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## **REAL GOLD MINING LIMITED**

**瑞 金 礦 業 有 限 公 司**

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

**(Stock Code: 246)**

### **CONNECTED TRANSACTION**

### **DEBT RESTRUCTURING AGREEMENT**

Reference is made to the announcement dated 22 August 2011 in relation to (1) the entering into of the Acquisition Agreements between the Company and Top Lucky, pursuant to which the Company agreed to purchase the Mining and Exploration Rights from Top Lucky; and (2) the entering into of the Loan Agreements between the Company and Mr. Wu, pursuant to which a total of approximately HK\$955,000,000 was lent by the Company to Mr. Wu (the “Announcement”).

As disclosed in the Announcement, under the terms of the Acquisition Agreements, the Company has the right to terminate the Acquisition Agreements, in the event that the value of the Mining and Exploration Rights is determined to be less than HK\$520,000,000 by an independent third party valuer acceptable to Top Lucky. In such a case, under the terms of the Acquisition Agreements, Top Lucky would be required to reimburse the Company the full amount of the consideration under the Acquisition Agreements already paid by the Company to Top Lucky.

As at the date of this announcement, the Company has paid HK\$449,200,000 under the Acquisition Agreements. However, there was a lack of information needed to conduct a valuation of the Mining and Exploration Rights. In the circumstances, the Acquisition was brought to a halt, and Top Lucky should reimburse the consideration of HK\$449,200,000 to the Company.

In addition, under the terms of the Loan Agreements, a total loan balance of approximately HK\$316,221,169, together with the corresponding accrued interest of approximately HK\$28,726,593 remains outstanding as at 31 May 2012, from Mr. Wu, the controlling Shareholder.

Accordingly, as at 31 May 2012, Top Lucky and Mr. Wu collectively owed the Company approximately HK\$794,147,762, of which HK\$449,200,000 was owed by Top Lucky and approximately HK\$344,947,762 was owed by Mr. Wu under the Loan Agreements. These amounts shall be collectively referred to as the “Debts” in this announcement.

## **DEBT RESTRUCTURING AGREEMENT**

In light of the Debts, the Company entered into the Debt Restructuring Agreement on 26 June 2012. Pursuant to the Debt Restructuring Agreement, the Company agreed, subject to certain conditions therein, during the Standstill Period to (i) not pursue the repayment of the Debts; and (ii) not take any legal action against Mr. Wu and Top Lucky in respect of the Debts, subject to, the New Debtors agreeing to assume the obligation of payment of the Debts. Further details of the Debt Restructuring Agreement are set out in the section headed “Debt Restructuring Agreement” below.

## **IMPLICATIONS UNDER THE LISTING RULES**

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiry, Top Lucky is wholly owned by Mr. Wu, the controlling Shareholder. As such, Mr. Wu and Top Lucky are both connected persons of the Company. As each of Mr. Wu and Top Lucky has a material interest in the Debt Restructuring Agreement, the transactions contemplated under the Debt Restructuring Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules which is subject to the reporting, announcement and Independent Shareholders’ approval requirements under the Listing Rules.

## **GENERAL**

The EGM will be held to consider and, if thought fit, pass the resolutions to approve, among other things, the Debt Restructuring Agreement. The Independent Board Committee has been established by the Company to provide recommendations to the Independent Shareholders in connection with the Debt Restructuring Agreement. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the recommendations on the voting at the EGM.

The Circular containing, amongst other things, (a) further details of the transactions contemplated under the Debt Restructuring Agreement; (b) a letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; (c) a letter from the Independent Board Committee to the Independent Shareholders; and (d) a notice convening the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules and it is expected that the Circular will be despatched on or before 16 July 2012.

## **SUSPENSION OF TRADING**

Trading in the Shares has been suspended since 9:00 a.m. on 27 May 2011 and will remain suspended until further notice. The Company will make further announcements as and when appropriate to keep the Shareholders and the market generally apprised of the situation prior to any resumption of trading.

Reference is made to the Announcement.

As disclosed in the Announcement, under the terms of the Acquisition Agreements, the Company has the right to terminate the Acquisition Agreements, in the event that the value of the Mining and Exploration Rights is determined to be less than HK\$520,000,000 by an independent third party valuer acceptable to Top Lucky. In such a case, under the terms of the Acquisition Agreements, Top Lucky would be required to reimburse the Company the full amount of the consideration under the Acquisition Agreements already paid by the Company to Top Lucky.

