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**YUE DA MINING HOLDINGS LIMITED**  
**悦達礦業控股有限公司**

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

**(stock code: 629)**

**MAJOR TRANSACTION:**  
**PROPOSED INVESTMENT IN A VIETNAM JOINT VENTURE COMPANY**  
**BY**  
**(1) SUBSCRIPTION OF SHARES; AND**  
**(2) ADVANCE OF LOAN**

The Company intends to make investment in the Proposed Project, whose operating subsidiaries will be principally engaged in the processing and exporting titanium slags in Vietnam. On 21 January 2013, YDM, a wholly owned subsidiary of the Company, entered into (i) the Subscription Agreement; (ii) the Loan Agreement; and (iii) the Call Option Deed for the purpose of making its investment in the Proposed Project.

Please refer to the corporate chart in the main text of this announcement for the shareholding relationship of the Target Group as at the date of this announcement.

**SUBSCRIPTION AGREEMENT**

Pursuant to the Subscription Agreement, upon Subscription Completion, (i) YDM shall subscribe 60% of the issued share capital in Everwise (as enlarged by the issue of the Subscription Shares) at US\$6 million; and (ii) New Aims shall subscribe 40% of the issued share capital in Everwise (as enlarged by the issue of the Subscription Shares) at US\$4 million.

**LOAN AGREEMENT**

Pursuant to the Loan Agreement, YDM (as lender) has agreed to grant to Mineral Land (as borrower) a term loan facility up to US\$16 million for a term of one year, which carries a fixed-sum interest of US\$1 million.

**CALL OPTION DEED**

Pursuant to the Call Option Deed, Solid Success has agreed to grant to YDM the Call Option to require Solid Success to sell (i) the entire issued share capital of Mineral Land and (ii) the benefit of the ML Shareholder's Loan at not more than the Option Share Price in accordance with the terms of the Call Option Deed.

## **IMPLICATION UNDER THE LISTING RULES**

The transactions contemplated under each of the Subscription Agreement and the Loan Agreement are related and thus should be treated as if they were one transaction under Rule 14.22 and 14.23 of the Listing Rules. As a result of such aggregation, the applicable percentage ratios for the aggregated transactions under the Subscription Agreement and Loan Agreement (“**Aggregated Transactions**”) is more than 25% but less than 100%. The Aggregated Transactions accordingly constitute a major transaction for the Company under Chapter 14 of the Listing Rules, which is subject to the reporting, announcement and Shareholders’ approval requirements.

### **GENERAL**

The EGM will be convened at which resolution(s) will be proposed to seek the approval of the Shareholders for the transactions contemplated under the Subscription Agreement and the Loan Agreement. In accordance with the Listing Rules, any vote at the EGM shall be taken by poll.

A circular containing, among other things, details of the Proposed Investment in the Proposed Project, the Transaction Documents and the transactions as contemplated thereunder, together with notice convening the EGM will be despatched to Shareholders on or before 14 February 2013.

