

# CHINA MINING INTERNATIONAL LIMITED

中矿国际有限公司

(Company Registration No. CT-140095)

(Registered in the Cayman Islands)

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- (1) PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF CHINA MINERALS ENERGY LIMITED; AND
  - (2) PROPOSED DISPOSAL OF THE COMPANY'S ENTIRE SHAREHOLDING AND EQUITY INTEREST IN ELEGANT JADE ENTERPRISE LIMITED
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## 1. INTRODUCTION

The board of Directors (the “**Board**”) of China Mining International Limited (the “**Company**” or “**Purchaser**”, and together with its subsidiaries, the “**Group**”) refers to the announcements dated 11 July 2013, 21 July 2013, 30 July 2013, 1 October 2013 and 31 December 2013, and wishes to announce that the Company has on 31 March 2014 entered into a conditional sale and purchase agreement (the “**Sale and Purchase Agreement**”) with the persons listed in **Appendix A** of this Announcement (collectively, the “**Vendors**” and each, a “**Vendor**”) under which subject to the terms and conditions thereof, the Company has agreed to purchase 100 ordinary shares of US\$1.00 each (the “**Sale Shares**”) representing 100% of the issued and paid-up share capital of China Minerals Energy Limited (中國礦產能源有限公司) (the “**Target Company**”) (the “**Proposed Acquisition**”).

The purchase consideration of the Proposed Acquisition will be S\$1,001,447,532 (the “**Purchase Consideration**”), subject to adjustment in accordance with the terms and conditions of the Sale and Purchase Agreement. The Purchase Consideration will be partially satisfied by the transfer by the Company to one of the Vendors of its entire shareholding and equity interest in Elegant Jade Enterprise Limited (美基企业有限公司) (“**Elegant Jade**”) (a wholly-owned subsidiary of the Company) which in turn owns the companies set out in **Appendix C** of this Announcement (the “**Proposed Disposal**”). The basis of the Purchase Consideration, the details of the adjustment and the manner in which the Purchase Consideration will be satisfied are set out in paragraph 2.5.2 below.

The Proposed Acquisition constitutes (i) an “Interested Person Transaction” as defined under Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (the “**Listing Manual**”) and (ii) a “Reverse Take-over Transaction” as defined under Chapter 10 of the Listing Manual and will be subject to the approval of the shareholders of the Company (the “**Shareholders**”) and the SGX-ST pursuant to Rule 1015 of the Listing Manual.

The Proposed Disposal constitutes (i) an “Interested Person Transaction” as defined under Chapter 9 of the Listing Manual and (ii) a “Major Transaction” as defined under Chapter 10 of the Listing Manual, and will be subject to the approval of the Shareholders pursuant to Rule 1014 of the Listing Manual.

## 2. OVERVIEW OF THE PROPOSED ACQUISITION, PROPOSED DISPOSAL AND RELATED TRANSACTIONS

### 2.1 Information on the Vendors

#### 2.1.1 China Geological Exploration Holdings Limited

China Geological Exploration Holdings Limited (中国地质勘查控股有限公司) (“**CGE**”) is a company incorporated in the Cayman Islands. CGE is currently undergoing a reorganisation. Upon the completion of the reorganisation, it is envisaged that:

- (a) CGE will be held as to 100% by Henan Yukuang (Hong Kong) Resources Exploitation Co., Limited (河南豫矿(香港)资源开发有限公司) (“**Yukuang Hong Kong**”), which will in turn be held as to 100% by Henan Yukuang Resource Development Group Ltd. (河南豫矿资源开发集团有限公司) (“**Yukuang Group**”); and
- (b) Geo-exploration and Mineral Development Bureau of the Henan Province (河南省地质矿产勘查开发局) (the “**Henan Bureau**”) will hold 100% of the equity interest of Yukuang Group.

The chairman of the board of CGE is Mr Tang Quanguo, who was formerly the chief (局长) of Henan Bureau and the deputy chief of the Land and Resources Bureau of the Henan Province (河南省国土资源厅副厅长).

Henan Bureau is a public institution administered by the Henan provincial government. Established since 1957, Henan Bureau undertakes the exploration, mining and trading of mining resources.

### 2.1.2 Guide True Limited

Guide True Limited (“**GT**”) is an investment holding company incorporated in the British Virgin Islands, and its ultimate shareholders are Mr Guo Yinghui and his wife. Mr Guo Yinghui is the Executive Chairman and a controlling shareholder of the Company, holding in aggregate (direct and indirect interest) approximately 34.24% of the Company’s total number of issued ordinary shares in the capital of the Company (“**Shares**”) (excluding treasury Shares) as at the date of this Announcement.

## 2.2 **Information on the Target Company and its subsidiaries**

The Target Company is an investment holding company and was incorporated in the British Virgin Islands on 24 July 2013.

As at the date of this Announcement, the Target Company has an issued and paid-up share capital of US\$100 comprising 100 ordinary shares of US\$1.00 each and the Vendors are the legal and beneficial owners of the Sale Shares in the proportion set out in **Appendix A** of this Announcement.

Following the completion of the restructuring exercise to be undertaken in connection with the Proposed Acquisition (the “**Restructuring Exercise**”), it is envisaged that the Target Company will be the sole shareholder of the following corporations (collectively, the “**Target Subsidiaries**”):

- (a) the entire issued and paid-up share capital of Yukuang Mujistone Limited (豫矿穆吉Stone通有限公司) (“**Yukuang Mujistone**”), which in turn owns 100% of the equity interest of Broadtek Tajikistan Mining Investment Limited LLC (博泰塔吉克矿业投资有限公司) (“**Broadtek Tajikistan**”);
- (b) the entire issued and paid-up share capital of Yukuang Nigeria Limited (豫矿尼日利亚有限公司) (“**Yukuang Nigeria**”), which in turn owns 100% of the equity interest of Henan Goldenstone Mining and Processing Co. Nig. Ltd (河南金石采矿选矿尼日利亚有限公司) (“**Henan Goldenstone**”);
- (c) the entire issued and paid-up share capital of Yukuang Australia Limited (豫矿澳大利亚有限公司) (“**Yukuang Australia**”), which in turn owns 100% of the equity interest of Yukuang Australia (WA) Resources Pty Ltd (豫矿澳大利亚(西澳)资源有限公司) (“**Yukuang Australia Resources**”); and

- (d) the entire issued and paid-up share capital of Excel Leading (Hong Kong) Limited (卓俊(香港)有限公司) (“**Excel Leading**”), which in turn owns the following corporations:
- (i) 100% of the equity interest in Henan Zhuojun Mineral Products Trading Co., Ltd (河南卓俊矿产品贸易有限公司) (“**Henan Zhuojun**”), which in turn owns 100% of the equity interest in Henan Zhuoxi Mineral Products Trading Co., Ltd (河南卓玺矿产品贸易有限公司) (“**Henan Zhuoxi**”). Henan Zhuoxi owns 100% of the equity interest in Xinjiang Zhuoxi Mineral Products Co., Ltd (新疆卓玺矿产品有限公司) (“**Xinjiang Zhuoxi**”) and 90% of the equity interest in Zhongneng Huicheng Power Resource Investment Co., Ltd (中能辉诚新能源投资有限公司) (“**Zhongneng Huicheng**”) and Xinjiang Zhuoxi owns the remaining 10% of the equity interest in Zhongneng Huicheng; and
  - (ii) 100% of the equity interest in Zhengzhou Jungang Trading Co., Ltd (郑州俊港商贸有限公司) (“**Zhengzhou Jungang**”),

(the Target Company and the Target Subsidiaries collectively, the “**Target Group**” or the “**Target Group Companies**”).

A diagrammatic representation of the shareholding of the Target Group following completion of the Restructuring Exercise is set out in **Appendix B** of this Announcement.

The Target Group is in the business of exploration and mining of minerals and resources, including but not limited to iron ore, niobium-tantalum, tin and copper.

