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Wang Tai Holdings Limited

宏太控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1400)

ANNOUNCEMENT

- (I) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION;**
- (II) REVERSE TAKEOVER INVOLVING A NEW LISTING APPLICATION;**
- (III) ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE;**
- (IV) PROPOSED APPOINTMENT OF ADDITIONAL DIRECTORS;**
- (V) POSSIBLE PLACING OF NEW SHARES UNDER SPECIFIC MANDATE;**
- (VI) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;**
- (VII) APPLICATION FOR WHITEWASH WAIVER;**
- AND**
- (VIII) RESUMPTION OF TRADING**

Financial adviser to the Company

VEDA | CAPITAL
智 略 資 本

THE SALE AND PURCHASE AGREEMENTS

On 11 January 2017 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreements with the Vendors pursuant to which the Purchaser conditionally agreed to acquire, and the Vendors conditionally agreed to sell, in aggregate, approximately 53.0% of the issued share capital of the Target Company.

Pursuant to the terms of the Sale and Purchase Agreements, (i) the Purchaser is not obliged to complete the Acquisition unless the Purchaser can acquire not less than 90% of the issued share capital of the Target Company under the Sale and Purchase Agreements and the Other Sale and Purchase Agreements upon Completion and (ii) the Other Sale and Purchase Agreements are expected to be entered into on or before 20 March 2017 (or such later date as may be agreed by the Purchaser and Vendor A). The aggregate consideration for the acquisition of the Target Company is HK\$6.36 billion (assuming 53.0% of the issued share capital of the Target Company will be acquired by the Purchaser and there will be no adjustment to the Consideration), HK\$10.1 billion (assuming 84.16% of the issued share capital of the Target Company, being all the shares of the Target Company held by the ultimate beneficial owners of the Vendors and Ms. Li, will be acquired by the Purchaser and there will be no adjustment to the Consideration), HK\$10.8 billion (assuming 90% of the issued share capital of the Target Company will be acquired by the Purchaser) or HK\$12 billion (assuming 100% of the issued share capital of the Target Company will be acquired by the Purchaser), which will be satisfied by the allotment and issue of Consideration Shares at the issue price of HK\$0.13 per Share. Assuming 53.0% of the issued share capital of the Target Company will be acquired by the Purchaser, 48,923,076,922 Consideration Shares, representing approximately 31.56 times of the issued share capital of the Company as at the date of this announcement or approximately 83.67% of the issued share capital of the Company as enlarged by the allotment and issue of such Consideration Shares and the Placing Shares (assuming the Placing is completed in full), will be allotted and issued by the Company. Assuming 84.16% of the issued share capital of the Target Company will be acquired by the Purchaser, 77,688,092,305 Consideration Shares, representing approximately 50.12 times of the issued share capital of the Company as at the date of this announcement or approximately 89.05% of the issued share capital of the Company as enlarged by the allotment and issue of such Consideration Shares and the Placing Shares (assuming the Placing is completed in full), will be allotted and issued by the Company. Assuming 90% of the issued share capital of the Target Company will be acquired by the Purchaser, 83,076,923,076 Consideration Shares, representing approximately 53.6 times of the issued share capital of the Company as at the date of this announcement or approximately 89.69% of the issued share capital of the Company as enlarged by the allotment and issue of such Consideration Shares and the Placing Shares (assuming the Placing is completed in full), will be allotted and issued by the Company. Assuming 100% of the issued share capital of the Target Company will be acquired by the Purchaser, 92,307,692,307 Consideration Shares, representing approximately 59.55 times of the issued share capital of the Company as at the date of this announcement or approximately 90.62% of the issued share capital of the Company as enlarged by the allotment and issue of such Consideration Shares and the Placing Shares (assuming the Placing is completed in full), will be allotted and issued by the Company.

The Consideration Shares will rank equally among themselves and pari passu in all respects with the Shares in issue on the date of the allotment and issue of the Consideration Shares. The Consideration Shares will be allotted and issued on the Completion Date under the Specific Mandate proposed to be obtained at the EGM.

It is one of the conditions precedent to Completion that the listing approval for the Consideration Shares has to be obtained from the Listing Committee. As the Company would fail to satisfy the minimum public float requirement under the Listing Rules upon allotment and issue of Consideration Shares (assuming 90% or less of the issued share capital of the Target Company will be acquired by the Purchaser) and the Placing Shares (assuming the Placing is completed in full), the Company would not be able to obtain the listing approval and Completion would not occur.

In view of the above mentioned potential implications, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

PROPOSED APPOINTMENT OF ADDITIONAL DIRECTORS

Pursuant to the terms of the Sale and Purchase Agreements, Vendor A will nominate three candidates for appointment as executive Directors at the EGM in addition to all existing Directors. Any such appointment will be made in compliance with the requirements of the Takeovers Code. Following such appointment, the Board will comprise nine members, including three executive Directors to be nominated by Vendor A and three executive Directors and three independent non-executive Directors from the existing Board. As at the date of this announcement, no nomination has been made by Vendor A and Vendor A has not confirmed whether it will nominate Ms. Li for appointment as an executive Director at the EGM. If Vendor A will nominate Ms. Li for appointment as executive Director at the EGM and Ms. Li is indeed appointed as a Director, the Shares held by her or deemed to be held by her pursuant to the SFO will not be counted towards the public float. The Company would fail to satisfy the minimum public float requirement under the Listing Rules. The Company would not be able to obtain the listing approval and Completion would not occur.

IMPLICATIONS OF THE ACQUISITION UNDER THE LISTING RULES

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Sale and Purchase Agreements exceed 100%, the Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is subject to the approval by the Shareholders at the EGM. The acquisition under the Other Sale and Purchase Agreements, when entered into, will be aggregated with the Acquisition pursuant to Rule 14.22 of the Listing Rules.

Further, as Mr. Li, being a substantial shareholder of the Target Company, will upon Completion become a controlling Shareholder and thus a controller of the Company as a result of the Acquisition, the Acquisition constitutes a connected transaction for the Company pursuant to Rule 14A.28 of the Listing Rules.

In addition, the Acquisition constitutes a reverse takeover for the Company under Rule 14.06(6)(a) of the Listing Rules, on the basis that the Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and at the same time will result in a change in control (as defined under the Takeovers Code) of the Company. Accordingly, under Rule 14.54 of the Listing Rules, the Company will be treated as if it were a new listing applicant. The Acquisition is therefore also subject to the approval by the Listing Committee of a new listing application to be made by the Company. As the principal business of the Target Group relates to the exploration and extraction of natural resources, such new listing application is required to comply with all the requirements under the Listing Rules, in particular, the requirements under Chapters 8, 9 and 18 of the Listing Rules.

As at the date of this announcement, none of the relevant materials regarding the new listing application has been submitted to the Stock Exchange, and the Company will initiate the new listing application process as soon as practicable. The Listing Committee may or may not grant its approval of the new listing application.

It is one of the conditions precedent to Completion that the approval of the new listing application by the Listing Committee has been obtained. In the event that the approval for the new listing application is not granted by the Listing Committee, the Sale and Purchase Agreements will not become unconditional and the Acquisition and the Placing will not proceed as the Acquisition and the Placing are inter-conditional.

IMPLICATIONS OF THE ACQUISITION UNDER THE TAKEOVERS CODE AND APPLICATION FOR WHITEWASH WAIVER

Assuming that 90% of the issued share capital of the Target Company will be acquired by the Purchaser at Completion, immediately following Completion, the Concert Group will in aggregate be interested in a total of 77,688,092,305 Consideration Shares representing (i) approximately 50.12 times of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 83.87% of the total Shares in issue as enlarged by the allotment and issue of such Consideration Shares and the Placing Shares, assuming that there is no change in the issued share capital of the Company other than the issue of such Consideration Shares and the Placing Shares and that the Placing is completed in full.

Assuming that 100% of the issued share capital of the Target Company will be acquired by the Purchaser at Completion, immediately following Completion, the Concert Group will in aggregate be interested in a total of 77,688,092,305 Consideration Shares representing (i) approximately 50.12 times of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 76.27% of the total Shares in issue as enlarged by the allotment and issue of such Consideration Shares and the Placing Shares, assuming that there is no change in the issued share capital of the Company other than the issue of such Consideration Shares and the Placing Shares and that the Placing is completed in full. Under Rule 26.1 of the Takeovers Code, upon Completion, the Concert Group would be required to make an unconditional mandatory general offer for all the issued Shares not already owned or agreed to be acquired by the Concert Group, unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code has been obtained from the Executive.

For illustrative purposes, assuming that 53% of the issued share capital of the Target Company will be acquired by the Purchaser at Completion, immediately following Completion, the Concert Group will in aggregate be interested in a total of 48,923,076,922 Consideration Shares representing (i) approximately 31.56 times of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 83.67% of the total Shares in issue as enlarged by the allotment and issue of such Consideration Shares and the Placing Shares, assuming that there is no change in the issued share capital of the Company other than the issue of such Consideration Shares and the Placing Shares and that the Placing is completed in full. Assuming that 84.16% of the issued share capital of the Target Company, being all the shares of the Target Company held by the ultimate beneficial owners of the Vendors and Ms. Li, will be acquired by the Purchaser at Completion, immediately following Completion, the Concert Group will in aggregate be interested in a total of 77,688,092,305 Consideration Shares representing (i) approximately 50.12 times of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 89.05% of the total Shares in issue as enlarged by the allotment and issue of such Consideration Shares and the Placing Shares, assuming that there is no change in the issued share capital of the Company other than the issue of such Consideration Shares and the Placing Shares and that the Placing is completed in full.

An application will be made by the Concert Group to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted, will be subject to, among other things, (i) approval of the Independent Shareholders in respect of the Whitewash Waiver at the EGM where voting on the relevant resolutions shall be taken by way of poll; (ii) the Concert Group not having acquired any voting rights of the Company in the six months prior to the date of this announcement but subsequent to negotiations, discussions or the reaching of understandings or

agreements with the Directors in relation to the Sale and Purchase Agreements; and (iii) the Concert Group not having any acquisitions or disposals of voting rights of the Company between the date of this announcement and Completion unless with the prior consent of the Executive.

The Executive may or may not grant the Whitewash Waiver. It is one of the conditions precedent to Completion that the Whitewash Waiver has been obtained. In the event that the Whitewash Waiver is not granted by the Executive or approved by the Independent Shareholders, the Sale and Purchase Agreements and the Placing Agreement (when it is entered into) will not become unconditional and the Transactions will lapse and will not proceed.

The Whitewash Waiver is subject to approval by the Independent Shareholders (who are permitted to vote under the Listing Rules and the Takeovers Code) at the EGM. To the best of the Company's knowledge, information and belief, no Shareholder will be required to abstain from voting at the EGM.

POSSIBLE PLACING

The Company has agreed on the principal terms of Placing with the Placing Agent. The Placing, if it proceeds, will be conducted on a best efforts basis, under which up to 8,000,000,000 Placing Shares will be placed at the Placing Price of HK\$0.13 per Share.

The Placing Shares represent (i) approximately 5.16 times of the existing issued share capital of the Company as at the date of this announcement; (ii) approximately 8.64% of the issued share capital of the Company as enlarged by the allotment and issue of 83,076,923,076 Consideration Shares (being the Consideration Shares to be allotted and issued by the Company assuming 90% of the issued share capital of the Target Company will be acquired by the Purchaser) and the Placing Shares (assuming Placing is completed in full); and (iii) approximately 7.85% of the issued share capital of the Company as enlarged by the allotment and issue of 92,307,692,307 Consideration Shares (being the Consideration Shares to be allotted and issued by the Company assuming 100% of the issued share capital of the Target Company will be acquired by the Purchaser) and the Placing Shares (assuming the Placing is completed in full).

For illustrative purposes, the Placing Shares represent (i) approximately 13.68% of the issued share capital of the Company as enlarged by the allotment and issue of 48,923,076,922 Consideration Shares (being the Consideration Shares to be allotted and issued by the Company assuming 53% of the issued share capital of the Target Company will be acquired by the Purchaser) and the Placing Shares (assuming the Placing is completed in full); and (ii) approximately 9.17% of the issued share capital of the Company as enlarged by the allotment and issue of 77,688,092,305 Consideration Shares (being the Consideration Shares to be allotted and issued by the Company assuming 84.16% of the issued share capital of the Target Company will be acquired by the Purchaser) and the Placing Shares (assuming the Placing is completed in full).

The Placing Shares will rank equally among themselves and pari passu in all respects with the Shares in issue on the date of the allotment and issue of the Placing Shares. The Placing Shares will be allotted and issued under the Specific Mandate proposed to be obtained at the EGM.

The Placing is subject to the Placing Agreement being entered into. There is no assurance or guarantee that the Placing will materialise or eventually be consummated. Further, the Company may fail to satisfy the minimum public float requirement under the Listing Rules if the Placing does not materialise or is not consummated. In such event, the Company would not be able to obtain the listing approval and Completion would not occur. Shareholders and investors are urged to exercise caution when dealing in the securities of the Company. Further announcement will be published by the Company in compliance with the Listing Rules when the Placing Agreement has been signed.