As at the date of this announcement, the Company has paid HK\$449,200,000 under the Acquisition Agreements. However, there was a lack of information needed to conduct a valuation of the Mining and Exploration Rights. In the circumstances, the Acquisition was brought to a halt, and Top Lucky should reimburse the consideration of HK\$449,200,000 to the Company.

Between February 2011 and April 2011, the Loan Agreements were each entered into between the Company and Mr. Wu, pursuant to which a total of approximately HK\$955,000,000 was lent by the Company to Mr. Wu. The loan balance of approximately HK\$316,221,169, together with its accrued interest of approximately HK\$28,726,593 as at 31 May 2012, was still outstanding from Mr. Wu, the controlling Shareholder.

Accordingly, as at 31 May 2012, Top Lucky and Mr. Wu collectively owed the Company the Debts, which comprised HK\$449,200,000 owed by Top Lucky and approximately HK\$344,947,762 owed by Mr. Wu.

## **DEBT RESTRUCTURING AGREEMENT**

In light of the Debts, the Company entered into the Debt Restructuring Agreement on 26 June 2012. Details of the Debt Restructuring Agreement are set out below:

### **Date**

26 June 2012

### **Parties**

- (i) the Company as creditor;
- (ii) Mr. Wu as debtor and guarantor;
- (iii) Top Lucky as debtor and guarantor;
- (iv) Quanmin Investments Limited as New Debtor I; and
- (v) Victory Gold Management Inc. as New Debtor II.

### **Standstill**

Pursuant to the Debt Restructuring Agreement, the Company agreed, subject to certain conditions therein, during the Standstill Period to (i) not pursue the repayment of the Debts; and (ii) not take any legal action against Mr. Wu and Top Lucky in respect of the Debts, subject to the New Debtors agreeing to assume the obligation of payment of the Debts.

### **Assumption of Debts**

With effect from the Debt Restructuring Agreement becoming effective, the New Debtors have severally agreed to (i) assume the obligation of the payment of the Debts and (ii) pay interest on the remaining balance of the Debts at a simple interest rate of 4.75% per annum during the period from the First Repayment Date until the full payment of the Debts (the “Debt Interest”).

Under the Debt Restructuring Agreement, save for the Debt Interest, no interest will be charged on the outstanding loan balance owed by Top Lucky to the Company under the Acquisition Agreements before the First Repayment Date. The interest will be charged on the loan owed by Mr. Wu under the Loan Agreements until 31 May 2012. The interest on the loan and accrued interest owed by Mr. Wu under the Loan Agreements for the period from 1 June 2012 to the day before the First Repayment Date will be waived.

Pursuant to the Debt Restructuring Agreement, the parties thereto agreed that the total amount of the Debts will be approximately HK\$794,147,762, of which approximately HK\$529,431,841 will be assumed by New Debtor I and approximately HK\$264,715,921 will be assumed by New Debtor II.

## **Repayment Arrangement of Debt Restructuring**

The Debts shall be settled by the New Debtors in the following manner:

- (i) before the latest practicable date as stated in the Circular, New Debtor I and New Debtor II shall deposit HK\$200 million (or the equivalent RMB amount) and HK\$100 million (or the equivalent RMB amount), respectively, into the designated bank account of the Company;
- (ii) immediately after the conditions under the Debt Restructuring Agreement are satisfied or waived, the Deposit will be paid to the Company to offset part of the Debts; and
- (iii) prior to the end of the Standstill Period, the New Debtors shall severally repay the remaining balance of the Debts, of which approximately HK\$329,431,841 (or the equivalent RMB amount) will be repaid by New Debtor I and approximately HK\$164,715,921 (or the equivalent RMB amount) will be repaid by New Debtor II, together with the corresponding Debt Interest.

For the avoidance of doubt, New Debtor I and New Debtor II will not be liable for each other's obligation in the event of any default of the other in respect of their obligations under the Debt Restructuring Agreement.

The New Debtors are entitled to make early repayments in respect of the Debts provided that such repayments shall be for an amount not less than HK\$1 million. Moreover, in the event that the conditions under the Debt Restructuring Agreement are neither fulfilled nor waived on or before 30 September 2012 (or such later date as the parties thereto may agree in writing), the Deposit shall be returned to the New Debtors in full without interest within seven days.