Based on the information provided by the Vendors, brief information on the Target Subsidiaries as at the date of this Announcement is as follows:

| No. | Name of Company             | Date and Place of Incorporation              | Principal Activity  |
|-----|-----------------------------|--|---|
| 1.  | Yukuang Nigeria             | 26 November 2012 /<br>British Virgin Islands | Investment holding  |
| 2.  | Broadtek Tajikistan         | 7 April 2011 /<br>Tajikistan                 | Exploration, mining, processing,<br>import and export of minerals |
| 3.  | Yukuang Mujistone           | 5 November 2013 /<br>British Virgin Islands  | Investment holding  |
| 4.  | Henan Goldenstone           | 30 December 2008 /<br>Nigeria                | Exploration, mining, processing,<br>import and export of minerals |
| 5.  | Yukuang Australia           | 12 July 2012 /<br>British Virgin Islands     | Investment holding  |
| 6.  | Yukuang Australia Resources | 23 October 2012 /<br>Australia               | Exploration, mining, processing,<br>import and export of minerals |
| 7.  | Excel Leading               | 3 November 2010 /<br>Hong Kong               | Investment holding  |
| 8.  | Henan Zhuojun               | 21 September 2011 /<br>PRC                   | Investment holding  |
| 9.  | Zhengzhou Jungang           | 13 September 2011 /<br>PRC                   | Investment holding  |

|     |                    |                           |   |
|-----|--------------------|---------------------------|---|
| 10. | Henan Zhuoxi       | 4 November 2011 /<br>PRC  | Investment holding  |
| 11. | Xinjiang Zhuoxi    | 25 November 2011 /<br>PRC | Exploration, mining, processing,<br>import and export of minerals |
| 12. | Zhongneng Huicheng | 24 July 2008 /<br>PRC     | Investment holding  |

### 2.3 Information on the Target Mines

Following the completion of the Restructuring Exercise, the Target Group will have interests, including exploration and/or mining permits/licences/concessions, in the following mines:

- (i) 100% interest in a tantalum-niobium mine located at the boundary of Bauchi State and Plateau State of Nigeria, covering an area of approximately 79.2 sq km ("**Target Mine 1**");
- (ii) 100% interest in a tin-copper mine located approximately 76 km of Pentti Gio Kent, Tajikistan, covering an area of approximately 13.6 sq km ("**Target Mine 2**");
- (iii) 53% participating interest in a joint venture that holds the rights to explore for iron ore within an exploration licence which is located approximately 50 km south of Olary, South Australia, covering an area of approximately 280.0 sq km ("**Target Mine 3**");
- (iv) 100% interest in an iron ore mine located in Tajik Autonomous County of Kuergan, Xinjiang, the PRC, covering an area of approximately 13.1 sq km ("**Target Mine 4**"); and
- (v) 100% interest in an iron ore mine located in Tajik Autonomous County of Kuergan, Xinjiang, the PRC, covering an area of approximately 18.4 sq km ("**Target Mine 5**"),

(collectively, the "**Target Mines**").

As at the date of this Announcement, save for the mining permit issued on 29 August 2011 and expiring on 9 April 2021 in respect of Target Mine 2, the remaining Target Mines have not obtained mining permits/licences/concessions.

### 2.4 Information on the Disposal Group

Elegant Jade, a wholly-owned subsidiary of the Company, is an investment holding company incorporated in the British Virgin Islands. As at the date of this Announcement, Elegant Jade has an issued and paid-up share capital of US\$15,000 comprising 15,000 ordinary shares of US\$1.00 each.

As at the date of this Announcement, Elegant Jade owns the following corporations (collectively, the "**Elegant Jade Subsidiaries**" and each, an "**Elegant Jade Subsidiary**"):

- (a) 100% of the equity interest of Xinxiang Huilong Real Estate Co., Ltd (新乡辉龙置业有限公司) ("**Xinxiang Huilong**") which in turn owns 30% of the equity interest of Henan Zhongneng Mining Co., Ltd (河南中能矿业有限公司) ("**Henan Zhongneng**") and 30% of the equity interest of Beijing Zhongneng Mining Co., Ltd (北京中能矿业有限公司) ("**Beijing Zhongneng**");
- (b) 100% of the equity interest of Henan Sunshine Elegant Jade Real Estate Co., Ltd (河南阳光美基置业有限公司) ("**Henan Sunshine**"), which owns 70% of the equity interest of Henan Zhongneng, 70% of the equity interest of Beijing Zhongneng and

100% of the equity interest of Zhengzhou Elegant Jade Changqi Investment Co., Ltd (郑州美基昌奇投资有限公司) (“**Zhengzhou Elegant Jade**”);

(c) 50% of the equity interest of Tian Cheng Holdings Limited (天晟控股有限公司) (“**Tian Cheng**”), which in turn owns 100% of the equity interest of Zhengzhou Wei Jing Trading Co., Ltd (郑州维景商贸有限公司) (“**Zhengzhou Wei Jing**”), which in turn owns:

(i) 100% of the equity interest of Zhengzhou Mai Yong Trading Co., Ltd (郑州迈永商贸有限公司) (“**Zhengzhou Mai Yong**”), which in turn owns 99.9% of the equity interest of Luan Chuan County Zhong Tian Mineral Resources Co., Ltd (栾川县中天矿业有限公司) (“**Luan Chuan County Zhong Tian**”); and

(ii) 100% of the equity interest of Zhengzhou Bi Di Trading Co., Ltd (郑州必砥商贸有限公司) (“**Zhengzhou Bi Di**”), which in turn owns 100% of the equity interest of Xinjiang Feng Shuo Mineral Resources Co., Ltd (新疆丰硕矿业有限公司) (“**Xinjiang Feng Shuo**”),

(collectively, the “**Existing Iron Ore Interests**”);

(d) 100% of the equity interest of Whitewood Property Corp. (辉活房地产有限公司) (“**Whitewood Property**”); and

(e) 100% of the equity interest of Zhengzhou Shengderun Mining Co., Ltd (郑州盛德润矿业有限公司) (formerly known as Anyang Huilong Real Estate Co., Ltd (安阳辉龙房地产有限公司)) (“**Zhengzhou Shengderun**”),

(Elegant Jade and the Elegant Jade Subsidiaries collectively, the “**Disposal Group**” or the “**Disposal Group Companies**”).

Please refer to **Appendix C** for the diagrammatic representation of the shareholding of the Disposal Group as at the date of this Announcement.

The Disposal Group constitutes the entire existing business of the Group, namely property development and mining. As at the date of this Announcement, the underlying assets of the Disposal Group comprise:

(a) the completed residential units of Xinxiang Sunny Town Project (新乡阳光新城项目) located at Xinxiang New District, Western District of Xinxiang, Henan Province, the PRC; and

(b) the exploration rights over an iron ore mine located at Ruo Qiang county, Xinjiang province, the PRC (“**Xinjiang Iron Ore Mine**”) and the exploration rights over an iron ore mine located at Wang Ping village, Luan Chuan county, Henan province, the PRC (“**Henan Iron Ore Mine**”), which Elegant Jade co-owned with an unrelated third party, Mr Leong Chi Seng (梁志成) (“**Mr Leong**”) through a 50:50 joint venture (collectively, the “**Existing Mines**”).

Brief information on the Elegant Jade Subsidiaries (based on the unaudited management accounts of the respective Elegant Jade Subsidiaries as at 31 December 2013) is as follows:

| No. | Name of Company              | Issued and paid-up capital | Proportion owned by Elegant Jade (directly or indirectly) | Principal Activity   |
|-----|------------------------------|----------------------------|---|--|
| 1.  | Xinxiang Huilong             | RMB50.0 million            | 100%  | Property development and investment holding  |
| 2.  | Henan Zhongneng              | RMB1.0 million             | 100%  | Selling and distribution of various types of minerals and investment holdings                |
| 3.  | Beijing Zhongneng            | RMB1.0 million             | 100%  | Selling and distribution of non-ferrous metal minerals and provision of consultancy services |
| 4.  | Henan Sunshine               | RMB302.9 million           | 100%  | Property development and investment holding  |
| 5.  | Zhengzhou Elegant Jade       | RMB10.0 million            | 100%  | Dormant  |
| 6.  | Tian Cheng                   | RMB6.5                     | 50%   | Investment holding   |
| 7.  | Zhengzhou Wei Jing           | RMB819,000                 | 50%   | Investment holding   |
| 8.  | Zhengzhou Mai Yong           | RMB1.0 million             | 50%   | Investment holding   |
| 9.  | Luan Chuan County Zhong Tian | RMB5.0 million             | 50%   | Exploration and mining   |
| 10. | Zhengzhou Bi Di              | RMB1.0 million             | 50%   | Investment holding   |
| 11. | Xinjiang Feng Shuo           | RMB500,000                 | 50%   | Exploration and mining   |
| 12. | Whitewood Property           | RMB7.8                     | 100%  | Dormant  |
| 13. | Zhengzhou Shengderun         | RMB50.0 million            | 100%  | Dormant  |

Based on the unaudited consolidated management accounts of the Disposal Group as at 31 December 2013, the consolidated net asset value (“NAV”) of the Disposal Group is RMB353,120,000.