APPLICATION FOR LISTING

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares and the Placing Shares to be allotted and issued pursuant to the terms of the Sale and Purchase Agreements, the Other Sale and Purchase Agreements and the Placing Agreement, respectively.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Board proposes to seek the approval by way of ordinary resolution at the EGM by Shareholders of an increase in its authorised share capital from HK\$1,000,000,000 divided into 10,000,000,000 Shares to HK\$15,000,000,000 divided into 150,000,000,000 Shares by the creation of an additional 140,000,000,000 Shares, which shall rank pari passu in all respects with the existing Shares.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee comprising Mr. Chan Sui Wa, Mr. Ma Chongqi and Mr. Yu Yubin, being all the independent non-executive Directors, has been formed to advise the Independent Shareholders in relation to the Transactions and the Whitewash Waiver.

The Company will, with the approval of the Independent Board Committee, appoint an independent financial adviser in accordance with the requirements under the Listing Rules and the Takeovers Code to advise the Independent Board Committee and the Independent Shareholders on the Transactions and the Whitewash Waiver. A further announcement will be made by the Company upon the appointment of the independent financial adviser as soon as possible.

DESPATCH OF CIRCULAR

The Company will despatch a circular in accordance with requirements under the Listing Rules and the Takeovers Code, which will contain, among other things, (i) further details of the Transactions; (ii) further information about the Whitewash Waiver; (iii) a letter of advice from the Independent Board Committee to the Independent Shareholders in relation to the Transactions and the Whitewash Waiver; (iv) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transactions and the Whitewash Waiver; (v) financial information of the Target Group and of the Enlarged Group; (vi) information relating to the appointment of additional Directors; and (vii) a notice of the EGM and a form of proxy. The circular will be despatched to the Shareholders as soon as practicable after the Company has obtained the approval in principle from the Listing Committee with respect to the new listing application and it is currently expected to be by 30 June 2017. An application will be made for the consent of the Executive under Rule 8.2 of the Takeovers Code for an extension of time for despatching the circular.

RESUMPTION OF TRADING

Trading in the Shares of the Company on the Stock Exchange has been halted at the request of the Company with effect from 9:00 a.m. on 12 January 2017 pending release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 14 March 2017.

It should be noted that each of the Acquisition and the Placing is subject to a number of conditions, which may or may not be fulfilled. In addition, the approval of the new listing application to be made by the Company and the Whitewash Waiver may or may not be granted. The Shareholders and potential investors should exercise caution when they deal or contemplate dealing in the Shares or other securities of the Company.

On 11 January 2017 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreements with the Vendors pursuant to which the Purchaser conditionally agreed to acquire, and the Vendors conditionally agreed to sell, in aggregate, approximately 53.0% of the issued share capital of the Target Company. Pursuant to the terms of the Sale and Purchase Agreements, (i) the Purchaser is not obliged to complete the Acquisition unless the Purchaser can acquire not less than 90% of the issued share capital of the Target Company under the Sale and Purchase Agreements and the Other Sale and Purchase Agreements upon Completion and (ii) the Other Sale and Purchase Agreements are expected to be entered into on or before 20 March 2017 (or such later date as may be agreed by the Purchaser and Vendor A).

THE SALE AND PURCHASE AGREEMENTS

Details of the Sale and Purchase Agreements are set out below:

Date: 11 January 2017 (after trading hours)

Parties:

The Purchaser entered into a sale and purchase agreement with each of the Vendors respectively and altogether entered into three sale and purchase agreements for the acquisition of approximately 53.0% of the issued share capital of the Target Company in total. As at the date of this announcement, Vendor A, Vendor B and Vendor C hold 30%, 13% and 10% of the issued share capital of the Target Company respectively.

Each of Vendor A and Vendor B is wholly owned by Mr. Li.

As at the date of this announcement, Mr. Li is also the sole shareholder of City Ford Limited and Hong Kong Qinlong Group Limited, which hold approximately 13% and approximately 1.1062% of the issued share capital of the Target Company respectively. Ms. Li, the daughter of Mr. Li, is the sole shareholder of Yu Rui Holdings Limited and Eastern Ocean Finance Ltd, which hold approximately 9.2541% and approximately 0.1071% of the issued share capital of the Target Company respectively. It is expected that each of City Ford Limited, Hong Kong Qinlong Group Limited, Yu Rui Holdings Limited and Eastern Ocean Finance Ltd will enter into the Other Sale and Purchase Agreements on or before 20 March 2017 (or such later date as may be agreed by the Purchaser and Vendor A).

Vendor C is wholly owned by Jin He Investment Holdings Limited, which is in turn wholly owned by Mr. Delgersaikhan Borkhuu, a Mongolian citizen. As at the date of this announcement, Mr. Delgersaikhan Borkhuu is also the sole shareholder of Kanbell Global Ventures Limited, which holds approximately 7.6947% of the issued share capital of the Target Company. It is expected that Kanbell Global Ventures Limited will enter into the Other Sale and Purchase Agreement on or before 20 March 2017 (or such later date as may be agreed by the Purchaser and Vendor A).

The reason for the entering into of the Sale and Purchase Agreements by the Vendors and the Other Sale and Purchase Agreements by the other companies held by Mr. Li and Mr. Delgersaikhan Borkhuu separately is that the entering into of the Sale and Purchase Agreements by the Vendors who collectively hold approximately 53% of the issued share capital of the Target Company was already able to fulfill the Purchaser's initial requirement to exercise control by acquiring no less than 50% of the issued share capital of the Target Company. The Vendors have undertaken to the Company to use best efforts to procure shareholders holding at least 90% of the issued share capital of the Target Company (taking into account the approximately 53.0% of the issued share capital of the Target Company to be acquired by the Purchaser under the Sale and Purchase Agreements) to sell their shares in the Target Company to the Purchaser.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendors and their respective ultimate beneficial owners are independent of the Company and connected persons (as defined in the Listing Rules) of the Company. For further details of the Vendors, please refer to the section headed "Information of the Vendors" in this announcement.

Subject matter

The Purchaser conditionally agreed to acquire, and the Vendors conditionally agreed to sell, in aggregate, approximately 53% of the issued share capital of the Target Company.

The Target Company is primarily engaged in the exploration, mining, processing, sales and marketing of iron ore in Mongolia. Further information on the Target Group is set out in the section headed "Information of the Target Group" below.

Conditions precedent

Completion of the Acquisition is conditional upon the satisfaction (or, if applicable, the waiver) of the following conditions precedent:

- (a) the approval of the Shareholders or the Independent Shareholders (as applicable) at the EGM to the Sale and Purchase Agreements and the transactions

contemplated thereunder, including without limitation, (i) the Specific Mandate in relation to the allotment and issue of the Consideration Shares, (ii) the application for the Whitewash Waiver, (iii) the appointment of three executive directors to be nominated by Vendor A, effective upon Completion or such other date as agreed by the Purchaser and Vendor A, and (iv) the Increase in Authorised Share Capital, having been obtained;

- (b) other than the approvals set out in the other conditions precedent to Completion, all necessary consents, approval, authorisation, permit, waiver, order, concession and notices from the creditors and shareholders of the Purchaser or any third parties or any relevant governmental or regulatory authorities or any other third parties for the entering into or the implementation or completion of the transactions contemplated under the Sale and Purchase Agreements having been obtained and not having been revoked or withdrawn before Completion;
- (c) approval in principle by the Listing Committee of the new listing application by the Company having been granted and not having been revoked or withdrawn;
- (d) the Listing Committee having granted (either unconditionally or subject only to conventional conditions) the listing of, and permission to deal in, the Consideration Shares on the Main Board of the Stock Exchange and such permission not subsequently being revoked or withdrawn;
- (e) the Whitewash Waiver having been granted by the Executive to the Concert Group subject to, among other things, the Independent Shareholders' approval and such waiver remaining to be valid;
- (f) the Other Sale and Purchase Agreements having been entered into and all the conditions precedent for completion of the transactions under the Other Sale and Purchase Agreements having been fulfilled according to the terms therein (other than the conditions precedent under the Sale and Purchase Agreements being fulfilled or waived) and the Other Sale and Purchase Agreements not having been terminated according to the terms therein;
- (g) all the conditions precedent for the completion of the transactions under the Placing Agreement having been fulfilled according to the terms therein (other than the conditions precedent under the Sale and Purchase Agreements being fulfilled or waived) and the Placing Agreement not having been terminated according to the terms therein and that the Company shall have successfully raised funds in an amount of not less than HK\$600,000,000 under the Placing;
- (h) the Purchaser having received an opinion issued by a competent Mongolian legal adviser of the Vendors in respect of the Target Group related matters and in the form and substance satisfactory to the Purchaser;

- (i) the Purchaser having received an opinion issued by a competent BVI legal adviser of the Vendors in respect of the Target Group related matters and in the form and substance satisfactory to the Purchaser;
- (j) the Purchaser having received a Competent Person's Report (as defined in Rule 18.01 of the Listing Rules) issued in relation to the Target Mines by a Competent Person (as defined in Rule 18.01 of the Listing Rules) pursuant to the requirements under Chapter 18 of the Listing Rules;
- (k) the Purchaser having received a valuation report issued in relation to the Target Mines by a Competent Evaluator (as defined in Rule 18.01 of the Listing Rules) pursuant to the requirements under Chapter 18 of the Listing Rules, showing that the value of the Target Mines is not less than the value agreed between the Parties;
- (l) the 2015 Agreements having been terminated and the relevant termination agreements being in form and substance satisfactory to the Purchaser;
- (m) the creditors of the relevant member of the Target Group and the Purchaser and/or the Company having agreed on the repayment arrangement pursuant to which the Purchaser and/or the Company will bear the relevant liabilities of the relevant member of the Target Group, and the pledges over the relevant assets of the Target Group having been released;
- (n) the Purchaser (including its agents and professional advisers) having completed the due diligence review of the Target Group and its business, operations, assets, financial conditions and legal aspects, etc and the results of such review being satisfactory to the Purchaser;
- (o) no material adverse change having occurred to the business, operations, financial condition, assets or liabilities or prospects of the Target Group between the date of this announcement and the Completion Date;
- (p) the representations and warranties given by the Vendors in the Sale and Purchase Agreements remaining true, accurate and not misleading in all aspects, as if such representations and warranties were made as at the Completion Date with reference to the circumstances and facts then existing;
- (q) the Vendors having performed or complied with all of their undertakings and obligations required to be performed or complied with prior to Completion; and
- (r) no prohibition by laws, regulations, rules or orders from any relevant governmental or regulatory authorities preventing the Completion.

The Purchaser may waive the conditions precedent set out above other than the conditions precedent set out in paragraphs (a), (b), (c), (d) and (e). The Vendors cannot waive any of the conditions precedent set out above. For the avoidance of doubt, the conditions precedent set out in paragraphs (a) and (e) above with regard to (i) the approval from the Shareholders or the Independent Shareholders (as the case may be) and (ii) the grant of the Whitewash Waiver by the Executive may not be waived by any of the Parties.

If any of the conditions precedent set out in paragraphs (a) to (m) above has not been fulfilled (or, if applicable, waived by the Purchaser) on or before 31 July 2017 (or such later date as may be agreed between the Purchaser and the Vendors), or any of the conditions precedent set out in paragraphs (n) to (r) above has not been fulfilled or waived on or before the Completion Date, the Purchaser may terminate the Sale and Purchase Agreements by notice to the Vendors upon which no party will be liable under the Sale and Purchase Agreements save for antecedent breaches.

The condition precedent to Completion set out in paragraph (d) above is the Listing Committee having granted (either unconditionally or subject only to conventional conditions) the listing of, and permission to deal in, the Consideration Shares on the Main Board of the Stock Exchange and such permission not subsequently being revoked or withdrawn. As the Company would fail to satisfy the minimum public float requirement under the Listing Rules upon allotment and issue of Consideration Shares (assuming 90% or less of the issued share capital of the Target Company will be acquired by the Purchaser) and the Placing Shares (assuming the Placing is completed in full), the Company would not be able to obtain the listing approval and Completion would not occur.

In view of the above mentioned potential implications, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

The condition precedent to Completion set out in paragraph (f) above states that, among other things, the Other Sale and Purchase Agreements shall be entered into. As at the date of this announcement, the Purchaser and the Remaining Shareholders are in the process of negotiating the Other Share and Purchase Agreements. It is expected that the Remaining Shareholders will enter into the Other Sale and Purchase Agreement on or before 20 March 2017 (or such later date as may be agreed by the Purchaser and Vendor A). To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Remaining Shareholders is independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

Completion of the Other Sale and Purchase Agreements is conditional on completion of the Sale and Purchase Agreements.

Completion and completion of the Placing are inter-conditional. However, the Company may consider to waive the condition precedent to Completion set out in paragraph (g) if a better alternative of fund raising exercises is available to the Company. The details of the Placing are set out in the section headed “Possible Placing” below in this announcement.

The condition precedent to Completion set out in paragraph (l) above states that, among other things, the 2015 Agreements shall be terminated. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the parties to the 2015 Agreements are independent of the Company and its connected persons (as defined in the Listing Rules).