## **Guarantee**

Pursuant to the Debt Restructuring Agreement, Mr. Wu and Top Lucky have provided an unconditional and irrevocable guarantee to the Company, in respect of the due and punctual payment by the New Debtors of all outstanding amounts under the Debts. In the event that any amount under the Debts is not repaid in full to the Company, Mr. Wu and Top Lucky shall be liable for the repayment of the remaining amounts under the Debts.

In addition, in the event that the conditions of the Debt Restructuring Agreement are not fulfilled or waived, Mr. Wu and Top Lucky shall remain liable for all respective amounts due and owing to the Company and the fulfillment of all their obligations under the Acquisition Agreements and the Loan Agreements. In addition, under the terms of the Debt Restructuring Agreement, Mr. Wu shall be liable (jointly with Top Lucky) for the amounts of HK\$449,200,000 due and owing to the Company by Top Lucky under the Acquisition Agreements in the event that the conditions of the Debt Restructuring Agreement are not fulfilled or waived.

## **Conditions**

Completion of the Debt Restructuring Agreement is conditional upon:

- (i) signing of the Share Transfer Agreements;
- (ii) signing of the Equity Forward Agreements;
- (iii) the Deposit being deposited in full by the New Debtors into the designated bank account of the Company;
- (iv) approval by the Independent Shareholders at the EGM in respect of the Debt Restructuring Agreement; and
- (v) the obtaining of all necessary regulatory consents and approvals (if applicable).

Unless all the above conditions, with the exception of conditions (iv) and (v) which cannot be waived, are satisfied or waived on or before 30 September 2012 (or such later date as the parties to the Debt Restructuring Agreement may agree in writing), the Debt Restructuring Agreement shall cease to have effect and shall be terminated. All the obligations and liabilities of the parties thereunder shall cease and determine (save that the Deposit received by the Company shall be returned to the New Debtors in full without interest).

## **INFORMATION ABOUT THE COMPANY, THE CONTROLLING SHAREHOLDER, TOP LUCKY AND THE NEW DEBTORS**

The Company specialises in the mining of gold and the processing of ore into concentrates containing gold and other minerals for subsequent sale. The Company considers identification and acquisition of gold mines to be its core competency and growth by acquisition to be its key corporate strategy.

Mr. Wu, the controlling Shareholder, holds 374,376,000 Shares as the date of this announcement, being approximately 41.2% the total issued share capital of the Company, through his wholly-owned entity, Lead Honest.

Top Lucky is principally an investment holding company incorporated in the British Virgin Islands with limited liability. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Top Lucky is wholly owned by Mr. Wu, the controlling Shareholder.

The New Debtors are investment holding companies incorporated in the British Virgin Islands with limited liability. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the New Debtors and their ultimate beneficial owners are third parties independent of each other and of the Company and its connected persons.

## EFFECT ON THE SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company as at the date of this announcement and the resulting shareholding structure upon the transfer of Shares pursuant to the Share Transfer Agreements and the Equity Forward Agreements.

	As at the date of this announcement		Immediately after the transfer of Shares pursuant to the Share Transfer Agreements but before the transfer of Shares pursuant to the Equity Forward Agreements		Immediately after the transfer of Shares pursuant to the Share Transfer Agreements and the transfer of Shares pursuant to the Equity Forward Agreements, whichever is later (Note 2)	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Lead Honest (Note 1)	374,376,000	41.20	140,000,000	15.41	140,000,000	15.41
New Debtor I	—	—	156,250,667	17.19	226,250,667	24.90
New Debtor II	—	—	78,125,333	8.60	113,125,333	12.44
Other Shareholders	<u>534,410,213</u>	<u>58.80</u>	<u>534,410,213</u>	<u>58.80</u>	<u>429,410,213</u>	<u>47.25</u>
Total	<u>908,786,213</u>	<u>100.00</u>	<u>908,786,213</u>	<u>100.00</u>	<u>908,786,213</u>	<u>100.00</u>

*Note 1:* As at the date of this announcement, Lead Honest is 100% controlled by Tercel Holdings Limited, which in turn is ultimately controlled by Credit Suisse Trust Limited. Credit Suisse Trust Limited is a trustee of Tercel Trust, of which Mr. Wu is the founder.