## 2.5 Key terms of the Proposed Acquisition

### 2.5.1 Sale and Purchase of the Sale Shares

On and subject to the terms and conditions of the Sale and Purchase Agreement, the Company will acquire from the Vendors the number of Sale Shares (and not part thereof only) shown opposite their respective names in **Appendix A** of this Announcement, free from all encumbrances and with the benefit of all rights, advantages, benefits and entitlements attaching and accruing thereto as at the date of the Sale and Purchase Agreement and thereafter (including the right to any dividends or other distributions declared and payable thereon on or after the date of the Sale and Purchase Agreement).

### 2.5.2 Purchase Consideration

The parties agree that the aggregate consideration for the sale of the Sale Shares to the Purchaser shall be the Purchase Consideration, being S\$1,001,447,532.

The Purchase Consideration of S\$1,001,447,532 was arrived at on a willing-buyer and willing-seller basis after taking into account, *inter alia*, the preliminary findings from the following independent valuers (collectively, the “**Independent Valuers**”) appointed for the purposes of conducting independent valuation on the Target Mines:

- (a) in relation to Target Mine 1 and Target Mine 2, Roma Appraisals Limited;
- (b) in relation to Target Mine 3, SRK Consulting (Australasia) Pty Ltd; and
- (c) in relation to Target Mine 4 and Target Mine 5, SRK Consulting (China) Ltd.

The Independent Valuers will prepare the valuation reports in respect of the relevant Target Mines in accordance with the requirements for mineral, oil and gas companies set out in the Listing Manual.

**The Purchase Consideration may be adjusted.** If the final valuation of the Target Mines in the valuation reports prepared by the Independent Valuers results in a variance of valuation of an aggregate of more than five (5)% from the preliminary findings used in arriving at the Purchase Consideration, the amount payable to each of the Vendors shall be proportionately adjusted or in such other manner as may be mutually agreed in writing between the Parties in good faith on or before Completion (as defined below).

The Purchase Consideration will be satisfied as follows:

- (a) In relation to an aggregate of S\$490,709,290 payable to GT and subject to any adjustment,
  - (i) as to S\$73,413,648, through the transfer to GT or its nominee(s) of 15,000 ordinary shares of US\$1.00 each representing 100% of the total issued and paid-up share capital of Elegant Jade (“**Disposed Shares**”) held by the Company at an aggregate consideration of RMB353,120,000, being the NAV of the Disposal Group as at 31 December 2013 based on the unaudited consolidated management accounts of the Disposal Group as at 31 December 2013 (equivalent to S\$73,413,648, based on the agreed exchange rate of RM1.00:S\$0.2079) (“**Disposal Consideration**”). Please refer to paragraph 2.4 above for further information on the Disposal Group; and
  - (ii) the remaining S\$417,295,642, through the allotment and issue of 4,636,618,249 new ordinary shares in the capital of the Company

("Consideration Shares") at an issue price of S\$0.09 for each Consideration Share ("Issue Price") on the completion of the sale and purchase of the Sale Shares under the Sale and Purchase Agreement ("Completion"), credited as fully paid.

- (b) In relation to an aggregate of S\$510,738,242 payable to CGE and subject to any adjustment, through the allotment and issue of 5,674,869,345 Consideration Shares at the Issue Price on Completion, credited as fully paid.

The Issue Price of S\$0.09 per Consideration Share represents a premium of 43.4% to the volume weighted average price of S\$0.06275 for each issued Share for trades transacted on the SGX-ST on 31 March 2014, being the full market day immediately preceding the date of the Sale and Purchase Agreement.

The Consideration Shares, when issued and allotted, shall rank *pari passu* in all respects with the then issued Shares save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Consideration Shares.

The Consideration Shares represent approximately (i) 878.7% of the Company's existing total number of issued Shares (excluding treasury Shares) as at the date of this Announcement and (ii) 89.8% of the Company's enlarged total number of issued Shares (excluding treasury Shares) upon Completion (assuming no further Shares are issued prior to Completion).

In the event that the Purchase Consideration is adjusted, appropriate adjustments will be made to the Issue Price and the number of Consideration Shares to be allotted and issued.

As the Purchaser's Due Diligence (as defined **Appendix D** of this Announcement) on the Target Group is still on-going, depending on the results of the due diligence, the parties agree to in good faith re-negotiate the terms of the Sale and Purchase Agreement (including the Purchase Consideration) and if necessary, to enter into supplemental agreements in due course.

### 2.5.3 Independent Qualified Person's Report

- (a) SRK Consulting (Australasia) Pty Ltd and Roma Oil and Mining Associates Limited were jointly appointed to prepare an independent qualified person's report on each of Target Mine 1 and Target Mine 2 in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves promulgated by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia ("**JORC Code**");
- (b) SRK Consulting (Australasia) Pty Ltd was appointed to prepare an independent qualified person's report on Target Mine 3 in accordance with the JORC Code; and
- (c) SRK Consulting (China) Ltd was appointed to prepare an independent qualified person's report on each of Target Mine 4 and Target Mine 5 in accordance with the JORC Code.

### 2.5.4 Disposal Consideration

In arriving at the Disposal Consideration, the Board took into account, *inter alia* the consolidated NAV of the Disposal Group as at 31 December 2013 of RMB353,120,000 (based on the unaudited consolidated management accounts of the Disposal Group as at 31 December 2013).

As the Purchase Consideration of the Proposed Acquisition is to be partially satisfied by transferring 100% of the equity interest in Elegant Jade held by the Company to GT, there are no sale proceeds arising from the Proposed Disposal.



As the Disposal Group Companies will be disposed off at their NAV, there is no gain or loss on disposal to the Group arising from the Proposed Disposal.

#### 2.5.5 Conditions Precedent, Long-stop Date and Completion

Completion is conditional upon the satisfaction (or waiver in accordance with the terms of the Sale and Purchase Agreement) on or before 30 June 2015 or such other date as the parties may mutually agree in writing ("**Long-stop Date**"), of certain conditions ("**Conditions Precedent**") as set out in **Appendix D** of this Announcement.

Completion is expected to take place within the time frame prescribed under the Sale and Purchase Agreement which, *inter alia*, will be no later than three (3) months from the fulfillment of the last Condition Precedent or such other date as may be agreed between the parties.

In the event that any of the Conditions Precedent set out in the Sale and Purchase Agreement is not fulfilled or waived on or before the Long-stop Date, the Sale and Purchase Agreement (save for certain specified clauses) shall lapse and cease to have further effect.

#### 2.5.6 Undertakings, Representations and Warranties

Each of the Company and the Vendors has also provided such undertakings, representations and warranties as are customary for transactions of this nature.

### 2.6 **Proposed Compliance Placement**

Subject to and on Completion, it is expected that the Vendors will hold (directly and indirectly) an aggregate of approximately 93.3% of the enlarged total number of issued Shares (excluding treasury Shares) of the Company. In that event, the Company will not comply with the minimum free float requirement under Rule 210(1)(a) of the Listing Manual. To meet such requirement, it is intended that the Company will carry out a compliance placement in the form of vendor sales of the then existing issued Shares of the Company and/or allotment of new Shares (together, the "**Compliance Placement Shares**") following completion of the Proposed Acquisition and the Proposed Disposal (the "**Proposed Compliance Placement**"). Shareholders should note that the terms of the Proposed Compliance Placement, if and when it occurs, would be driven by various factors, including without limitation, market conditions and prices. Further details on the Proposed Compliance Placement (if required) will be released in due course.

### 2.7 **Proposed Share Consolidation**

Under Rule 1015(3)(d) of the Listing Manual, the issue price of each Share is required to be at least S\$0.50. Accordingly, in conjunction with the Proposed Acquisition, the Company proposes to undertake a share consolidation (the "**Proposed Share Consolidation**") of such number of Shares into one (1) consolidated Share (the "**Consolidated Share**") to be determined by the Company's financial adviser, taking into account the requirement under Rule 1015(3)(d) of the Listing Manual.