The condition precedent to Completion set out in paragraph (m) above states that the creditors of the relevant member of the Target Group and the Purchaser and/or the Company shall agree on the repayment arrangement pursuant to which the Purchaser and/or the Company will bear the relevant liabilities of the relevant member of the Target Group, and the pledges over the relevant assets of the Target Group shall be released. It is expected the principal amount of the liabilities to be taken up by the Purchaser and/or the Company will not be more than USD860,000,000 (or equivalent to approximately HK\$6,708,000,000).

For the purposes of facilitating Completion, the Parties agreed to use their best efforts to (i) submit the new listing application on or before 31 March 2017 (or such other date as may be agreed by the Purchaser and Vendor A); and (ii) issue and despatch the circular in accordance with the requirements under the Listing Rules and the Takeovers Code on or before 30 June 2017 (or such other date as may be agreed by the Purchaser and Vendor A). Either the Purchaser or Vendor A shall have the right to terminate the Sale and Purchase Agreement should any of relevant deadlines could not be met provided that written notice is given by one party to the other party within two days from the expiry date of the relevant deadline.

Consideration

The aggregate consideration for the Acquisition is HK\$6.36 billion (assuming 53.0% of the issued share capital of the Target Company will be acquired by the Purchaser and there will be no adjustment to the Consideration), HK\$10.1 billion (assuming 84.16% of the issued share capital of the Target Company, being all the shares of the Target Company held by the ultimate beneficial owners of the Vendors and Ms. Li, will be acquired by the Purchaser and there will be no adjustment to the Consideration), HK\$10.8 billion (assuming 90% of the issued share capital of the Target Company will be acquired by the Purchaser) or HK\$12.0 billion (assuming 100% of the issued share capital of the Target Company will be acquired by the

Purchaser), which will be satisfied by the allotment and issue of 48,923,076,922 Consideration Shares, 77,688,092,305 Consideration Shares, 83,076,923,076 Consideration Shares or 92,307,692,307 Consideration Shares (as the case may be) on the Completion Date at the issue price of HK\$0.13 per Share.

Pursuant to the terms of the Sale and Purchase Agreements, if there is a breach of warranties or obligations under the Sale and Purchase Agreements by the Vendors and the Purchaser makes a claim for the loss arising from such breach, the Purchaser may deduct the amount of the loss from the consideration payable by it at Completion or if the claim is made by the Purchaser after the Completion Date, the Vendors shall indemnify the Purchaser the amount of the loss.

Pursuant to the terms of the Sale and Purchase Agreements, (i) the Purchaser is not obliged to complete the Acquisition unless the Purchaser can acquire not less than 90% of the issued share capital of the Target Company under the Sale and Purchase Agreements and the Other Sale and Purchase Agreements upon Completion and (ii) the Other Sale and Purchase Agreements are expected to be entered into on or before 20 March 2017 (or such later date as may be agreed by the Purchaser and Vendor A). The aggregate consideration for the acquisition of the Target Company is HK\$10.8 billion (assuming 90% of the issued share capital of the Target Company will be acquired by the Purchaser) or HK\$12.0 billion (assuming 100% of the issued share capital of the Target Company will be acquired by the Purchaser). Assuming 90% of the issued share capital of the Target Company will be acquired by the Purchaser, 83,076,923,076 Consideration Shares will be allotted and issued by the Company and assuming 100% of the issued share capital of the Target Company will be acquired by the Purchaser, 92,307,692,307 Consideration Shares will be allotted and issued by the Company, and in each case, at the same issue price of HK\$0.13 per Share.

The consideration for the Acquisition was determined after arm's length negotiations between the Purchaser and the Vendors with reference to, among others, the iron ore reserves of the iron ore mines owned by the Target Group as shown in the preliminary competent person's report, the Company's assessment of the potential benefits of the mining licence and exploration licences owned by the Target Group, the unaudited liability of the Target Group as at 31 December 2015 and the business development and future prospects of the Target Group.

The issue price of the Consideration Shares was determined after arm's length negotiations between the Purchaser and the Vendors with reference to the consolidated net asset value of the Group as at 30 June 2016, the profit warning announcement of the Company dated 12 December 2016 indicating that the Group may experience a substantial decline in the earnings and assets of the Group for the year ended 31 December 2016 as compared with that for the year ended 31 December 2015.

The Board (excluding all the independent non-executive Directors, who will give their opinion based on the recommendation from the independent financial adviser to be appointed) considers that the issue price of HK\$0.13 per Consideration Share is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Assuming 53.0% of the issued share capital of the Target Company will be acquired by the Purchaser pursuant to the terms of the Sale and Purchase Agreements, 48,923,076,922 Consideration Shares will be allotted and issued by the Company. The 48,923,076,922 Consideration Shares represent (i) approximately 31.56 times of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 83.67% of the total Shares in issue as enlarged by the allotment and issue of the Consideration Shares and the Placing Shares assuming that there is no change in the issued share capital of the Company other than the issue of such Consideration Shares and the Placing Shares and that the Placing is completed in full.

Assuming 84.16% of the issued share capital of the Target Company, being all the shares of the Target Company held by the ultimate beneficial owners of the Vendors and Ms. Li, will be acquired by the Purchaser pursuant to the terms of the Sale and Purchase Agreements, 77,688,092,305 Consideration Shares will be allotted and issued by the Company. The 77,688,092,305 Consideration Shares represent (i) approximately 50.12 times of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 89.05% of the total Shares in issue as enlarged by the allotment and issue of the Consideration Shares and the Placing Shares assuming that there is no change in the issued share capital of the Company other than the issue of such Consideration Shares and the Placing Shares and that the Placing is completed in full.

Assuming 90% of the issued share capital of the Target Company will be acquired by the Purchaser pursuant to the terms of the Sale and Purchase Agreements and the Other Sale and Purchase Agreements, 83,076,923,076 Consideration Shares will be allotted and issued by the Company. The 83,076,923,076 Consideration Shares represent (i) approximately 53.6 times of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 89.69% of the total Shares in issue as enlarged by the allotment and issue of the Consideration Shares and the Placing Shares assuming that there is no change in the issued share capital of the Company other than the issue of such Consideration Shares and the Placing Shares and that the Placing is completed in full.

Assuming 100% of the issued share capital of the Target Company will be acquired by the Purchaser pursuant to the terms of the Sale and Purchase Agreements and the Other Sale and Purchase Agreements, 92,307,692,307 Consideration Shares will be

allotted and issued by the Company. The 92,307,692,307 Consideration Shares represent (i) approximately 59.55 times of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 90.62% of the total Shares in issue as enlarged by the allotment and issue of the Consideration Shares and the Placing Shares, assuming that there is no change in the issued share capital of the Company other than the issue of such Consideration Shares and the Placing Shares and the Placing is completed in full.

The Consideration Shares will rank equally among themselves and *pari passu* in all respects with the Shares in issue on the date of the allotment and issue of the Consideration Shares.

The issue price of HK\$0.13 for each Consideration Share represents:

- (a) a discount of approximately 72.92% to the closing price of HK\$0.48 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 71.92% to the average of the closing price per Share of approximately HK\$0.463 for the last five trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (c) a discount of approximately 71.92% to the average of the closing price per Share of approximately HK\$0.463 for the last ten trading days as quoted on the Stock Exchange up to and including the Last Trading Day; and
- (d) a discount of approximately 71.36% to the average of the closing price per Share of approximately HK\$0.454 for the last thirty trading days as quoted on the Stock Exchange up to and including the Last Trading Day.

The issue price of HK\$0.13 for each Consideration Share also represents a discount of approximately 79.75% to the unaudited consolidated total equity attributable to owners of the Company of approximately HK\$0.642 per Share as at 30 June 2016 (based on the total number of issued Shares as at the date of this announcement).

Despite that the issue price represents a significant discount to the prevailing market price of the Company on the Last Trading Day, the Directors (excluding all the independent non-executive Directors, who will give their opinion based on the recommendation from the independent financial adviser to be appointed) consider that the issue price is fair and reasonable and in the interests of the Company and the Shareholders as a whole for the following reasons:

- (1) the benefits of the Acquisition and the future prospects of the mining industry as detailed in the paragraph headed “REASONS FOR THE ACQUISITION AND THE PLACING AND THE USE OF PROCEEDS” in this announcement;

- (2) the price of the Shares has been volatile for the past 12 months prior to the date of the Last Trading Day, ranging from HK\$0.64 per Share on 16 November 2016 to HK\$0.38 per Share on 13 May 2016. Given the volatility movement of the Shares for the past 12 months, the Company considers that the closing price of the Last Trading Day is not suitable to be seen as a decisive reference for determining the issue price;
- (3) as disclosed in the Company's annual report for the year ended 31 December 2015, the current market condition for the principal business which the Group is currently engaging in, has proven to be sluggish which the Group recorded a loss attributable to owners of the Company of approximately RMB23.32 million as compared to a profit attributable to owners of the Company of approximately RMB66.40 million for the previous year; and
- (4) the further deterioration of the Group's financial position for the year ended 31 December 2016. As disclosed in the profit warning announcement of the Company dated 12 December 2016, it was indicated that the Group may experience a substantial decline in the earnings and assets of the Group for the year ended 31 December 2016 as compared with that for the year ended 31 December 2015. Thus, the Acquisition provides an opportunity for the Company to inject a business with solid financial status into the Group, given that the Target Group has recorded a unaudited profit attributable to owners of the Target Company of approximately US\$34.87 million for the year ended 31 December 2015 (representing an increase of approximately 63.79% as compared to the previous year) and an unaudited consolidated net asset value of approximately US\$115.91 million for the year ended 31 December 2015 as set out in the section headed "Financial information on the Target Group" below.

Based on the abovementioned reasons, the Board (excluding all the independent non-executive Directors, who will give their opinion based on the recommendation from the independent financial adviser to be appointed) considers that the issue price of the Consideration Shares, which represents a discount to the closing price of the Shares as compared to the Last Trading Day, is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

Completion

Completion is scheduled to take place on the fifth business day after the condition precedents (other than those to be fulfilled on the Completion Date) have been fulfilled (or, if applicable, waived) or a later date as may be agreed by the Parties in writing but in any event not later than 31 July 2017 or such later date as may be agreed by the Parties. Pursuant to the terms of the Sale and Purchase Agreements, the Purchaser is not obliged to complete the Acquisition unless the Purchaser can acquire not less than 90% of the issued share capital of the Target Company under the Sale

and Purchase Agreements and the Other Sale and Purchase Agreements upon Completion. In other words, if the Purchaser cannot acquire 90% or more of the issued share capital of the Target Company, the Purchaser may elect not to complete the Acquisition. Under the Sale and Purchase Agreements, if the Other Sale and Purchase Agreements have not been duly executed by the parties thereto on or before 20 March 2017 (or such later date as may be agreed by the Purchaser and Vendor A), the Purchaser may terminate the Sale and Purchase Agreements or request that the consideration payable by the Purchaser be adjusted. In the event that the Purchaser decides to proceed with the Acquisition even if it cannot acquire 90% or more of the issued share capital of the Target Company, the Purchaser will seek to adjust the consideration and upon agreement, will waive the condition precedent to Completion set out in paragraph (f) and proceed to Completion. This creates flexibility for the Purchaser if it is known after the deadline that the Purchaser cannot acquire 90% or more of the issued share capital of the Target Company.

The basis of the Consideration payable by the Purchaser as set out this announcement is based on the fact that the Purchaser could acquire not less than 90% of the issued share capital of the Target Company. In the event that the Purchaser is only able to acquire less than 90% of the issued share capital of the Target Company, the Company will reconsider whether it would proceed with the Acquisition and if it would proceed, whether and how the Consideration should be adjusted and negotiate with the Vendors, which might lead to an adjustment to the Consideration and the number of Consideration Shares accordingly. The current deadline with regard to the signing of the Other Sale and Purchase Agreements is 20 March 2017 and therefore the Purchaser will decide on or before 20 March 2017 if it would proceed with the Acquisition. A further announcement will be issued to update the Shareholders and potential investors whether the Acquisition will proceed and if and how the Consideration will be adjusted.

For illustration purpose only, (A) assuming that only 53% of the issued share capital of the Target Company will be acquired by the Purchaser pursuant to the Sale and Purchase Agreement at Completion, immediately following Completion, the Concert Group will in aggregate be interested in a total of 48,923,076,922 Consideration Shares representing (i) approximately 31.56 times of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 83.67% of the total Shares in issue as enlarged by the allotment and issue of such Consideration Shares and the Placing Shares, assuming that there is no change in the issued share capital of the Company other than the issue of such Consideration Shares and the Placing Shares and that the Placing is completed in full. (B) Assuming that if only 84.16% of the issued share capital of the Target Company (which represents the aggregate percentage of shareholdings of the ultimate owners of the Vendors and Ms. Li in the Target Company) will be acquired by the Purchaser at Completion, immediately following Completion, the Concert Group will in aggregate be interested

in a total of Consideration 77,688,092,305 Shares representing (i) approximately 50.12 times of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 89.05% of the total Shares in issue as enlarged by the allotment and issue of such Consideration Shares and the Placing Shares, assuming that there is no change in the issued share capital of the Company other than the issue of such Consideration Shares and the Placing Shares and that the Placing is completed in full.