*Note 2:* Pursuant to Citi Equity Forward Transactions, Lead Honest is due to receive, if it elects the physical settlement option, from Citigroup Global Markets Limited 105 million Shares in aggregate in February 2013. The transfer of the 105 million Shares in aggregate under the Equity Forward Agreements is conditional upon the 105 million Shares being delivered to Lead Honest, pursuant to the Citi Equity Forward Transaction.



## **REASONS AND BENEFITS OF ENTERING INTO THE AGREEMENTS**

The Directors consider that entering into the Debt Restructuring Agreement can bring to the Company the following benefits:

### **(a) Agreed Arrangement for the Repayment of Debts**

The Acquisition Agreements do not set out how Top Lucky shall reimburse the Company in respect of the consideration paid by the Company to Top Lucky. In addition, the payments under the Loan Agreements are outstanding from Mr. Wu to the Company. Entering into the Debt Restructuring Agreement enables Mr. Wu and Top Lucky to arrange payment of the Debts by restructuring the Debts in accordance therewith, thereby providing for an agreed arrangement for the repayment of the Debts to the Company.

### **(b) Avoidance of Legal Proceedings**

Entering into the Debt Restructuring Agreement may help the Company avoid time and expense in pursuing any legal action in respect of any default on the Debts by Mr. Wu and Top Lucky.

### **(c) Deposit Designated for Settlement of Debts**

Pursuant to the Debt Restructuring Agreement, the Deposit shall be deposited in the designated bank account of the Company. Accordingly, it can ensure that this deposit will be used for settlement of Debts.

### **(d) Provision of the Guarantee**

As a measure to protect the interests of Shareholders, Top Lucky and Mr. Wu have undertaken to the Company that they will guarantee, unconditionally and irrevocably, the due and punctual payment by the New Debtors of all outstanding amounts under the Debts. Should the New Debtors be unable to fulfill their obligations under the Debt Restructuring Agreement, Top Lucky and Mr. Wu will take up the obligations of the remaining amounts under the Debts.

### **(e) Stable Interest income**

Despite the fact that pursuant to the Debt Restructuring Agreement, no interest will be charged on the loan and accrued interest owed by Mr. Wu under the Loan Agreements for the period from 1 June 2012 to the date before the First Repayment Date, the Company will charge a simple interest rate of 4.75% per annum in respect of the remaining balance of the Debts immediately after the First Repayment Date until the full payment of the Debts. As such, the Company will have a stable interest income from the Debts to be paid by the New Debtors as result of the Debt Restructuring Agreement.

Having considered the abovementioned reasons and benefits, the Directors believe that the terms of the Debt Restructuring Agreement are fair and reasonable and in the interests of the Shareholders as a whole.



## **IMPLICATION UNDER THE LISTING RULES**

To the best of the Directors' knowledge, information and belief, having made reasonable enquiries, Top Lucky is wholly owned by Mr. Wu, the controlling Shareholder of the Company. As such, Mr. Wu and Top Lucky are both connected persons of the Company. As each of Mr. Wu and Top Lucky has a material interest in the Debt Restructuring Agreement, the transactions contemplated under the Debt Restructuring Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules which is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

## **GENERAL**

The EGM will be held to consider and, if thought fit, pass the resolutions to approve, among other things, Debt Restructuring Agreement. The Independent Board Committee has been established by the Company to provide recommendations to the Independent Shareholders in connection with the Debt Restructuring Agreement. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the recommendations on the voting at the EGM.

A circular containing, amongst other things, (a) further details of the transactions contemplated under the Debt Restructuring Agreement; (b) a letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; (c) a letter from the Independent Board Committee to the Independent Shareholders; and (d) a notice convening the EGM, will be dispatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules and it is expected that the Circular will be dispatched on or before 16 July 2012.

## **SUSPENSION OF TRADING**

At the request of the Company, trading in its Shares on the Stock Exchange has been suspended since 9:00 a.m. on Friday, 27 May 2011. The Company will make further announcements as and when appropriate to keep Shareholders and the market generally apprised of the situation prior to any resumption of trading.