### 2.8 **Moratorium**

Subject to any specific waiver to be obtained from the SGX-ST, each of the Vendors shall comply with any applicable moratorium requirements imposed by the SGX-ST.

### 2.9 **Proposed Waiver of a Mandatory General Offer**

Subject to and on Completion, the Vendors will hold (directly and indirectly) approximately 93.3% of the enlarged total number of issued Shares (excluding treasury Shares). Pursuant to Rule 14 of the Singapore Code on Take-overs and Mergers (the "**Code**"), the Vendors and parties acting in concert with them would be required to make a mandatory general offer for all the remaining Shares in issue not already owned or controlled by the Vendors and parties

acting in concert with them at the highest price paid or agreed to be paid by any of them for the Shares in the preceding six (6) months.

It is a condition precedent to the Proposed Acquisition that the Securities Industry Council (“SIC”) grants the Vendors and their concert parties, and does not revoke or repeal such grant, a waiver of their obligation to make a general offer under Rule 14 of the Code for all the Shares not owned or controlled by them and that independent Shareholders of the Company approve at a general meeting of the Company a whitewash resolution for the waiver of their right to receive such a mandatory general offer from the Vendors and their concert parties (the “Whitewash Resolution”).

## **2.10 Proposed Appointment of New Directors of the Company**

Under the terms of the Sale and Purchase Agreement, the Company has agreed to effect the resignation of certain existing directors of the Company, namely, Dong Lingling and Zhang Xiaoying and the appointment of such number of nominees of the Vendors as new directors of the Company on Completion. Information on such proposed appointments and service contracts (if any) will be set out in the circular to be despatched to the Shareholders in due course (“Circular”).

## **2.11 Post-Completion Group Structure**

The corporate structure of the enlarged group after Completion is set out in **Appendix E** of this Announcement.

## **3. RATIONALE FOR THE PROPOSED ACQUISITION AND THE PROPOSED DISPOSAL**

The Board is of the view that the Proposed Acquisition and the Proposed Disposal would be in the interests of the Company for the following reasons:

### **(a) Transform the Company into a pure mineral resource company**

The Board is of the view that the Proposed Acquisition and the Proposed Disposal allow the Group to consolidate and deploy resources more efficiently and to focus on the exploration, mining and trading of mineral resources which in turn will potentially provide it with a regular stream of revenue.

The Board believes that the continued economic growth and the rapid industrialisation and urbanisation in developing countries and regions such as India, South East Asia, Brazil, Russia and in particular, the PRC, will lead to an increase in the demand for mineral resources worldwide.

The Board believes that demand in the mineral resources sector, in particular, for iron ore, niobium-tantalum, tin and copper, will be strong as they are versatile metals and have a wide spectrum of applications spanning across various industries, including construction, electronics, transportation, high-tech and manufacturing industries.

Furthermore, given Henan Bureau’s considerable mining expertise and portfolio, the Board believes that the opportunities which the Henan Bureau may provide to the Group may be significant.

### **(b) Challenges faced by the existing business**

The Group has been incurring losses in its existing real estate development business and continues to face challenges in the future. The Group has also recorded an impairment loss on its investment in the Existing Mines due to the decline in the iron ore prices in 2013. The Group reported a net loss of approximately RMB154.7 million for the financial year ended 31 December 2012 and RMB199.2 million for the

financial year ended 31 December 2013 (based on the unaudited consolidated management accounts of the Group).

The Board expects the existing real estate development business to remain competitive and challenging in the near future due to a combination of higher land prices and austerity measures imposed by the PRC government in recent years.

CGE and Mr Leong have indicated to the Company that they are not sufficiently familiar with each other to be business partners in joint investments. Both parties consider this to be an important consideration. Accordingly, CGE and Mr Leong have reached a consensus that they would not at this moment be working together and have expressed the desire to have the Existing Mines excluded from the post-acquisition structure.

**(c) Enhance investment profile of the enlarged group**

Upon Completion, the Proposed Acquisition will have the potential to significantly increase the market capitalisation, as well as the value, of the Company and widen the investor base for the Shares. This would in turn enable the Company to attract more extensive analyst coverage, leading to an overall increase in investor interest and trading liquidity in the Shares.

**4. RELATIVE FIGURES AS SET OUT IN RULE 1006 OF THE LISTING MANUAL**

Based on the unaudited proforma consolidated management accounts of the Target Group for the financial year ended 31 December 2013 and the unaudited consolidated management accounts of the Group for the financial year ended 31 December 2013, the relative figures for the Proposed Acquisition and the Proposed Disposal computed on the bases set out in Rule 1006(a) to (e) of the Listing Manual are set out below.

**4.1 Proposed Acquisition**

The relative figures for the Proposed Acquisition as computed using the applicable bases of comparison set out in Rule 1006 of the Listing Manual are as follows:

| <b>Rule 1006</b> | <b>Basis</b>  | <b>Relative Figure</b>                     |
|------------------|---|--|
| (a)              | Net asset value of the assets to be disposed of compared to the Group's net asset value   | Not applicable to an acquisition of assets |
| (b)              | The unaudited consolidated net loss <sup>(1)</sup> of RMB16.2 million attributable to the Target Group for the financial year ended 31 December 2013, compared with the Group's latest announced unaudited consolidated net loss <sup>(1)</sup> of RMB145.8 million for the financial year ended 31 December 2013 | 11.1% <sup>(1)</sup>                       |
| (c)              | The aggregate value of the consideration for the Proposed Acquisition as compared with the Company's market capitalisation as at 31 March 2014, being the market day immediately preceding the date of the Sale and Purchase Agreement  | 1,360.0% <sup>(2)</sup>                    |
| (d)              | Number of Consideration Shares to be issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity securities of the Company previously in issue  | 878.7% <sup>(3)</sup>                      |

- (e) The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. Not applicable to an acquisition of assets

**Notes:**

- (1) Net loss is defined as loss before income tax, minority interests and extraordinary items.
- (2) Based on (i) the aggregate Purchase Consideration for the Proposed Acquisition of RMB4,817.0 million (equivalent to approximately S\$1,001.4 million) and (ii) the market capitalisation of approximately RMB360.3 million (equivalent to approximately S\$73.6 million) of the Company as at 31 March 2014. The market capitalisation of the Company is derived by multiplying the number of Shares in issue (excluding treasury Shares) by the volume weighted average price of S\$0.06275 on 31 March 2014 (being the market day immediately preceding the date of the Sale and Purchase Agreement) (Source: Bloomberg LP).
- (3) Based on the aggregate number of Consideration Shares to be issued as set out in paragraph 2.5.2 of this Announcement, being 10,311.5 million, and the issued share capital of the Company of 1,173.5 million Shares (excluding treasury Shares) as at 31 March 2014, being the market day immediately preceding the date of the Sale and Purchase Agreement.

As the relative figures under Rules 1006 (c) and (d) of the Listing Manual exceed 100%, and in view that the Vendors will hold (directly and indirectly) in aggregate 93.3% of the enlarged total number of issued Shares (excluding treasury Shares) of the Company following Completion, resulting in a change in control of the Company, the Proposed Acquisition constitutes a "Reverse Take-over Transaction" as defined under Chapter 10 of the Listing Manual and will be subject, *inter alia*, to the approval of Shareholders and the SGX-ST.

#### 4.2 Proposed Disposal

The relative figures for the Proposed Disposal as computed using the applicable bases of comparison set out in Rule 1006 of the Listing Manual are as follows:

| Rule 1006 | Basis  | Relative Figure       |
|-----------|--|-----------------------|
| (a)       | Unaudited net asset value <sup>(1)</sup> of the Disposal Group as at 31 December 2013, compared with the Group's latest announced unaudited consolidated net asset value as at 31 December 2013  | 100.2%                |
| (b)       | The unaudited consolidated net loss <sup>(2)</sup> of RMB138.8 million attributable to the Disposal Group for the financial year ended 31 December 2013, compared with the Group's latest announced unaudited consolidated net loss <sup>(2)</sup> of RMB145.8 million for the financial year ended 31 December 2013 | 95.2%                 |
| (c)       | The aggregate value of the consideration for the Proposed Disposal, compared with the Company's market capitalisation as at 31 March 2014, being the market day immediately preceding the date of the Sale and Purchase Agreement <sup>(3)</sup>   | 98.1%                 |
| (d)       | Number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue  | Not applicable        |
| (e)       | The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves.   | 100.0% <sup>(4)</sup> |

**Notes:**

- (1) Net asset value is defined as total assets less total liabilities. Based on (i) the unaudited consolidated net asset value of the Disposal Group of RMB353.1 million as at 31 December 2013; and (ii) the Group's latest announced unaudited consolidated net asset value of RMB352.4 million as at 31 December 2013.
- (2) Net loss is defined as loss before income tax, minority interests and extraordinary items.
- (3) Based on (i) the aggregate Disposal Consideration for the Proposed Disposal of RMB353.1 million and (ii) the market capitalisation of approximately RMB360.3 million (equivalent to approximately S\$73.6 million) of the Company as at 31 March 2014. The market capitalisation of the Company is derived by multiplying the number of shares in issue by the volume weighted average price of S\$0.06275 on 31 March 2014 (being the market day immediately preceding the date of the Sale and Purchase Agreement) (Source: Bloomberg LP).
- (4) The Disposal Group constitutes the entire existing business of the Group, namely property development and mining.