The Consideration Shares to be allotted and issued pursuant to the terms of the Sale and Purchase Agreements and the Other Sale and Purchase Agreements will be allotted and issued on the Completion Date under the Specific Mandate proposed to be obtained at the EGM.

The Parties may terminate the Sale and Purchase Agreements before Completion upon the occurrence of certain events set out in the Sale and Purchase Agreements including a material breach of the Sale and Purchase Agreements which, if capable of remedy, is not remedied within seven business days of the breach. For the purposes of facilitating Completion, the Parties agreed to use their best efforts to (i) submit the new listing application on or before 31 March 2017 (or such other date as may be agreed by the Purchaser and Vendor A); and (ii) issue and despatch the circular in accordance with the requirements under the Listing Rules and the Takeovers Code on or before 30 June 2017 (or such other date as may be agreed by the Purchaser and Vendor A). Either the Purchaser or Vendor A shall have the right to terminate the Sale and Purchase Agreement should any of relevant deadlines could not be met, provided that written notice is given by one party to the other party within two days from the expiry date of the relevant deadline. Furthermore, if the Other Sale and Purchase Agreements have not been duly executed by the parties thereto on or before 20 March 2017 (or such later date as may be agreed by the Purchaser and Vendor A), the Purchaser may terminate the Sale and Purchase Agreements or request that the consideration payable by the Purchaser be adjusted. As at the date of this announcement, the Parties have not commenced discussion on the adjustment mechanism of the consideration.

Subject to and upon Completion, in the event that the Group will hold not less than 90% of the issued share capital of the Target Company, the Target Company will become a subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Company.

PROPOSED APPOINTMENT OF ADDITIONAL DIRECTORS

Pursuant to the terms of the Sale and Purchase Agreements, Vendor A will nominate three candidates for appointment as executive Directors at the EGM. Any such appointment will be made in compliance with the requirements of the Takeovers Code. Following such appointment, the Board will comprise nine members, including three executive Directors to be nominated by Vendor A, three executive Directors and three independent non-executive Directors from the existing Board.

As at the date of this announcement, no nomination has been made by Vendor A. The biographical details of the new Directors will be included in further announcement(s) to be made and the circular to be despatched by the Company to the Shareholders in relation to the Sale and Purchase Agreements as and where required.

As at the date of this announcement, Vendor A has not confirmed whether it will nominate Ms. Li for appointment as an executive Director at the EGM. If Vendor A will nominate Ms. Li for appointment as executive Director at the EGM and Ms. Li is indeed appointed as a Director, the Shares held by her or deemed to be held by her pursuant to the SFO will not be counted towards the public float. The Company would fail to satisfy the minimum public float requirement under the Listing Rules. The Company would not be able to obtain the listing approval and Completion would not occur.

IMPLICATIONS OF THE ACQUISITION UNDER THE LISTING RULES

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Sale and Purchase Agreements exceed 100%, the Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is subject to the approval by the Shareholders at the EGM. The acquisition under the Other Sale and Purchase Agreements, when entered into, will be aggregated with the Acquisition pursuant to Rule 14.22 of the Listing Rules.

Further, as Mr. Li, being a substantial shareholder of the Target Company, will upon Completion become a controlling Shareholder and thus a controller of the Company as a result of the Acquisition, the Acquisition constitutes a connected transaction for the Company pursuant to Rule 14A.28 of the Listing Rules.

In addition, the Acquisition constitutes a reverse takeover for the Company under Rule 14.06(6)(a) of the Listing Rules, on the basis that the Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and at the same time will result in a change in control (as defined under the Takeovers Code) of the Company. Accordingly, under Rule 14.54 of the Listing Rules, the Company will be treated as if it were a new listing applicant. The Acquisition is therefore also subject to the approval by the Listing Committee of a new listing application to be made by the Company. As the Target Group's principal business relates to the exploration and extraction of natural resources, such new listing application is required to comply with all the requirements under the Listing Rules, in particular, the requirements under Chapters 8, 9 and 18 of the Listing Rules.

As at the date of this announcement, none of the relevant materials regarding the new listing application has been submitted to the Stock Exchange, and the Company will initiate the new listing application process as soon as practicable. The Listing Committee may or may not grant its approval of the new listing application.

It is one of the conditions precedent to Completion that the approval of the new listing application by the Listing Committee has been obtained. In the event that the approval for the new listing application is not granted by the Listing Committee, the Sale and Purchase Agreements will not become unconditional and the Acquisition and the Placing will not proceed as the Acquisition and the Placing are inter-conditional.

Each of the independent non-executive Directors, namely Mr. Chan Sui Wa, Mr. Ma Chongqi and Mr. Yu Yubin, has abstained from voting on the board resolutions approving the entering into of the Sale and Purchase Agreements and the transactions contemplated thereunder as they will provide their views after taking into account the opinion and advice from the independent financial adviser to be appointed by the Company.

IMPLICATIONS OF THE ACQUISITION UNDER THE TAKEOVERS CODE AND APPLICATION FOR WHITEWASH WAIVER

Assuming that 90% of the issued share capital of the Target Company will be acquired by the Purchaser at Completion, immediately following Completion, the Concert Group will in aggregate be interested in a total of 77,688,092,305 Consideration Shares representing (i) approximately 50.12 times of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 83.87% of the total Shares in issue as enlarged by the allotment and issue of such Consideration Shares and the Placing Shares, assuming that there is no change in the issued share capital of the Company other than the issue of such Consideration Shares and the Placing Shares and that the Placing is completed in full.

Assuming that 100% of the issued share capital of the Target Company will be acquired by the Purchaser at Completion, immediately following Completion, the Concert Group will in aggregate be interested in a total of 77,688,092,305 Consideration Shares representing (i) approximately 50.12 times of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 76.27% of the total Shares in issue as enlarged by the allotment and issue of such Consideration Shares and the Placing Shares, assuming that there is no change in the issued share capital of the Company other than the issue of such Consideration Shares and the Placing Shares and that the Placing is completed in full.

For illustrative purposes, assuming that 53% of the issued share capital of the Target Company will be acquired by the Purchaser at Completion, immediately following Completion, the Concert Group will in aggregate be interested in a total of 48,923,076,922 Consideration Shares representing (i) approximately 31.56 times of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 83.67% of the total Shares in issue as enlarged by the allotment and issue of such Consideration Shares and the Placing Shares, assuming

that there is no change in the issued share capital of the Company other than the issue of such Consideration Shares and the Placing Shares and that the Placing is completed in full. Assuming that 84.16% of the issued share capital of the Target Company, being all the shares of the Target Company held by the ultimate beneficial owners of the Vendors and Ms. Li, will be acquired by the Purchaser at Completion, immediately following Completion, the Concert Group will in aggregate be interested in a total of 77,688,092,305 Consideration Shares representing (i) approximately 50.12 times of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 89.05% of the total Shares in issue as enlarged by the allotment and issue of such Consideration Shares and the Placing Shares, assuming that there is no change in the issued share capital of the Company other than the issue of such Consideration Shares and the Placing Shares and that the Placing is completed in full.

Under Rule 26.1 of the Takeovers Code, upon Completion, the Concert Group would be required to make an unconditional mandatory general offer for all the issued Shares not already owned or agreed to be acquired by the Concert Group, unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code has been obtained from the Executive. An application will be made by the Concert Group to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted, will be subject to, among other things, (i) approval of the Independent Shareholders in respect of the Whitewash Waiver at the EGM where voting on the relevant resolutions shall be taken by way of poll; (ii) the Concert Group not having acquired any voting rights of the Company in the six months prior to the date of this announcement but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Sale and Purchase Agreements; and (iii) the Concert Group not having any acquisitions or disposals of voting rights of the Company between the date of this announcement and Completion unless with the prior consent of the Executive.

The Executive may or may not grant the Whitewash Waiver. It is one of the conditions precedent to Completion that each of the Whitewash Waiver has been obtained. In the event that the Whitewash Waiver is not granted by the Executive or approved by the Independent Shareholders, the Sale and Purchase Agreements and the Placing Agreement (when it is entered into) will not become unconditional and the Transactions will lapse and will not proceed.

The Whitewash Waiver is subject to approval by the Independent Shareholders (who are permitted to vote under the Listing Rules and the Takeovers Code) at the EGM. To the best of the Company's knowledge, information and belief, no Shareholder will be required to abstain from voting at the EGM.

POSSIBLE PLACING

The Company has agreed on the principal terms of the Placing with the Placing Agent. The Placing, if it proceeds, will be conducted, on a best efforts basis, pursuant to which up to 8,000,000,000 Placing Shares will be placed at the Placing Price of HK\$0.13 per Share.

Parties:

- (i) The Company; and
- (ii) The Placing Agent.

Placing Agent

It is expected that the Placing Agent and its associates will be independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

It is expected that all Placees will be independent of and not acting in concert with the Company, the Vendors and parties acting in concert with any of them and that none of them will become a substantial shareholder (as defined in the Listing Rules) of the Company as a result of the Placing. The Company will ensure that none of the Placees will become a substantial shareholder (as defined in the Listing Rules) of the Company as a result of the Placing.

Placing Shares

Up to 8,000,000,000 Placing Shares will be placed by the Placing Agent to not less than six Placees. The Placing Shares represent (i) approximately 5.16 times of the existing issued share capital of the Company; (ii) approximately 8.64% of the issued share capital of the Company as enlarged by the allotment and issue of 83,076,923,076 Consideration Shares (being the Consideration Shares to be allotted and issued by the Company assuming 90% of the issued share capital of the Target Company will be acquired by the Purchaser) and the Placing Shares (assuming the Placing is completed in full); and (iii) approximately 7.85% of the issued share capital of the Company as enlarged by the allotment and issue of 92,307,692,307 Consideration Shares (being the Consideration Shares to be allotted and issued by the Company assuming 100% of the issued share capital of the Target Company will be acquired by the Purchaser) and the Placing Shares (assuming the Placing is completed in full). On the assumption that the maximum of 8,000,000,000 Placing Shares will be placed under the Placing, the Placing Shares will have a nominal value of HK\$800,000,000 and a market value of HK\$3,840,000,000, based on the closing price of HK\$0.48 per Share on the Last Trading Day.

For illustrative purposes, the Placing Shares represent (i) approximately 13.68% of the issued share capital of the Company as enlarged by the allotment and issue of 48,923,076,922 Consideration Shares (being the Consideration Shares to be allotted and issued by the Company assuming 53% of the issued share capital of the Target Company will be acquired by the Purchaser) and the Placing Shares (assuming Placing is completed in full); and (ii) approximately 9.17% of the issued share capital of the Company as enlarged by the allotment and issue of 77,688,092,305 Consideration Shares (being the Consideration Shares to be allotted and issued by the Company assuming 84.16% of the issued share capital of the Target Company will be acquired by the Purchaser) and the Placing Shares (assuming the Placing is completed in full).

Placing Price

The Placing Price HK\$0.13 per Share represents:

- (a) a discount of approximately 72.92% to the closing price of HK\$0.48 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 71.92% to the average of the closing price per Share of approximately HK\$0.463 for the last five trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (c) a discount of approximately 71.92% to the average of the closing price per Share of approximately HK\$0.463 for the last ten trading days as quoted on the Stock Exchange up to and including the Last Trading Day; and
- (d) a discount of approximately 71.36% to the average of the closing price per Share of approximately HK\$0.454 for the last thirty trading days as quoted on the Stock Exchange up to and including the Last Trading Day.

The Directors (excluding all the independent non-executive Directors, who will give their opinion based on the recommendation from the independent financial adviser to be appointed) consider that the Placing Price is fair and reasonable based on the market conditions, and average closing price of approximately HK\$0.463 per Share on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day. The Directors (excluding all the independent non-executive Directors, who will give their opinion based on the recommendation from the independent financial adviser to be appointed) are also of the view that the Placing is in the interest of the Company and the Shareholders as a whole.

On the assumption that the maximum of 8,000,000,000 Placing Shares will be placed under the Placing, the gross proceeds of the Placing will amount to approximately HK\$1,040,000,000.

Ranking of the Placing Shares

Upon issue, the Placing Shares will rank equally among themselves and *pari passu* in all respects with the Shares in issue on the date of the allotment and issue of the Placing Shares, including the right to any dividends or distribution declared on or after the date of completion of the Placing.

Conditions precedent

Completion of the Placing is conditional upon satisfaction of the conditions which will be set out in the Placing Agreement. Such conditions include:

- (a) all the conditions precedent for Completion having been fulfilled or otherwise waived according to the terms therein (other than the conditions precedent under the Placing Agreement being fulfilled or waived) and the Sale and Purchase Agreements not having been terminated according to the terms therein;
- (b) the approval of the Shareholders at the EGM to (i) the Placing Agreement and the transactions contemplated thereunder, including without limitation, the Specific Mandate in relation to the allotment and issue of the Placing Shares, and (ii) the Increase in Authorised Share Capital, having been obtained;
- (c) the Listing Committee having granted (either unconditionally or subject only to conventional conditions) the listing of, and permission to deal in, the Placing Shares on the Main Board of the Stock Exchange and such permission not subsequently being revoked or withdrawn; and
- (d) the Company being able to meet the public float requirement under Rule 8.08 of the Listing Rules.

