 ordinary shares of US\$1.00 each issued by the Target Company to the Vendor, representing 40% of the issued share capital of the Target Company, to be bought and sold on the terms of the Sale and Purchase Agreement
“Scheme Mandate Limit”	the maximum number of Shares which may be issued upon exercise of all Share Options to be granted under the Share Option Scheme
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Share(s)”	ordinary shares in the share capital of the Company
“Share Consolidation”	the consolidation of every five (5) Existing Shares each in the capital of the Company into one (1) Consolidated Share
“Shareholders”	holders of the Share(s)
“Share Option(s)”	the options granted by the Company to subscribe for Existing Shares or the Consolidated Shares (as the case may be) pursuant to the Share Option Scheme
“Share Options Scheme”	the share option scheme adopted by the Company on 8 November 2006 at the extraordinary general meeting of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.6 per Rights Share
“subsidiary” or “subsidiaries”	has the meaning ascribed thereto under the Listing Rules
“Target Company”	China Sky Holdings Limited (中天控股有限公司), a company incorporated in BVI with limited liability on 9 May 2002, which is owned as to 87.2% and 12.8% by Perfect Ease and an individual respectively as at the date of this announcement
“Target Group”	the Target Company and Jintang
“Underwriter”	Freeman Securities Limited, a licensed corporation to carry out business in Type 1 (dealing in securities) regulated activities under the SFO
“Underwriting Agreement”	the underwriting agreement dated 18 August 2014 entered into between the Company and the Underwriter in relation to the Rights Issue
“Underwritten Shares”	not less than 700,958,385 Underwritten Shares and not more than 703,352,934 Underwritten Shares, not taken up by the Qualifying Shareholders
“Valuation”	the valuation of the market value of the Development Project expressed in RMB
“Valuation Report”	the valuation report to be prepared and issued by an independent valuer, in respect of the Valuation

“Vendor”	Perfect Ease International Limited, a company incorporated in the BVI with limited liability on 2 January 2013, which is wholly owned by Mr. Liang
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

By order of the Board
China Yunnan Tin Minerals Group Company Limited
Zhang Guoqing
Chairman

Hong Kong, 18 August 2014

As at the date of this announcement, the Board comprises six executive Directors, namely Dr. Zhang Guoqing (Chairman), Ms. Ng Shin Kwan, Christine, Mr. Lee Jalen, Mr. Chan Ah Fei, Mr. Lee Yuk Fat and Mr. Liang Shan and three Independent Non-executive Directors, namely Dr. Wong Yun Kuen, Mr. Wong Shun Loy and Mr. Hu Chao.

** The English transliteration of the Chinese names in this announcement, where indicated, is included for information only, and should not be regarded as the official English names of such Chinese names.*