The relative figure under Rules 1006 (a) of the Listing Manual exceeds 100% due mainly to the net loss recognised by the Company for the financial year ended 31 December 2013.

As the relative figures under Rules 1006 (a), (b), (c) and (e) of the Listing Manual exceed 20%, the Proposed Disposal constitutes a "Major Transaction" as defined under Chapter 10 of the Listing Manual and will be subject to the approval of Shareholders. Completion of the Proposed Disposal is conditional upon, among other things, the approval of Shareholders being obtained for the Proposed Disposal and the Proposed Acquisition.

## **5. INTERESTED PERSON TRANSACTIONS**

### **5.1 Interested Person**

Mr Guo Yinghui is the Executive Chairman and a controlling shareholder of the Company holding approximately 34.24% of the Company's total number of issue Shares (excluding treasury Shares), and GT's ultimate shareholders are Mr Guo Yinghui and his wife. Pursuant to Chapter 9 of the Listing Manual, GT is regarded as an "interested person" and any transaction to be carried out by the Company with GT would constitute an "interested person transaction". Accordingly, the Proposed Acquisition and the Proposed Disposal would constitute interested person transactions under Chapter 9 of the Listing Manual. GT and its associates will abstain from voting on the resolutions to be tabled at an extraordinary general meeting of the Company to be convened to approve such transactions and shall decline to accept appointment as proxy to vote unless the Shareholders concerned shall have given specific instructions as to the manner in which his votes are to be cast at the meeting.

### **5.2 Materiality threshold under Chapter 9 of the Listing Manual**

As the Purchase Consideration for the Proposed Acquisition represents 950.0% of the latest consolidated audited net tangible assets of the Group as at 31 December 2012, the Proposed Acquisition will be subject to the approval of the Company's independent Shareholders.

As the Disposal Consideration for the Proposed Disposal represents 69.4% of the latest consolidated audited net tangible assets of the Group as at 31 December 2012, the Proposed Disposal will be subject to the approval of the Company's independent Shareholders.

### **5.3 Transactions with interested persons**

As at the date of this Announcement, there are no other interested person transactions entered into by the Group with GT or any other interested persons for the current financial year.

#### **5.4 Audit Committee's view**

The Audit Committee of the Company will be appointing an independent financial adviser to advise whether the Proposed Acquisition and the Proposed Disposal are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. The Audit Committee's view on the Proposed Acquisition and the Proposed Disposal will be set out in the Circular.

### **6. FINANCIAL INFORMATION OF THE TARGET GROUP**

#### **6.1 Target Group**

A summary of the financial information of the Target Group is set out in **Appendix F** of this Announcement.

#### **6.2 Proforma Enlarged Group**

A summary of the proforma financial information of the enlarged group is set out in **Appendix G** of this Announcement.

### **7. PROFORMA FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION AND THE PROPOSED DISPOSAL**

Please refer to **Appendix H** of this Announcement for certain proforma financial effects of the Proposed Acquisition and the Proposed Disposal.

### **8. FINANCIAL ADVISER**

The Company has appointed Canaccord Genuity Singapore Pte. Ltd. as its financial adviser in respect of the Proposed Acquisition, the Proposed Disposal and related transactions.

### **9. INDEPENDENT FINANCIAL ADVISER**

The Company will appoint an independent financial adviser to the directors of the Company who are deemed independent for the purposes of the Proposed Acquisition, the Proposed Disposal and the Whitewash Resolution, and their opinion will be set out in the Circular to be despatched to the Shareholders in due course.

The independent financial adviser will opine on, among other things, whether the Proposed Acquisition and the Proposed Disposal are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

### **10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

Save as disclosed in this Announcement, none of the Directors or Controlling Shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition and the Proposed Disposal (other than in his capacity as a director or shareholder of the Company).

### **11. RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Announcement (other than information relating to the Vendors, the

Target Group and the Target Mines, including in particular, paragraphs 2.1, 2.2 and 2.3 and **Appendix F** of this Announcement) and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Proposed Disposal, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading. Where information in this Announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Announcement in its proper form and context.

The Vendors collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Announcement (only in respect of information relating to the Vendors, the Target Group and the Target Mines) constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Proposed Disposal, the Company and its subsidiaries, and the Vendors are not aware of any facts the omission of which would make any statement in this Announcement misleading. Where information in this Announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Vendors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Announcement in its proper form and context.

## **12. CIRCULAR**

Subject to the SGX-ST's approval, the Circular containing further information on the Proposed Acquisition, the Proposed Disposal and such other transactions as contemplated in the Sale and Purchase Agreement, together with a notice of the extraordinary general meeting of the Company and enclosing the opinion of the independent financial adviser, will be despatched by the Company to Shareholders in due course.

## **13. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the Sale and Purchase Agreement will be made available for inspection during normal business hours at the registered office of the Company for a period of three (3) months from the date of this Announcement.

## **14. CAUTION IN TRADING**

**Shareholders are advised to exercise caution in trading their Shares. Completion of the Proposed Acquisition and the Proposed Disposal is subject to numerous conditions including the completion and satisfactory outcome of due diligence. There is no certainty or assurance as at the date of this Announcement that the Proposed Acquisition and the Proposed Disposal will be completed and/or that no changes will be made to the terms of the Sale and Purchase Agreement including, but not limited to, the Purchase Consideration. The Purchase Consideration took into consideration the preliminary findings from the Independent Valuers (which is subject to further adjustment, review and further work done) and is subject to adjustment as set out in paragraph 2.5.2. The Company will make the necessary announcements as and when there are further developments on the Proposed Acquisition and the Proposed Disposal.**

**Shareholders and potential investors are advised to read this Announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their legal, financial, tax or other professional advisers if they have any doubt about the actions they should take.**