Completion of the Placing and Completion under the Sale and Purchase Agreements are inter-conditional. The details of the Sale and Purchase Agreements are set out in the section headed “The Sale and Purchase Agreements” above in this announcement.

Specific Mandate

The Placing Shares will be issued under the Specific Mandate to be sought from the Shareholders at the EGM.

The Placing is subject to the Placing Agreement being entered into. There is no assurance or guarantee that the Placing will materialise or eventually be consummated. Further, the Company may fail to satisfy the minimum public float requirement under the Listing Rules if the Placing does not materialise or is not consummated. In such event, the Company would not be able to obtain the listing approval and Completion would not occur. Shareholders and investors are urged to exercise caution when dealing in the securities of the Company. Further announcement will be published by the Company in compliance with the Listing Rules when the Placing Agreement has been signed.

APPLICATION FOR LISTING

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares and the Placing Shares to be allotted and issued pursuant to the Sale and Purchase Agreements, the Other Sale and Purchase Agreements and the Placing Agreement, respectively.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The existing share capital of the Company is HK\$1,000,000,000 divided into 10,000,000,000 Shares of which 1,550,000,000 Shares are in issue as at the date of this announcement.

In order to issue the Consideration Shares and the Placing Shares and to provide the Company with greater flexibility for future development, the Board proposes to increase the authorised share capital of the Company to HK\$15,000,000,000 divided into 150,000,000,000 Shares by the creation of an additional 140,000,000,000 Shares. Such new Shares, upon issue, shall rank *pari passu* in all respects with the existing Shares.

The Increase in Authorised Share Capital is subject to the approval of the Shareholders by way of an ordinary resolution at the EGM.

EFFECT OF THE TRANSACTIONS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement:

(a) the Company has 1,550,000,000 Shares in issue; and

- (b) the Company does not have any outstanding convertible securities, options, warrants or other derivatives in issue which are convertible or exchangeable into Shares nor any rights to subscribe for Shares.

The shareholding structure of the Company (i) as at the date of this announcement; (ii) for illustrative purposes, immediately after the allotment and issue of the 48,923,076,922 Consideration Shares to the Vendors and their respective concert parties (assuming 53% of the issued share capital of the Target Company will be acquired by the Purchaser) and the Placing Shares (assuming the Placing is completed in full); (iii) for illustrative purposes, immediately after the allotment and issue of the 77,688,092,305 Consideration Shares to the Vendors and their respective concert parties (assuming 84.16% of the issued share capital of the Target Company will be acquired by the Purchaser) and the Placing Shares (assuming the Placing is completed in full); (iv) immediately after the allotment and issue of the 83,076,923,076 Consideration Shares to the Vendors and their respective concert parties and the Independent Remaining Shareholders under the Sale and Purchase Agreements and the Other Sale and Purchase Agreements respectively (assuming 90% of the issued share capital of the Target Company will be acquired by the Purchaser) and the Placing Shares (assuming the Placing is completed in full); and (v) immediately after the allotment and issue of the 92,307,692,307 Consideration Shares to the Vendors and their respective concert parties and the Independent

Remaining Shareholders under the Sale and Purchase Agreements and the Other Sale and Purchase Agreements respectively (assuming 100% of the issued share capital of the Target Company will be acquired by the Purchaser) and the Placing Shares (assuming the Placing is completed in full) is as follows:

Shareholders	(i) As at the date of this announcement		(ii) For illustrative purposes, upon allotment and issue of the 48,923,076,922 Consideration Shares to the Vendors and their respective concert parties (assuming 53% of the issued share capital of the Target Company will be acquired by the Purchaser) and the Placing Shares (assuming the Placing is completed in full)		(iii) For illustrative purposes, upon allotment and issue of the 77,688,092,305 Consideration Shares to the Vendors and their respective concert parties (assuming 84.16% of the issued share capital of the Target Company will be acquired by the Purchaser) and the Placing Shares (assuming the Placing is completed in full)		(iv) Upon allotment and issue of the 83,076,923,076 Consideration Shares to the Vendors and their respective concert parties and the Independent Remaining Shareholders under the Sale and Purchase Agreements and the Other Sale and Purchase Agreements respectively (assuming 90% of the issued share capital of the Target Company will be acquired by the Purchaser) and the Placing Shares (assuming the Placing is completed in full)		(v) Upon allotment and issue of the 92,307,692,307 Consideration Shares to the Vendors and their respective concert parties and the Independent Remaining Shareholders under the Sale and Purchase Agreements and the Other Sale and Purchase Agreements respectively (assuming 100% of the issued share capital of the Target Company will be acquired by the Purchaser) and the Placing Shares (assuming the Placing is completed in full)	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
The Concert Group										
Vendor A and Vendor B	—	—	39,692,307,692	67.88	39,692,307,692	45.50	39,692,307,692	42.85	39,692,307,692	38.97
City Ford Limited and Hong Kong Qinlong Group Limited	—	—	—	—	13,021,107,692	14.92	13,021,107,692	14.06	13,021,107,692	12.78
Sub-total			39,692,307,692	67.88	52,713,415,384	60.42	52,713,415,384	56.91	52,713,415,384	51.75
Yu Rui Holdings Limited and Eastern Ocean Finance Ltd ^(Note 1)			—	—	8,641,107,691	9.91	8,641,107,691	9.32	8,641,107,691	8.49
Vendor C	—	—	9,230,769,230	15.79	9,230,769,230	10.58	9,230,769,230	9.97	9,230,769,230	9.06
Kanbell Global Ventures Limited	—	—	—	—	7,102,800,000	8.14	7,102,800,000	7.67	7,102,800,000	6.97
Sub-total of the Concert Group			48,923,076,922	83.67	77,688,092,305	89.05	77,688,092,305	83.87	77,688,092,305	76.27
Sub-total of the Concert Group (other than Yu Rui Holdings Limited and Eastern Ocean Finance Ltd)			—	—	69,046,984,614**	79.14	69,046,984,614**	74.55**	69,046,984,614**	67.78**
Directors										
Mr. Lin Qingxiong ^(Note 2)	300,340,000	19.38	300,340,000	0.51	300,340,000	0.35	300,340,000	0.32	300,340,000	0.29
Mr. Qiu Zhiqiang ^(Note 3)	140,000,000	9.03	140,000,000	0.24	140,000,000	0.16	140,000,000	0.15	140,000,000	0.14
Public Shareholders										
Yu Rui Holdings Limited and Eastern Ocean Finance Ltd ^(Note 1)			—	—	8,641,107,691	9.91	8,641,107,691	9.32	8,641,107,691	8.49
The Independent Remaining Shareholders and their respective concert parties	—	—	—	—	—	—	5,388,830,771	5.82	14,619,600,003	14.36
Placees and their respective concert parties	—	—	8,000,000,000	13.68	8,000,000,000	9.17	8,000,000,000	8.64	8,000,000,000	7.85
Other public Shareholders	1,109,660,000	71.59	1,109,660,000	1.90	1,109,660,000	1.27	1,109,660,000	1.20	1,109,660,000	1.09
Sub-total of the public Shareholders	1,109,660,000	71.59	9,109,660,000	15.58	17,750,767,691	20.35	23,139,598,462	24.98^(Note 4)	32,370,367,694	31.79
Total	1,550,000,000	100	58,473,076,922	100	87,238,092,305	100	92,626,923,076	100	101,857,692,308	100

** the shareholding of Yu Rui Holdings Limited and Eastern Ocean Finance Ltd shall be classified as public Shareholders in this scenario.

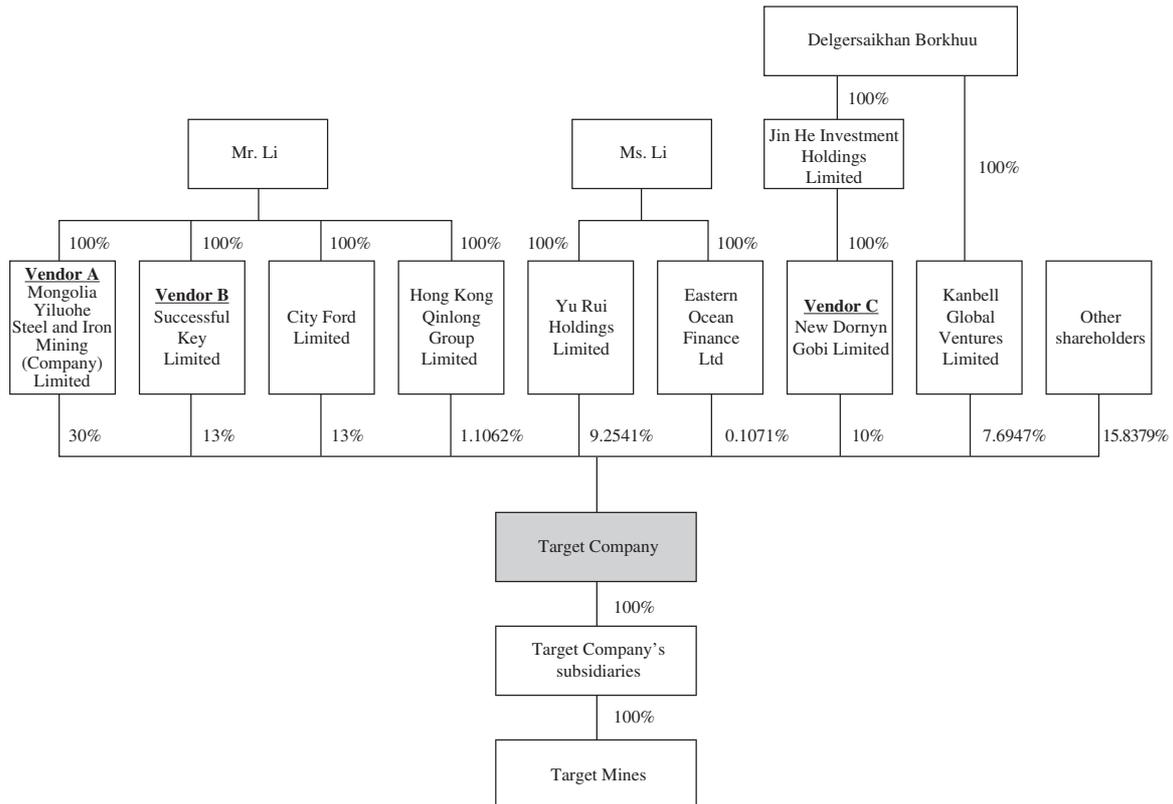
Notes:-

1. Each of Yu Rui Holdings Limited and Eastern Ocean Finance Ltd is wholly owned by Ms. Li, who is the daughter of Mr. Li over the age of 18. As such, pursuant to the Listing Rules, Ms. Li is not an associate of Mr. Li and her interests in the Shares through Yu Rui Holdings Limited or Eastern Ocean Finance Ltd are counted towards the public float. Ms. Li's acquisition of the Shares has not been financed directly or indirectly by a core connected person (as defined in the Listing Rules) of the Company. Ms. Li is not accustomed to take instructions from Mr. Li or a core connected person (as defined in the Listing Rules) in relation to the acquisition, disposal, voting or other disposition of Shares registered in her name or otherwise held by her. Mr. Li is not a close associate (as defined in the Listing Rules) of Mr. Li or the core connected person (as defined in the Listing Rules) of the Company. For the avoidance of doubt, Ms. Li is a party acting in concert with Mr. Li and is a member of the Concert Group.
2. Mr. Lin Qingxiong is an executive Director as at the date of this announcement. Amongst the 300,340,000 Shares, 20,340,000 Shares are held by Mr. Lin Qingxiong directly as the legal and beneficial owner. The remaining 280,000,000 Shares are held by Mr. Lin Qingxiong through Merit Lead Investments Limited, a company incorporated in the BVI and wholly-owned by him. Accordingly, Mr. Lin Qingxiong is deemed to be interested in all Shares held by Merit Lead Investments Limited for the purpose of the SFO.
3. Mr. Qiu Zhiqiang is an executive Director as at the date of this announcement.
4. **It is one of the conditions precedent to Completion that the listing approval for the Consideration Shares has to be obtained from the Listing Committee. As the Company would fail to satisfy the minimum public float requirement under the Listing Rules upon allotment and issue of Consideration Shares (assuming 90% or less of the issued share capital of the Target Company will be acquired by the Purchaser) and the Placing Shares (assuming the Placing is completed in full), the Company would not be able to obtain the listing approval and Completion would not occur.**

Ownership structure of the Target Company

Set out below is the simplified ownership structure of the Target Company as at the date of this announcement and immediately after completion of the Transactions (assuming the Purchaser will have acquired 100% of the issued share capital of the Target Company and the Placing will be completed in full):