## DEFINITIONS

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

“Acquisition”	the acquisition of the Mining and Exploration Rights by the Company pursuant to the terms of the Acquisition Agreements
“Acquisition Agreements”	acquisition agreement dated 2 January 2011 and supplemental agreement dated 9 March 2011 entered into between Top Lucky and the Company in relation to the Acquisition
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Circular”	a circular containing, amongst other things, details of the Debt Restructuring Agreement together with a notice of the EGM
“Citi Equity Forward Transaction”	two prepaid share forward confirmations involving an aggregate of 105 million Shares between Lead Honest and Citigroup Global Markets Limited dated 10 December 2009 incorporating a form of ISDA master agreement (1992 version) to be executed between Lead Honest and Citigroup Global Markets Limited
“Company”	Real Gold Mining Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Debt Restructuring Agreement”	the debt restructuring agreement dated 26 June 2012 entered into amongst the Company, Mr. Wu, Top Lucky and the New Debtors
“Deposit”	HK\$300 million (or the equivalent RMB amount) payable by the New Debtors, to be deposited into the designated bank account of the Company prior to the despatch of the Circular
“Director(s)”	the director(s) of the Company
“EGM”	extraordinary general meeting of the Company to be held for the purpose of considering, and if thought fit, passing the relevant resolutions in respect of the Debt Restructuring Agreement

“Equity Forward Agreements”	the agreements each to be entered into between Lead Honest and each of the New Debtors in relation to the transfer of the Equity Forward Shares
“Equity Forward Share”	an aggregate of 105 million Shares, representing approximately 11.55% of the total issued capital of the Company, to be conditionally sold and to be conditionally purchased by Lead Honest and the New Debtors, respectively pursuant to Equity Forward Agreements
“First Repayment Date”	the date of paying the Deposit to the Company to offset part of the Debts
“Independent Board Committee”	independent board committee set up by the Company to advise the Independent Shareholders in relation to the EGM
“Independent Shareholders”	the Shareholders other than Mr. Wu and his associates
“Lead Honest”	Lead Honest Management Limited, 100% controlled by Tercel Holdings Limited, which in turn is ultimately controlled by Credit Suisse Trust Limited. Credit Suisse Trust Limited is a trustee of Tercel Trust, of which Mr. Wu is the founder
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreements”	three loan agreements each entered into between Mr. Wu and the Company between February 2011 and April 2011 in relation to the provision of financial assistance by the Company to Mr. Wu in the aggregate amount of HK\$955,000,000
“Mines”	two phosphorus mines, Burenhaany Phosphorus Mine and Baga Teeg Phosphorus Mine, attached to the Mining and Exploration Rights
“Mining and Exploration Rights”	the phosphorus mining and exploration rights under the Acquisition Agreements, including (i) the mining right under the phosphorus mining licence (licence number: 12360A) in relation to a phosphorus mine situated in the Khovsgol Province, Mongolia and (ii) the exploration right under the phosphorus exploration licence (licence number: 11330X) in relation to a second phosphorus mine situated in the Khovsgol Province, Mongolia
“Mr. Wu”	Mr. Wu Ruilin (吳瑞林), the controlling Shareholder
“New Debtor I”	Quanmin Investments Limited (全民投資有限公司), a company incorporated in the British Virgin Islands with limited liability

“New Debtor II”	Victory Gold Management Inc. (金勝管理有限公司), a company incorporated in the British Virgin Islands with limited liability
“New Debtors”	New Debtor I and New Debtor II
“Share Transfer Agreements”	agreements each to be entered into between Lead Honest and each of the New Debtors in relation to the Transfer Shares
“Share(s)”	share(s) of HK\$1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Standstill Period”	the period from the date of the Debt Restructuring Agreement until the date which is 12 months from the First Repayment Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tercel Trust”	a discretionary trust established by Mr. Wu on 22 May 2008, the discretionary objects of which include family members of Mr. Wu
“Top Lucky”	Top Lucky Management Limited, a company wholly owned by Mr. Wu and the vendor of the Mining and Exploration Rights pursuant to the Acquisition Agreements
“Transfer Shares”	an aggregate of approximately 234 million Shares, representing approximately 25.8% of the total issued share capital of the Company, to be conditionally sold and to be conditionally purchased by Lead Honest and the New Debtors, pursuant to the Share Transfer Agreements

By the order of the Board  
**Real Gold Mining Limited**  
**Lu Tianjun**  
*Chairman*

Chifeng City, Inner Mongolia, 26 June 2012

*As at the date of this announcement, the executive directors of the Company are Mr. Lu Tianjun (Chairman), Mr. Ma Wenxue, Mr. Cui Jie and Mr. Li Qing; and the independent non-executive directors of the Company are Mr. Li Xiaoping, Mr. Zhao Enguang and Mr. Yang Yicheng.*