By Order of the Board

Mr Libin  
Chief Executive Officer  
1 April 2014

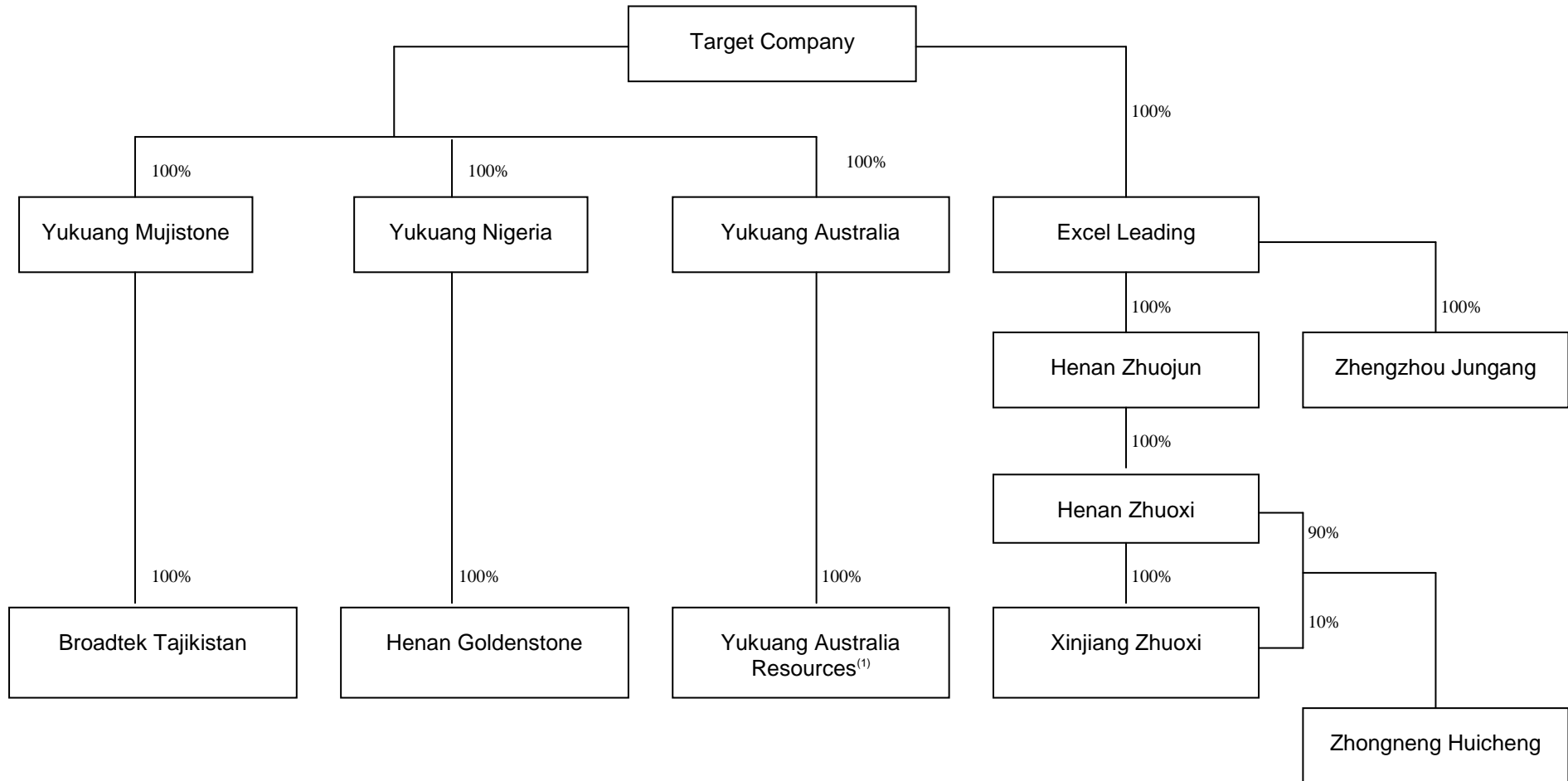


**Appendix A**

|    | <b>Name of Vendor</b>                         | <b>Number of Sale Shares held in the Target Company</b> | <b>Percentage of issued shares held in the Target Company</b> |
|----|---|---|---|
| 1) | China Geological Exploration Holdings Limited | 51  | 51%   |
| 2) | Guide True Limited                            | 49  | 49%   |
|    |   | <b>Total</b>  | <b>100%</b>   |

## Appendix B

### Diagrammatic representation of the Target Group

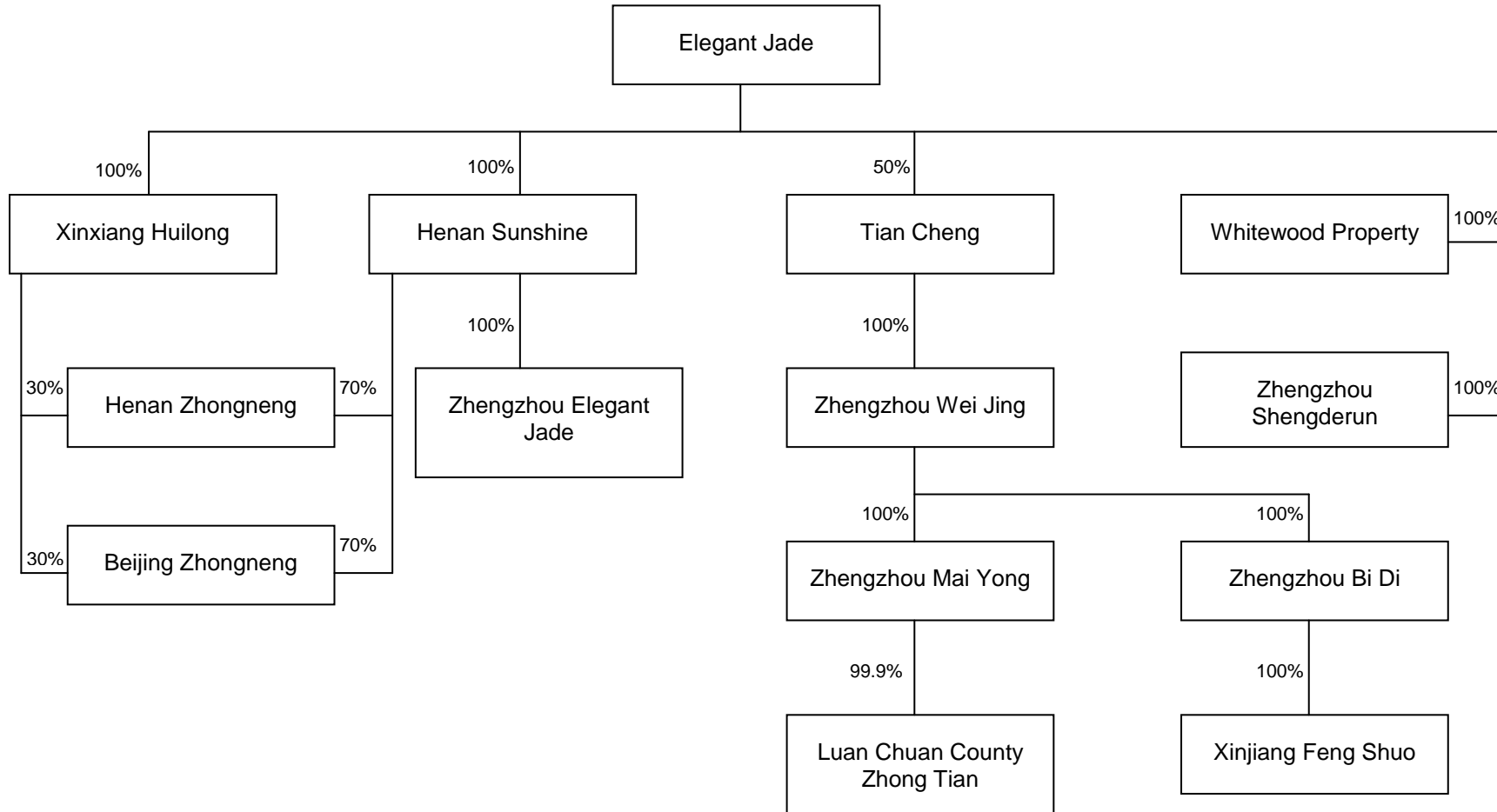


**Note:**

(1) Yukuang Australia Resources holds a 53% participating interest in a joint venture that holds the rights to explore for iron ore within an exploration licence which is located approximately 50 km south of Olary, South Australia, covering an area of approximately 280.0 sq km.

Appendix C

Diagrammatic representation of the Disposal Group



## Appendix D

### Conditions Precedent

Completion of the sale and purchase of the Sale Shares is conditional upon, *inter alia*, the following:

- (a) the approval of the Shareholders in a general meeting having been obtained for:
  - (i) the Proposed Acquisition and the Proposed Disposal including the allotment and issue of the Consideration Shares to the Vendors (or their nominees) and the transfer of the Disposed Shares to GT (or its nominees);
  - (ii) the Proposed Share Consolidation and the grant of a general mandate for the issue of the new Consolidated Shares;
  - (iii) the allotment and issue of the Compliance Placement Shares;
  - (iv) the increase in the authorised share capital of the Purchaser (if required);
  - (v) the appointment of such number of nominees of the Vendors as new directors of the Purchaser and the reconstitution of the board of directors of the Purchaser in accordance with the Vendors' instructions;
  - (vi) the Purchaser's change of auditors to KPMG LLP;
  - (vii) if necessary, the adoption of shareholders' mandate by the Shareholders for certain recurrent interested person transactions of a revenue or trading nature or those necessary for its day-to-day operations;
- (b) the approval of the independent Shareholders being obtained at a general meeting for the Whitewash Resolution;
- (c) the approval of the SGX-ST for the Proposed Acquisition and the Proposed Disposal, the clearance of the Circular by the SGX-ST and the issue of an in-principle approval from the SGX-ST for the listing and quotation of the Consideration Shares, the Compliance Placement Shares and the Consolidated Shares on the SGX-ST having been obtained and if such approval or issuance is subject to conditions, such conditions being reasonably acceptable to the Purchaser and if required by the SGX-ST, such conditions being fulfilled or satisfied before Completion, and such approval remaining in full force and effect;
- (d) the SIC having granted the Vendors and parties acting in concert with them a waiver of their obligation to make a mandatory offer under Rule 14 of the Code for the Shares not owned or controlled by the Vendors or parties acting in concert with them and from having to comply with the requirements of Rule 14 of the Code, subject to the passing of a Whitewash Resolution and such other conditions that the SIC may impose which are reasonably acceptable to the Purchaser;
- (e) all necessary approvals, consents, licences, permits, grants, waivers and exemptions (collectively, **Approvals**) for the Proposed Acquisition, the Proposed Disposal and any transactions contemplated under the Sale and Purchase Agreement including the Restructuring Exercise and to carry on the business of the Target Group being granted by third parties including all relevant government, governmental, quasi-governmental, supranational, statutory, regulatory, administrative, fiscal or judicial agency, authority, body, court, commission, department, exchange, tribunal or entity in Singapore, the British Virgin Islands, Cayman Islands, Hong Kong, the PRC, Australia, Tajikistan and Nigeria to the Vendors, the Purchaser, the Target Group Companies and/or parties involved in the Restructuring Exercise (as the case may be) and where any such Approval is subject to conditions, such conditions being reasonably acceptable to the Vendors and/or the Purchaser, as the case may be, and if such conditions are required to be fulfilled before

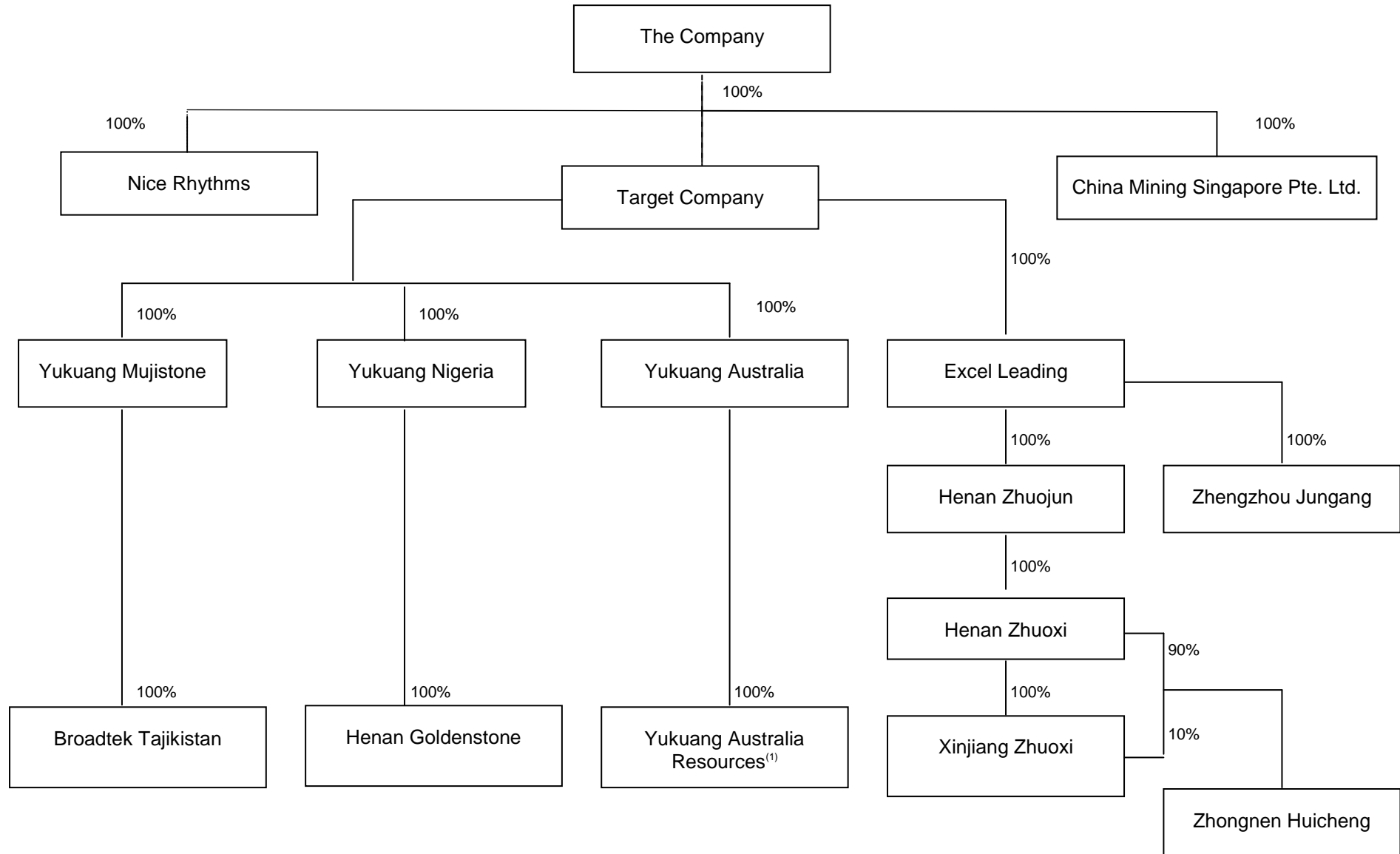
Completion, such conditions being fulfilled before Completion, and such Approvals remaining in full force and effect;

- (f) the purchase and transfer of the Sale Shares and the Disposed Shares upon the terms and conditions of the Sale and Purchase Agreement not being prohibited or restricted by any statute, order, rule, regulation, directive, guideline or request (whether or not having the force of law) promulgated by any legislative, executive or regulatory body or authority of Singapore, the British Virgin Islands, Cayman Islands, Hong Kong, the PRC, Australia, Tajikistan and Nigeria;
- (g) all necessary bank consents and other consents and other approvals (including all transactions contemplated by the Sale and Purchase Agreement) having been obtained on terms and conditions acceptable to the Purchaser for the sale and purchase of the Sale Shares and the Disposed Shares such that Completion will not constitute an event of default or a breach, or result in the acceleration of indebtedness, or constitute or give rise to a prescribed event or a change in condition or position or otherwise, under the terms of any indebtedness or otherwise whatsoever at the date of Completion in respect of any Target Group Company or Disposal Group Company to or with any bank, financial institution, third party or authority;
- (h) the Purchaser and its professional advisers having undertaken and having completed its due diligence investigations in respect of each of the Target Group Companies, including but not limited to the affairs, operations, businesses, assets, liabilities (including tax liabilities), contracts, financial condition, accounts, results, prospects and the legal, accounting, financial and tax affairs of the Target Group Companies (**Purchaser's Due Diligence**), and the results of such due diligence investigations being satisfactory to the Purchaser in its absolute discretion;
- (i) the Purchaser being satisfied with the outcome of the independent qualified person's reports and the valuation reports in respect of each of the Target Mines;
- (j) the Purchaser having obtained respective legal opinion(s) from legal counsels of the British Virgin Islands, Cayman Islands, Hong Kong, the PRC, Australia, Tajikistan and Nigeria and/or any other jurisdiction acceptable to the Purchaser and relating to the Vendors, the Sale and Purchase Agreement and the transactions contemplated by the Sale and Purchase Agreement including but not limited to the following:
  - (i) that the sale and purchase of the Sale Shares and the Disposed Shares upon the terms and conditions of the Sale and Purchase Agreement is (A) legal, valid and binding against each of the Vendors and enforceable in accordance with its terms and (B) not being prohibited or restricted by any statute, order, rule, regulation, directive, guideline or request (whether or not having the force of law) promulgated by any legislative, executive or regulatory body or authority in the relevant jurisdictions;
  - (ii) that none of the Vendors is entitled to immunity on the grounds of sovereignty or otherwise from any legal action or proceeding which shall include suit, attachment prior to judgment, execution or other enforcement; and
  - (iii) that no consent, approval, waiver or order of any governmental, regulatory or judicial body or court of the relevant jurisdictions is required to enable the Vendors to enter into or observe or perform their respective obligations under the Sale and Purchase Agreement;
- (k) the Vendors' disclosure letter (if any) being to the satisfaction of the Purchaser in its absolute discretion;
- (l) there not having been at any time prior to or on Completion the occurrence of any of the following events:

- (i) compulsory acquisition or notice of compulsory acquisition or intended acquisition of land affecting or which may affect the exploration and/or mining of any of the Target Mines (in whole or in part);
  - (ii) withdrawal of approval or additional restriction/condition on any of the exploration and/or mining permits/licences/concessions and/or any other approval, permit, consent, certificate, waiver, or notice or intention of such withdrawal of approval or additional restriction/condition which may adversely affect the exploration and/or mining of any of the Target Mines (in whole or in part);
  - (iii) liquidation, bankruptcy or insolvency of the Vendors or any of the Target Group Companies;
  - (iv) termination of any part of the business of any of the Target Group Companies;
  - (v) appointment of any assignee, receiver or liquidator for any part of the assets or business of any of the Vendors or of any of the Target Group Companies; or
  - (vi) attachment, sequestration, execution or seizure of any part of the assets of any of the Vendors or of any of the Target Group Companies;
  - (vii) Material Adverse Change to any of the Target Mines on which the exploration and/or mining activities are or will be carried out by the Target Group. For this purpose, **Material Adverse Change** means any change which causes a material or substantial part of any of the Target Mines to be inaccessible, unfit, hazardous or commercially infeasible for exploration and/or mining;
- (m) the Restructuring Exercise having been completed to the satisfaction of the Purchaser in its absolute discretion and remaining in full force and effect and not be amended, modified or varied; and
- (n) the Purchaser having obtained such undertakings and/or agreements from each of the Vendors as may be required by the Purchaser and/or SGX-ST, such terms being satisfactory to the Purchaser in its absolute discretion and having been validly entered into on or before Completion (and remaining in full force and effect as at Completion).

## Appendix E

### Post-Completion Group Structure



**Note:**

(1) Yukuang Australia Resources holds a 53% participating interest in a joint venture that holds the rights to explore for iron ore within an exploration licence which is located approximately 50 km south of Olary, South Australia, covering an area of approximately 280.0 sq km.

## Appendix F

### Financial information of the Target Group

A summary of the unaudited combined income statements of the Target Group based on the unaudited management accounts for the last three (3) financial years ended 31 December 2013 is set out below:

| <b>Income Statement</b> | <b>Financial year ended</b> |                         |                         |
|-------------------------|-----------------------------|-------------------------|-------------------------|
|                         | <b>2013<br/>RMB'000</b>     | <b>2012<br/>RMB'000</b> | <b>2011<br/>RMB'000</b> |
| Revenue                 | -                           | -                       | -                       |
| Loss before income tax  | 16,237                      | 5,140                   | 980                     |
| Net loss for the year   | 16,243                      | 5,140                   | 980                     |

A summary of the unaudited consolidated balance sheet of the Target Group based on the unaudited management accounts as at 31 December 2011, 31 December 2012 and 31 December 2013 is set out below:

| <b>Balance Sheet</b>   | <b>As at</b>                        |                                     |                                     |
|------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
|                        | <b>31 December 2013<br/>RMB'000</b> | <b>31 December 2012<br/>RMB'000</b> | <b>31 December 2011<br/>RMB'000</b> |
| Total assets           | 461,245                             | 398,674                             | 290,726                             |
| Total liabilities      | 90,440                              | 3,258                               | 1,490                               |
| <b>Net asset value</b> | <b>370,805</b>                      | <b>395,416</b>                      | <b>289,236</b>                      |



## Appendix G

### Financial information of the Proforma Enlarged Group

A summary of the unaudited proforma combined income statement and balance sheet of the enlarged group following the Proposed Acquisition and the Proposed Disposal is set out below and has been prepared based on the unaudited management accounts and on the following assumptions:

- (a) the Proposed Acquisition and the Proposed Disposal had been completed on 1 January 2013 for the proforma income statement of the enlarged group;
- (b) the Proposed Acquisition and the Proposed Disposal had been completed on 31 December 2013 for the proforma balance sheet;
- (c) no expenses resulting from the Proposed Acquisition and the Proposed Disposal have been taken into consideration;
- (d) there is no adjustment to the Purchase Consideration;
- (e) the aggregate 10,311,487,594 Consideration Shares were issued at the Issue Price of S\$0.09 for each Consideration Share; and
- (f) the final value of the goodwill and/or intangible asset arising from the Proposed Acquisition and the Proposed Disposal will be subject to adjustment upon the purchase price allocation.

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#### Income Statement

**After the  
Proposed  
Acquisition and  
the Proposed  
Disposal  
for financial year  
ended 31  
December 2013**

---

**RMB'000**

|                        |        |
|------------------------|--------|
| Revenue                | -      |
| Loss before income tax | 23,170 |
| Net Loss for the year  | 23,176 |

---

#### Balance Sheet

**After the  
Proposed  
Acquisition and  
the Proposed  
Disposal  
as at 31 December  
2013**

---

**RMB'000**

|                        |                  |
|------------------------|------------------|
| Total assets           | 4,779,013        |
| Total liabilities      | 100,021          |
| <b>Net asset value</b> | <b>4,678,992</b> |

## Appendix H

### Proforma Financial Effects of the Proposed Acquisition and the Proposed Disposal

The proforma financial effects of the Proposed Acquisition and the Proposed Disposal on the Group are set out below. The objective is to illustrate what the historical information might have been had the Proposed Acquisition and the Proposed Disposal been completed at an earlier date. However, such information is not necessarily indicative that the results of operations or the financial position as illustrated would have been attained had the Proposed Acquisition and the Proposed Disposal been completed at an earlier date. The proforma financial effects are based on the unaudited consolidated management accounts of the Group for the financial year ended 31 December ("FY") 2013 and the unaudited proforma consolidated management accounts of the Group for FY2013. For the purpose of illustrating the financial effects of the Proposed Acquisition and the Proposed Disposal, the financial effects are based on, *inter alia*, the following assumptions:

- (a) the Group's proforma earnings and earnings per Share were computed assuming that the Proposed Acquisition and the Proposed Disposal were completed on 1 January 2013;
- (b) the Group's proforma share capital and net asset value were computed assuming that the Proposed Acquisition and the Proposed Disposal were completed on 31 December 2013;
- (c) the aggregate 10,311,487,594 Consideration Shares were issued at the Issue Price of S\$0.09 for each Consideration Share on 1 January 2013;
- (d) there is no adjustment to the Purchase Consideration; and
- (e) the purchase price allocation has not been taken into account.

#### Share Capital

| <b>As at 31 December 2013</b>  | <b>No. of Shares</b>                         | <b>S\$'000</b> |
|--|--|----------------|
| Issued and paid-up share capital before the Proposed Acquisition and the Proposed Disposal (par value of S\$0.001 per Share) | 1,173,508,000<br>(excluding treasury Shares) | 1,173.5        |
| Add: Issue of Consideration Shares (par value of S\$0.001 per Share)   | 10,311,487,594                               | 10,311.5       |
| Issued and paid-up share capital after the Proposed Acquisition and the Proposed Disposal                                    | 11,484,995,594                               | 11,485.0       |

Loss per Share

|   | <b>Before the Proposed Acquisition and the Proposed Disposal</b> | <b>After the Proposed Acquisition and the Proposed Disposal</b> |
|---|--|---|
| Loss after tax for FY2013 (RMB'000)                           | (154,686)  | (23,176)  |
| Weighted average number of Shares (excluding treasury shares) | 1,173,508,000  | 11,484,995,594  |
| Loss per Share (Singapore cents) <sup>(1)</sup>               | (2.67)   | (0.04)  |

**Note:**

- (1) Calculated based on the average exchange rate for financial year ended 31 December 2013 at S\$1.00:RMB4.94

Net Assets Value ("NAV")

|                                      | <b>Before the Proposed Acquisition and the Proposed Disposal</b> | <b>After the Proposed Acquisition and the Proposed Disposal</b> |
|--------------------------------------|--|---|
| NAV as at 31 December 2013 (RMB'000) | 352,357  | 4,678,992   |
| Number of Shares                     | 1,173,508,000  | 11,484,995,594  |
| NAV per Share (Singapore cents)      | 6.24   | 8.47  |

**Note:**

- (1) Calculated based on the exchange rate as at 31 December 2013 of S\$1.00:RMB4.81