As at the date of this announcement



Notes:-

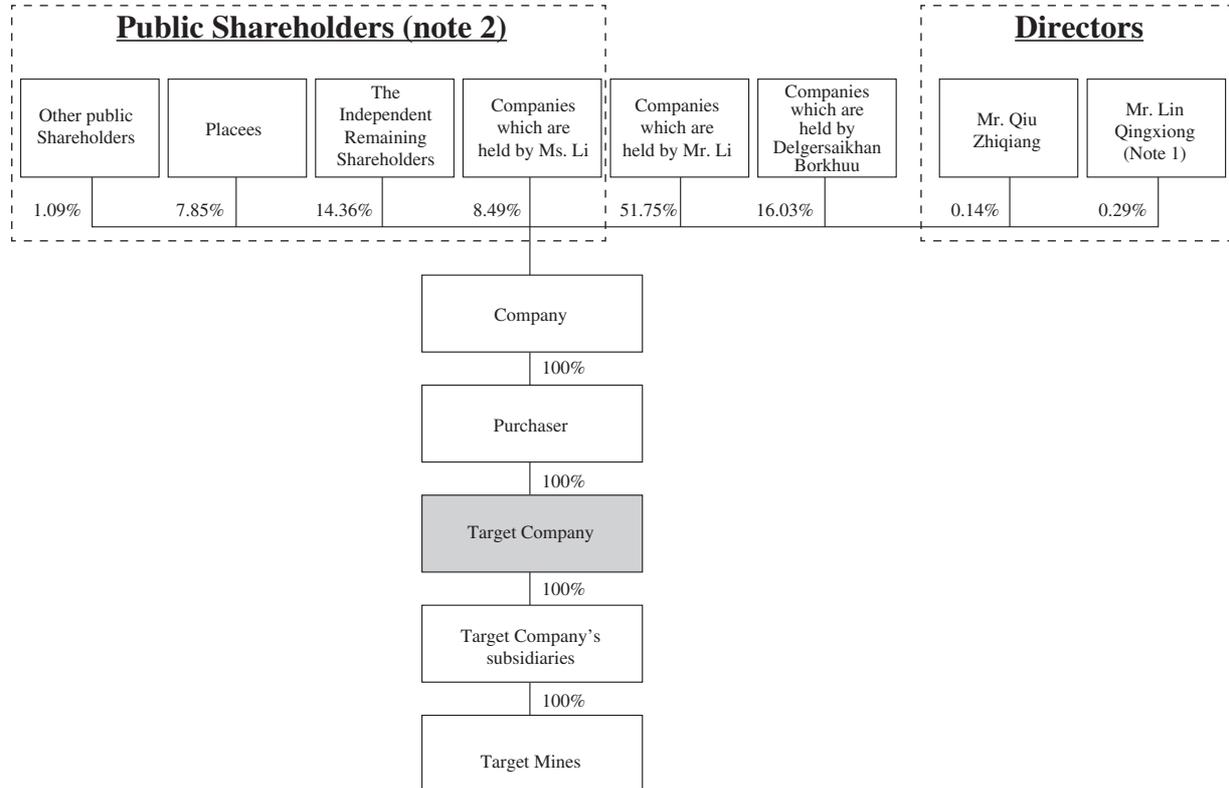
- Numbers may not add up to 100% due to rounding.
- For details of the Vendors, please refer to the section headed "Information of the Vendors" in this announcement.
- The Remaining Shareholders comprise the following entities:-
 - City Ford Limited (福城有限公司*), a company incorporated in the BVI and wholly owned by Mr. Li. As at the date of this announcement, City Ford Limited (福城有限公司*) holds approximately 13% of the issued share capital of the Target Company;
 - Hong Kong Qinlong Group Limited, a company incorporated in Hong Kong and wholly owned by Mr. Li. As at the date of this announcement, Hong Kong Qinlong Group Limited holds approximately 1.1062% of the issued share capital of the Target Company;

- (iii) Yu Rui Holdings Limited, a company incorporated in the Bahamas and wholly owned by Ms. Li. As at the date of this announcement, Yu Rui Holdings Limited holds approximately 9.2541% of the issued share capital of the Target Company;
- (iv) Eastern Ocean Finance Ltd, a company incorporated in the BVI and wholly owned by Ms. Li. As at the date of this announcement, Eastern Ocean Finance Ltd holds approximately 0.1071% of the issued share capital of the Target Company;
- (v) Kanbell Global Ventures Limited, a company incorporated in the BVI and wholly owned by Delgersaikhan Borkhuu, a Mongolian citizen. As at the date of this announcement, Kanbell Global Ventures Limited holds approximately 7.6947% of the issued share capital of the Target Company;
- (vi) China Life Insurance (Overseas) Company Limited, a company incorporated in the PRC and wholly owned by China Life Insurance (Group) Company. As at the date of this announcement, China Life Insurance (Overseas) Company Limited holds approximately 3.3333% of the issued share capital of the Target Company;
- (vii) Morinoizumi Co., Ltd, a company incorporated in Japan and wholly owned by 神原實樹, a Japanese citizen. As at the date of this announcement, Morinoizumi Co., Ltd holds approximately 2.7140% of the issued share capital of the Target Company;
- (viii) Clarity China Partners, L.P., a limited liability partnership established in the Cayman Islands and owned as to 23.81% by JFM China Partnership II, L.P., 12.88% by Clarity China Genpar L.P., 9.38% by Aribo Investments LLC, 9.38% by Maverick Enterprises, Inc. and 44.55% by other partners. As at the date of this announcement, Clarity China Partners, L.P. holds approximately 2.2953% in the issued share capital of the Target Company;
- (ix) Boost Luck Group Limited, a company incorporated in Hong Kong and wholly owned by Saint Group Int., which is in turn wholly owned by Hang Siew Mei, a Singaporean citizen. As at the date of this announcement, Boost Luck Group Limited holds approximately 2.6087% of the issued share capital of the Target Company;
- (x) Magic Flower Enterprises Limited, a company incorporated in Hong Kong and wholly owned by Saint Group Int., which is in turn wholly owned by Hang Siew Mei, a Singaporean citizen. As at the date of this announcement, Magic Flower Enterprises Limited holds approximately 1.7874% in the issued share capital of the Target Company;
- (xi) Super Wisdom Investments Limited, a company incorporated in Hong Kong and wholly owned by Saint Group Int., which is in turn wholly owned by Hang Siew Mei, a Singaporean citizen. As at the date of this announcement, Super Wisdom Investments Limited holds approximately 0.9771% in the issued share capital of the Target Company;
- (xii) Duet International Limited, a company incorporated in the BVI and wholly owned by Niu Shiming, a Chinese citizen. As at the date of this announcement, Duet International Limited holds approximately 0.9380% of the issued share capital of the Target Company;

- (xiii) Pine Grand Limited, a company incorporated in the BVI and owned as to 50% by Wang Siming, a Chinese citizen and as to 50% by Li Feng, a Chinese citizen. As at the date of this announcement, Pine Grand Limited holds approximately 0.5765% of the issued share capital of the Target Company;
 - (xiv) Brighter Fortune Holdings Limited, a company incorporated in the BVI and wholly owned by Liu Yining, a Cambodian citizen. As at the date of this announcement, Brighter Fortune Holdings Limited holds approximately 0.2479% of the issued share capital of the Target Company;
 - (xv) Simply Success Trading Limited, a company incorporated in the BVI and wholly owned by Liu Yining, a Cambodian citizen. As at the date of this announcement, Simply Success Trading Limited holds approximately 0.1033% of the issued share capital of the Target Company;
 - (xvi) Asia Winston Limited, a company incorporated in the BVI and wholly owned by Liu Honggang, a Chinese citizen. As at the date of this announcement, Asia Winston Limited holds approximately 0.2254% of the issued share capital of the Target Company; and
 - (xvii) Da Guan Limited, a company incorporated in the BVI and wholly owned by Wang Xiaoyi. As at the date of this announcement, Da Guan Limited holds approximately 0.0310% of the issued share capital of the Target Company.
4. According to the Vendors, save for (1) the relationship between Mr. Li and Mr. Delgersaikhan Borkhuu as business partners, (2) the relationship between Mr. Li and Ms. Li as father and daughter, and (3) the relationship between Mr. Li and Mr. Wang Jingbao who provided long years of services to Mr. Li (Mr. Wang Jingbao was the former shareholder of Da Guan Limited who transferred the shares in Da Guan Limited to his son, Mr. Wang Xiaoyi) (for the avoidance of doubt, Da Guan Limited is not a party acting in concert with Mr. Li), to the best of the Vendors' knowledge, information and belief, there is no other special relationship, financing or trust-holding between the Vendors and the Remaining Shareholders.
 5. It is expected that each of the shareholders of the Target Company mentioned in paragraphs (vi) to (xvii) and their respective ultimate controlling beneficial owners will confirm in the Other Sale and Purchase Agreements that it has not conducted any dealings in the relevant securities of the Company (as defined in Note 4 to Rule 22 of the Takeovers Code) in the six-month period prior to and including the date of this announcement and it is prepared to undertake in the Other Sale and Purchase Agreements not to carry out any dealing in the relevant securities of the Company (as defined in Note 4 to Rule 22 of the Takeovers Code) from the date of this announcement to the Completion Date.
 6. As at the date of this announcement, the Directors have been given an understanding that each of the shareholders of the Target Company mentioned in paragraphs (vi) to (xvii) (other than China Life Insurance (Overseas) Company Limited) has confirmed that it and its respective ultimate controlling beneficial owners has not conducted any dealings in the relevant securities of the Company (as defined in Note 4 to Rule 22 of the Takeovers Code) in the six-months period prior to and including the date of this announcement and will not to carry out any dealing in the relevant securities of the Company (as defined in Note 4 to Rule 22 of the Takeovers Code) from the date of this announcement to the Completion Date.

Immediately after completion of the Transactions

The following sets out a simplified structure chart of the Group immediately after the completion of the Transactions (assuming the Purchaser will have acquired 100% of the issued share capital of the Target Company and the Placing will be completed in full) for illustration purposes only:



Notes:

1. Amongst the Shares held by Mr. Lin Qingxiang, some are held by him directly as the legal and beneficial owner and some are held by him through Merit Lead Investments Limited, a company wholly-owned by him.
2. The above chart sets out the shareholding of the Company immediately after completion of the Transactions for illustration purposes only. The Company or the Vendors will take appropriate steps to ensure that sufficient public float exists in the Shares in compliance with the Listing Rules, including but not limited to, placing of new Shares by the Company or placing down of Shares beneficially owned by Mr. Li to independent third party/(ies).

INFORMATION OF THE TARGET GROUP

Business carried on by the Target Group

The Target Group has been principally engaged in the exploration, mining, processing, sales and marketing of iron ore in the form of lumps and fines in

Mongolia. As at the date of this announcement, the Target Group owns iron ore mines at the Eruu Gol Mining Area in Mongolia, namely the Central Section, the East Section and the West Section, each of which contains significant high grade magnetite deposits of iron ore. The Target Group also holds one mining licence (which will expire in 2034) with respect to the Eruu Gol Mining Area and two exploration licences (which will expire in 2018) with respect to the Dulaan Uul exploration area and the Dulaan Khaan exploration area, respectively, which are both located in Northern Mongolia, as at the date of this announcement. The mining licenses owned by the Target Group have been pledged in favour of certain creditors to secure certain borrowings of the Target Group and/or its related entities as at the date of this announcement. It is expected that such pledges will have been released before Completion. The Vendors confirmed that (1) the Target Group has obtained all necessary license for the exploration and mining of iron ore in Mongolia, (2) the Target Group does not expect any legal impediments for the renewal of the two exploration licenses which will expire in 2018, and (3) the Target Group does not have any non-compliance record and was not subject to any penalty or suspension of operation during the track record period.

The Target Group uses a process of crushing and magnetic separation to produce high quality lumps and fines at relatively low cost. The Target Group has seven processing lines at the Eruu Gol Mining Area with an effective output processing capacity of 1.3 mmtpa each and an effective aggregate output processing capacity of 9.1 mmtpa which takes into account the closure of production in winter and the average utilisation rate of its production lines.

The iron ore in the form of lumps and fines are sold by the Target Group to steel manufacturers and iron ore trading companies with operations in northern China. They are transported from the Eruu Gol Mining Area to the Chinese border at Erlianhaote, China through an integrated transportation system including self-owned rolling stock and an 83-kilometre proprietary railway spur line connecting the mining operations of the Target Group with the mainline of the Mongolian National Railway, which is the Trans-Mongolian main line of 1,110 kilometres which operates between Russia and China through Ulaanbaatar.

Financial information on the Target Group

As required to be disclosed under Rule 14.58(7) of the Listing Rules, the unaudited consolidated financial information of the Target Group for the two years ended 31 December 2014 and 2015 was as follows:

	For the year ended 31 December	
	2014	2015
	(USD'000)	(USD'000)
Revenue	178,715	163,925
Profit before taxation	27,933	46,706
Profit after taxation	21,292	34,873
Profit attributable to owners of the Target Company	21,292	34,873

As required to be disclosed under Rule 14.58(6) of the Listing Rules, the unaudited consolidated net asset value of the Target Group attributable to owners of the Target Company as at 31 December 2015 was about USD115,913,000.

The Target Group's bank borrowing as at 31 December 2015 amounted to about USD996,000.

The Company would like to draw the attention of the Shareholders and potential investors of the Company that the unaudited profit of the Target Group as stated in this announcement are regarded as profit forecast for the purposes of the Takeovers Code but do not meet the standard required by Rule 10 of the Takeovers Code. The auditors of and the financial adviser to the Company will report on the unaudited profit of the Target Group in accordance with Rule 10 of the Takeovers Code and such reports will be set out in the next document to be despatched to the Shareholders, which is expected to be the circular.

Shareholders and potential investors of the Company should note that the unaudited profit of the Target Group set out above has not been reported on in accordance with the requirements under Rule 10 of the Takeovers Code. Shareholders and potential investors of the Company should therefore exercise caution in placing reliance on such unaudited profit of the Target Group in assessing the merits and demerits of the Transactions. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

INFORMATION OF THE GROUP

The Group is principally engaged in the design, manufacturing and sales of fabrics and yarns in the PRC.

The Group published a profit warning announcement on 12 December 2016 indicating that the Group may experience a substantial decline in the earnings and assets of the Group for the year ended 31 December 2016 as compared with that for the year ended 31 December 2015 (the “**Profit Warning**”). Pursuant to Rule 10 of the Takeovers Code, the Profit Warning constitutes a profit forecast under Rule 10 of the Takeovers Code. As such, the Company is required to comply with the requirements under Rule 10 of the Takeovers Code with respect to the Profit Warning which has to be reported on by the Company’s accountants and Veda Capital Limited, the financial adviser to the Company.

The profit warning announcement was required to be made pursuant to Rule 13.09(1) of Listing Rules and the Inside Information Provisions under Part XIVA of the SFO, which required the Company to issue the announcement as soon as practicable. Given the time constraints faced by the Company when issuing this announcement, the Company has encountered genuine practical difficulties (time-wise or otherwise) in meeting the requirements set out in Rule 10 of the Takeovers Code.

The Company has arranged for the Profit Warning to be reported on in accordance with Rule 10 of the Takeovers Code in the circular to be despatched to the Shareholders, unless the annual results announcement for the year ending 31 December 2016 is published prior to the despatch of the circular.

Shareholders and potential investors of the Company should exercise caution in placing reliance on the Profit Warning in assessing the merits and demerits of the Acquisition and the Whitewash Waiver. Shareholders and potential investors should also exercise caution when dealing in the Shares.

INFORMATION OF THE VENDORS

Vendor A

Vendor A, namely Mongolia Yiluohe Steel and Iron Mining Company Limited (蒙古伊羅河鐵礦有限公司*), is a company incorporated in the BVI and is wholly owned by Mr. Li. As at the date of this announcement, Vendor A holds approximately 30% of the issued share capital of the Target Company. Vendor A is principally engaged in investment holding.

Mr. Li is the executive chairman and director of Boldtumur Eruu Gol LLC (“**Eruu Gol**”), one of the main subsidiaries of the Target Group, and is responsible for the overall management of the Target Group.

In 1988, Mr. Li graduated from Qiqihar Institute of Light Industry, which is now the Qiqihar University where he took a bachelor program in Economics and Management and at that time, such program did not confer an academic or professional qualification.

Mr. Li was appointed as a director of China Center for National Accounting & Economic Growth of Peking University between 2005 and 2008.

From 1976 to 1984, Mr. Li successively worked with a general materials trading company and a metals company and served in various positions, such as planning section chief, deputy general manager and general manager. In the general materials trading company, Mr. Li was mainly responsible for the management of the allocation and transfer of various materials and equipment. In the metals company, Mr. Li was mainly responsible for the management of the distribution of metallic materials, which was the principal business of the metals company.

From 1984 to 1989, Mr. Li served as No.1 deputy chief of Bureau of Materials of Lindian County, Heilongjiang Province and was mainly responsible for the preparation of the allocation plan of various materials and the related general management.

From 1989 to 1994, Mr. Li served at China Heilongjiang International Economic and Technical Cooperative Corporation (“HIETC”), a state-owned company, where he worked as the general manager of the subsidiary Zhen Bei Construction Materials Trading Company and the division chief of the Domestic Enterprises Department before serving as the assistant to the general manager of HIETC. As part of Mr. Li’s working experience with HIETC, he participated in metal trading as well as investment and development in mining and primary material projects such as wood processing projects, scrap metal projects and ferromanganese iron projects, in both PRC and overseas markets.

From 1994 to 1997, Mr. Li was engaged in the preparation for the establishment and development of Qinhuangdao Safari Park. From 1997 to 2008, Mr. Li served as chairman and general manager of Qinhuangdao Qinlong International Industrial Company Limited.

Since May 2006, Mr. Li has been serving as the executive chairman and director of Eruu Gol, and has been responsible for the overall management and operation of the Eruu Gol Mining Area. Mr. Li has over fifteen years of experience in the mining

industry and has been active in international trade in metals and basic materials since 1989, which has been helpful to the business development of Eruu Gol to date. Mr. Li's experience in the mining industry dates back to March 2002 when he was responsible for the overall business management of another company which invested in Mongolia, from which he obtained valuable knowledge and experience about iron ore products and the iron ore industry. Accompanied with the working experience with Eruu Gol, Mr. Li has obtained more than fifteen years' experience in the mining industry.

Vendor B

Vendor B, namely Successful Key Limited (騰鍵有限公司*), is a company incorporated in the BVI and is wholly owned by Mr. Li. As at the date of this announcement, Vendor B holds approximately 13% of the issued share capital of the Target Company. Vendor B is principally engaged in investment holding.

Vendor C

Vendor C, namely New Dornyn Gobi Limited, a company incorporated in the BVI and wholly owned by Jin He Investment Holdings Limited, which is in turn wholly owned by Mr. Delgersaikhan Borkhuu, a Mongolian citizen. As at the date of this announcement, Vendor C holds approximately 10% of the issued share capital of the Target Company. Vendor C is principally engaged in investment holding.

Mr. Delgersaikhan Borkhuu is a director of Eruu Gol. Mr. Delgersaikhan Borkhuu joined Eruu Gol in October 2004 and has, since then, been the executive director and general manager of Eruu Gol. Mr. Delgersaikhan Borkhuu graduated from Defense University of Mongolia with a diploma in Law in June 1987.

From 1987 to 1991, Mr. Delgersaikhan Borkhuu served at the Police Station of Selenge Province of Mongolia where he worked as the head of the criminal investigation division and then police chief. From 1991 to 1994, Mr. Delgersaikhan Borkhuu was the deputy head of the Police Station of Doront Province, Mongolia.

In 1994, Mr. Delgersaikhan Borkhuu started his own meat processing and trade business. Mr. Delgersaikhan Borkhuu has been carrying on such business to date and is one of the major meat exporters in Mongolia.

In the early 2000s, Mongolia opened her mining sector for investment but attracted little foreign direct investment as Mongolia was generally less known to western financial institutions. Mr. Delgersaikhan Borkhuu started identifying and making investments in various mining properties in Mongolia with his own funds.

Mr. Delgersaikhan Borkhuu joined Eruu Gol in October 2004 and has, since then, been the executive director and general manager of Eruu Gol. As part of his responsibilities at Eruu Gol, he supervises the construction, production and operation of Eruu Gol, liaises with Mongolian authorities in relation to the compliance with the relevant Mongolian laws and regulations and is closely involved in the on-site management of the mines.

Mr. Delgersaikhan Borkhuu has been focusing and will continue to focus on the operation of Eruu Gol following the completion of the project.

As the chairman and general manager of Dornyn Gobi LLC, Mr. Delgersaikhan Borkhuu has been active in investment projects relating to the mining properties of Mongolia, from which he obtained in-depth knowledge and experience about the local mining industry and market practice and established considerable personnel networks and business links. Once a government official, Mr. Delgersaikhan Borkhuu speaks and writes Mongolian and has a deeper understanding of the legal and regulatory frameworks in Mongolia than the other members of the board of directors of Eruu Gol, which led him to become the key contact person of Eruu Gol in liaising with the local government and regulators in relation to our operations and development in Mongolia. Through his involvement in Eruu Gol, Mr. Delgersaikhan Borkhuu has, to this date, accumulated more than ten years' experience in the mining industry.

In July 2016, Mr. Delgersaikhan Borkhuu contested and won in the Mongolian parliamentary election and is currently a Member of the State Great Hural (Parliament) of Mongolia.

INFORMATION REQUIRED UNDER THE TAKEOVERS CODE

As at the date of this announcement and other than the Sale and Purchase Agreements and save as disclosed in the section headed “Effect of the Transactions on the Shareholding Structure of the Company” in this announcement, none of the Vendors or any parties acting in concert with the Vendors have acquired or entered into any agreement to acquire any voting rights of the Company or deal in the relevant securities of the Company (as defined in Note 4 to Rule 22 of the Takeovers Code) in the six months prior to the date of this announcement. The Vendors also confirm that:

- (i) none of the members of the Concert Group holds, owns, controls or has direction over any Shares, convertible securities, warrants, options or derivatives in respect of the Shares nor has entered into any outstanding derivatives in respect of the securities in the Company;

- (ii) none of the members of the Concert Group has received any irrevocable commitment to vote for or against the proposed resolutions approving the Transactions or the Whitewash Waiver at the EGM;
- (iii) there is no arrangement (whether by way of option, indemnity or otherwise) under Note 8 to Rule 22 of the Takeovers Code in relation to the Shares or shares of the members of the Concert Group which might be material to the Transactions or the Whitewash Waiver;
- (iv) there is no arrangement or agreement to which any of the members of the Concert Group is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Transactions or the Whitewash Waiver; and
- (v) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which any of the members of the Concert Group has borrowed or lent.

As at the date of this announcement, the Company does not believe that the Transactions give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If any concern arises after the publication of this announcement, the Company will endeavour to resolve it to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the circular prepared in accordance with the requirements under the Listing Rules and the Takeovers Code. The Company notes that the Executive may not grant the Whitewash Waiver if the Transactions do not comply with other applicable rules and regulations.

REASONS FOR THE ACQUISITION AND THE PLACING AND THE USE OF PROCEEDS

The Board (excluding all the independent non-executive Directors, who will give their opinion based on the recommendation from the independent financial adviser to be appointed) considers the Transactions to be in the interests of the Company as well as the Shareholders taken as a whole for the following reasons:

- (i) as set out in the recent financial reports of the Group, the financial performance of the Group was negatively impacted by various adverse factors including a weak economy, sluggish growth in domestic demand and a dramatic drop in domestic cotton consumption and it is expected that the external environment for the textile industry will remain complex and challenging;

- (ii) the Board has continuously been exploring different investment opportunities. Through the Acquisition, the Company can acquire the well-established businesses of the Target Group which is engaged in the exploration, mining, processing, sales and marketing of iron ore in the form of lumps and fines in Mongolia;
- (iii) in light of the weak prospect of textile industry presently carried on by the Group and the various challenges and uncertainties lying ahead in the textile industry under the current global macro-economic environment, the Acquisition allows the scope of business of the Group to be replaced and the quality assets proposed to be acquired are expected to enhance the Company's value to the Shareholders. In particular, (a) the PRC government strives to promote the implementation of "One Belt, One Road" strategy, Chinese enterprises' project contracts in the countries alongside the "Belt and Road" grew very quickly and these contracts helped the steel of PRC enter into the international market; and (b) on the domestic level, there is also an increasing level of demand for steel from the infrastructural investment of the "thirteenth 5-year plan" and the application of steel in new industries like clean energy equipment and high-tech equipment; and
- (iv) the settlement of the consideration under the Sale and Purchase Agreements and the Other Sale and Purchase Agreements through the issue of Consideration Shares allows the Company to minimize its funding costs.

The aggregate gross proceeds from the Placing will be HK\$1,040,000,000 (assuming the Placing is completed in full). The Company intends to utilise the proceeds for business development of the Target Group and/or repayment of existing debts of the Target Group and/or its related entities. Further announcement on the proposed use of proceeds will be made upon discussion with the management of the Target Group.

As set out in the profit warning announcement of the Company on 12 December 2016, it is expected that the Group will experience a substantial decline in earnings and asset in the financial year ended 31 December 2016. With the weak prospect of textile industry presently carried on by the Group and the various challenges and uncertainties lying ahead in the textile industry under the current environment, the Board will continue to review and monitor the operating conditions of its existing textile related business and the general environment of the industry, and is open-minded to all available options, including but not limited to downsizing, terminating or disposing the existing textile business should the terms be considered attractive and favorable. However, as at the date of this announcement, the Company has no intention to downsize, terminate and dispose its existing business.

Despite the fact that (a) the Company has no track record of mining business; (b) none of the Directors have experience in the mining industry; and (c) a significant dilution impact on the existing shareholding structure, the Board is of the view that the Acquisition will be beneficial to the Shareholders as a whole, the reasons are as set out below:

- (i) the Board is aware that the textile industry will be facing various challenges and uncertainties ahead, thus the Board intends to seek other business opportunities to diversify and negate the adverse effect of such challenges and uncertainties, with the outstanding performance of the Target Company and positive outlook of the mining industry based on market data, as disclosed in section sub-headed “Financial Information on the Target Group”, the Target Group has an established business with track records of an unaudited profit attributable to owners of the Target Company from approximately USD21.3 million for the financial year ended 31 December 2014 to an unaudited profit attributable to owners of the Target Company of approximately USD34.9 million for the financial year ended 31 December 2015, representing approximately 63.85% increase. The Target Company is an excellent asset to be added into the business as a diversification for the Company and through the Acquisition, the Group’s revenue and income generation will be improved significantly, thus enhancing value to the Shareholders as a whole;
- (ii) the mining industry in China is regulated and closely supervised by the relevant authorities and therefore the mining industry has high entrance barriers to the competitors and constraints on carrying out the mining business in the PRC which is favorable to the Company upon Completion; and
- (iii) even though none of the Directors has mining industry experience, as set out in the section “Proposed Appointment of Additional Directors”, Vendor A will appoint three executive Directors to the Board and it is expected that Vendor A will nominate candidates who have substantial experience in and/or knowledge of the mining industry in Asia Pacific. The existing management of the Company shall work closely with the new directors to be nominated by Vendor A upon Completion and the relevant experiences of the new nominated directors will be set out in the circular to be despatched to the Shareholders.

Although the existing Shareholders’ shareholding may be subject to dilution upon Completion, the Directors have also noted that (i) the benefit of the Acquisition which allows the Company to improve its financial position as well as utilise the Target Company as a platform to enter the high potential mining industry; and (ii) and

the settlement of the consideration under the Sale and Purchase Agreements and the Other Sale and Purchase Agreements through the issue of Consideration Shares allows the Company to minimize its funding costs, the Board considers that the benefit of the Acquisition outweighs the adverse impact of the dilution effect.

On the basis of the above, the Board (excluding all the independent non-executive Directors, who will give their opinion based on the recommendation from the independent financial adviser to be appointed) is of the view that the terms of the Sale and Purchase Agreements and the Placing and the transactions contemplated thereunder, which have been agreed after arm's length negotiations between the relevant parties, are on normal commercial terms and such terms are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Each of the Vendors confirms that, there is no relationships (formal or informal), business, financial or otherwise between (1) the Vendors and their respective ultimate beneficial owners on the one hand, and (2) the Company, its substantial Shareholders and directors on the other hand.

It is expected that there will be no relationships (formal or informal), business, financial or otherwise between (1) the Placing Agent and its ultimate beneficial owners on the one hand, and (2) the Company, its substantial Shareholders and directors on the other hand.

EQUITY FUND-RAISING ACTIVITIES OF THE COMPANY FOR THE PAST 12 MONTHS

The Company has not carried out any equity fund-raising activities in the 12 months immediately preceding the date of this announcement.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising Mr. Chan Sui Wa, Mr. Ma Chongqi and Mr. Yu Yubin, being all the independent non-executive Directors, will be formed to advise the Independent Shareholders in relation to the Transactions and the Whitewash Waiver.

The Company will, with the approval of the Independent Board Committee, appoint an independent financial adviser in accordance with the requirements under the Listing Rules and the Takeovers Code to advise the Independent Board Committee and the Independent Shareholders on the Transactions and the Whitewash Waiver. A further announcement will be made by the Company upon the appointment of the independent financial adviser as soon as possible.

DESPATCH OF CIRCULAR

The Company will despatch a circular in accordance with requirements under the Listing Rules and the Takeovers Code, which will contain, among other things, (i) further details of the Transactions; (ii) further information about the Whitewash Waiver; (iii) a letter of advice from the Independent Board Committee to the Independent Shareholders in relation to the Transactions and the Whitewash Waiver; (iv) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transactions and the Whitewash Waiver; (v) financial information of the Target Group and of the Enlarged Group; (vi) information relating to the appointment of additional Directors; and (vii) a notice of the EGM and a form of proxy. The circular will be despatched to the Shareholders as soon as practicable after the Company has obtained the approval in principle from the Listing Committee with respect to the new listing application and it is currently expected to be by 30 June 2017. An application will be made for the consent of the Executive under Rule 8.2 of the Takeovers Code for an extension of time for despatching the circular.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange has been halted at the request of the Company with effect from 9:00 a.m. on 12 January 2017 pending release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 14 March 2017.

It should be noted that each of the Acquisition and the Placing is subject to a number of conditions, which may or may not be fulfilled. In addition, the approval of the new listing application to be made by the Company and the Whitewash Waiver may or may not be granted. The Shareholders and potential investors should exercise caution when they deal or contemplate dealing in the Shares or other securities of the Company.

DEFINITIONS

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

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| “Acquisition” | means the acquisition of approximately 53.0% of the issued share capital of the Target Company pursuant to the terms of the Sale and Purchase Agreements; |
| “acting in concert” | has the meaning given to it under the Takeovers Code; |

“Board”	means the board of Directors;
“BVI”	means the British Virgin Islands;
“Central Section”	means the mine situated between the East Section and the West Section comprising three ore bodies and two mineralisation belts in the Eruu Gol Mining Area;
“Company”	means Wang Tai Holdings Limited 宏太控股有限公司, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed and traded on the main board of the Stock Exchange (Stock Code: 1400);
“Completion”	means the completion of the acquisition pursuant to the terms of the Sale and Purchase Agreements and/or the Other Sale and Purchase Agreements (as the case may be);
“Completion Date”	means the date on which Completion occurs;
“Concert Group”	means the Vendors and parties acting in concert with any of them;
“Consideration Share(s)”	means the Shares to be allotted and issued by the Company to settle the consideration payable by the Purchaser under the Sale and Purchase Agreements and the Other Sale and Purchase Agreements (as the case may be);
“Director(s)”	means the director(s) of the Company;
“East Section”	means the easternmost mine comprising two ore bodies in the Eruu Gol Mining Area;
“EGM”	means the extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving, inter alia, the Acquisition, the Placing, the grant of the Specific Mandate and the Whitewash Waiver;
“Enlarged Group”	means the Group and the Target Group;
“Eruu Gol Mining Area”	means the operating mining area in the Selenge province in northern Mongolia;

“Executive”	means the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any delegate of the Executive Director;
“Group”	means the Company and its subsidiaries;
“HK\$”	means Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;
“Increase in Authorised Share Capital”	the increase in authorised share capital of the Company from HK\$1,000,000,000 divided into 10,000,000,000 Shares to HK\$15,000,000,000 divided into 150,000,000,000 Shares by the creation of an additional 140,000,000,000 Shares;
“Independent Board Committee”	means the independent board committee comprising all independent non-executive Directors established to make recommendation to Independent Shareholders in respect of the Transactions and the Whitewash Waiver;
“Independent Remaining Shareholders”	means the Remaining Shareholders except City Ford Limited, Hong Kong Qinlong Group Limited, Yu Rui Holdings Limited and Eastern Ocean Finance Ltd and Kanbell Global Ventures Limited, the details of which are set out in the paragraph headed “Ownership structure of the Target Company” in this announcement;
“Independent Shareholders”	means Shareholders, other than (i) the Concert Group, (ii) those who are connected, interested or involved in the acquisition of the issued share capital of the Target Company pursuant to the terms of the Sale and Purchase Agreements and the Other Sale and Purchase Agreements, the Placing or the Whitewash Waiver, and (iii) those who are required to abstain from voting at the EGM to be convened to approve the Acquisition, the Placing and the Whitewash Waiver;
“Last Trading Day”	means 11 January 2017, being the last full trading day for the Shares before the date of this announcement;
“Listing Committee”	means the Listing Committee of the Stock Exchange;

“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Li”	means Mr. Li Xiaoming;
“Ms. Li”	means Ms. Li Muou, the daughter of Mr. Li;
“Other Sale and Purchase Agreements”	means the other conditional sale and purchase agreements to be entered into between the Purchaser as purchaser and the Remaining Shareholders as vendors pursuant to which the Purchaser will acquire not less than 90% of the issued share capital of the Target Company (taking into account the approximately 53.0% of the issued share capital of the Target Company to be acquired by the Purchaser under the Sale and Purchase Agreements);
“Parties”	means parties to the Sale and Purchase Agreements which include the Purchaser and the Vendors;
“Placees”	means any professional, institutional and/or other investor(s) to be procured by the Placing Agent to purchase any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement;
“Placing”	means the possible placing of the Placing Shares pursuant to the terms of the Placing Agreement;
“Placing Agent”	means the possible placing agent of the Placing;
“Placing Agreement”	means the formal placing agreement to be entered into between the Company and the Placing Agent in relation to the Placing;
“Placing Price”	means HK\$0.13 per Share;
“Placing Share(s)”	means up to 8,000,000,000 Shares to be placed by the Placing Agent pursuant to the terms of the Placing Agreement;
“PRC”	means the People’s Republic of China, which shall, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and the Republic of Taiwan;

“Purchaser”	means Coral Pearl International Ltd. (寶瑚國際有限公司), a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company;
“Remaining Shareholders”	means the shareholders of the Target Company other than the Vendors, who in aggregate hold approximately 47% of the issued share capital of the Target Company, the details of which are set out in the paragraph headed “Ownership structure of the Target Company” in this announcement;
“RMB”	means Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreements”	means the three conditional sale and purchase agreements entered into between the Purchaser and the Vendors, each dated 11 January 2017 for the sale and purchase of approximately 53.0% of the issued share capital of the Target Company in aggregate and as may be amended or supplemented from time to time;
“SFO”	means the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“Share(s)”	means ordinary shares of HK\$0.1 each in the issued share capital of the Company;
“Shareholder(s)”	means holder(s) of the Shares;
“Specific Mandate”	means the specific mandate proposed to be obtained by the Directors from the Independent Shareholders at the EGM to allot and issue the Consideration Shares and the Placing Shares;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	means the Hong Kong Code on Takeovers and Mergers;
“Target Company”	means Iron Mining International (Mongolia) Limited (鐵礦國際(蒙古)有限公司*), a company incorporated in the BVI with limited liability;
“Target Group”	means the Target Company and its subsidiaries;

“Target Mines”	means the mines owned by the Target Group which have been divided into three sections, i.e. the East Section, the Central Section and the West Section;
“Transactions”	means the Acquisition and the Placing;
“USD”	means the United States dollar, the lawful currency of the United States of America;
“Vendor(s)”	means Vendor A, Vendor B and Vendor C;
“Vendor A”	means Mongolia Yiluohe Steel and Iron Mining Company Limited (蒙古伊羅河鐵礦有限公司*), a company incorporated in the BVI with limited liability, holder of 300,000 shares in the Target Company representing approximately 30% of the issued share capital of the Target Company and a company wholly owned by Mr. Li;
“Vendor B”	means Successful Key Limited (騰鍵有限公司*), a company incorporated in the BVI with limited liability, holder of 130,000 shares in the Target Company representing approximately 13% of the issued share capital of the Target Company and a company wholly owned by Mr. Li;
“Vendor C”	means New Dornyn Gobi Limited, a company incorporated in the BVI with limited liability, holder of 100,000 shares in the Target Company representing approximately 10% of the issued share capital of the Target Company;
“West Section”	means the largest and westernmost mine comprising five ore bodies in the Eruu Gol Mining Area;
“Whitewash Waiver”	means a waiver from the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligations of the Concert Group to make a mandatory general offer for all Shares not already owned or acquired by the Concert Group under Rule 26 of the Takeovers Code which would otherwise arise as a result of the Concert Group subscribing for the Consideration Shares;

“2015 Agreements” means the agreements entered into in 2015 by and among certain shareholders of the Target Company and a third party purchaser in relation to, among other things, the sale and purchase of the shares in the Target Company;

“%” means per cent.

* *The Chinese names of these entities are informal Chinese translations of their official English names.*

By order of the Board
Wang Tai Holdings Limited
Lin Qingxiong
Chairman and Executive Director

Hong Kong, 13 March 2017

As of the date of this announcement, the executive Directors are Mr. Lin Qingxiong, Mr. Qiu Zhiqiang and Mr. Deng Qinghui, and the independent non-executive Directors are Mr. Chan Sui Wa, Mr. Ma Chongqi and Mr. Yu Yubin.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than those in relation to the Vendors and the Target Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Vendors and the Target Group) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.

As at the date of this announcement, the sole director of each of Vendor A and Vendor B is Mr. Li.

The sole director of Vendor A and Vendor B accepts full responsibility for the accuracy of the information contained in this announcement (other than those in relation to the Company, the Group and the Placing Agent) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement (other than those expressed by the Company, the Group and the Placing Agent) have been arrived at after due and careful consideration, and there are no other facts not contained in this announcement the omission of which would make any such statement contained in this announcement misleading.

As at the date of this announcement, the sole director of Vendor C is Mr. Delgersaikhan Borkhuu.

The sole director of Vendor C accepts full responsibility for the accuracy of the information contained in this announcement (other than those in relation to the Company, the Group and the Placing Agent) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement (other than those expressed by the Company, the Group and the Placing Agent) have been arrived at after due and careful consideration, and there are no other facts not contained in this announcement the omission of which would make any such statement contained in this announcement misleading.

The exchange rate adopted in this announcement for illustration purpose only is USD1.00 = HK\$7.8. Such conversion should not be construed as a representation that the currency could actually be converted into HK\$ at that rate or at all.