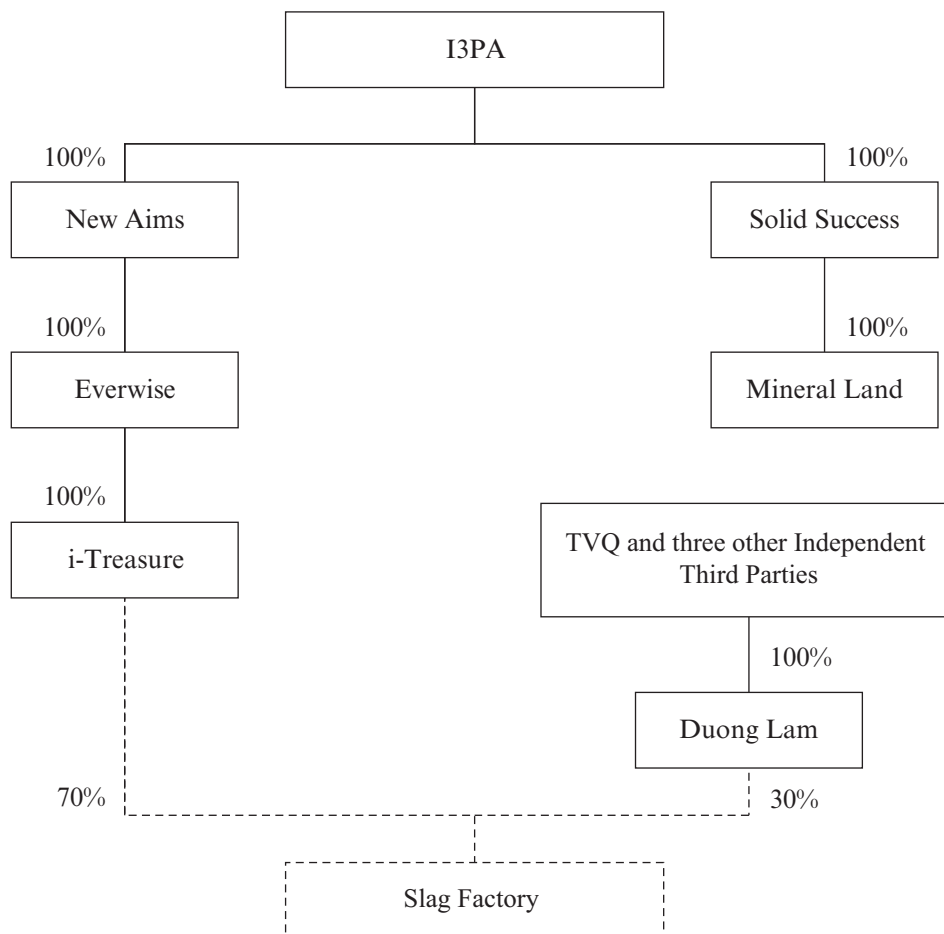
## **INTRODUCTION**

The Company proposes to make investment in the Target Group for the acquisition of interest in a Vietnamese company (namely, Slag Factory) which in turn will establish a factory for the purpose of the Proposed Project. The principal activities of Slag Factory will be the processing and exporting of titanium slags in Vietnam.

On 18 January 2013, i-Treasure and Duong Lam (both being Independent Third Parties at the relevant time) entered into the SF JV Agreement, pursuant to which the parties agreed to establish Slag Factory in accordance with the terms and conditions therein.

On 21 January 2013 (after trading hours), YDM (being a wholly owned subsidiary of the Company) entered into (i) the Subscription Agreement; (ii) the Loan Agreement; and (iii) the Call Option Deed for the purpose of making its investment in the Proposed Project (“**Proposed Investment**”).

The following corporate chart depicts the shareholding structure of the Target Group as at the date of this announcement:



*Notes*

- (1) Under the SF JV Agreement, Slag Factory has been agreed to be established upon the issue of the Business Registration Certificate which is expected to be available in around February 2013.
- (2) On 18 January 2013, Mineral Land (as purchaser) and TVQ (as vendor, who is an individual) entered into the Duong Lam SP Agreement, pursuant to which Mineral Land agreed to purchase and TVQ (as authorised by the DL Selling Shareholders) agreed to sell 60% charter capital in Duong Lam. Completion of the Duong Lam SP Agreement will take place simultaneously with Option Acquisition Completion.

**SUBSCRIPTION AGREEMENT**

**Date**

21 January 2013

**Parties**

- (a) YDM as subscriber;
- (b) Everwise, a wholly owned subsidiary of New Aims; and
- (c) New Aims as subscriber and warrantor.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, Everwise, New Aims and its ultimate beneficial owner I3PA are Independent Third Parties. New Aims is a BVI company which is principally engaged in investment holding.

As at the date of this announcement, Everwise has an authorised share capital of US\$50,000 divided into 50,000 shares, of which 10 shares have been issued and are fully paid up and beneficially owned by New Aims.

### **Subscription**

Pursuant to the Subscription Agreement, upon Subscription Completion, (i) YDM shall subscribe the YDM Subscription Shares (representing 60% of the issued share capital in Everwise as enlarged by the issue of the Subscription Shares) at the Subscription Price (i.e. US\$6 million); and (ii) New Aims shall subscribe the NA Subscription Shares (together with the 10 Everwise Shares held by New Aims as at the date of this announcement, representing 40% of the issued share capital in Everwise as enlarged by the issue of the Subscription Shares) at US\$4 million.

### **Subscription Price payable by YDM**

The Subscription Price for the YDM Subscription Shares payable by YDM shall be US\$6 million.

Pursuant to the Subscription Agreement, YDM has agreed to pay an amount of US\$6 million (the "**Subscription Deposit**") to Everwise by transferring the same amount of money to a bank account jointly maintained by YDM and New Aims, which is operated by joint signatories of the authorised representatives of each of YDM and New Aims, on or before 31 January 2013, provided that New Aims has also transferred US\$4 million to such joint bank account on or before 31 January 2013.

If the Subscription Agreement is rescinded or otherwise terminated in accordance with its terms and conditions, then (without prejudice to any other remedies available to any party thereto) the Subscription Deposit in its entirety shall be repaid to YDM within seven business days from the date of lapse or termination of the Subscription Agreement.

Upon Subscription Completion, Everwise shall apply the Subscription Deposit in its entirety toward satisfaction of payment of the Subscription Price.

All the subscription monies to be paid by YDM and New Aims for the respective Subscription Shares being an aggregate of US\$10 million will be used as payment by i-Treasure (being a wholly owned subsidiary of Everwise) as deposit for the Initial Charter Capital (as defined below) of Slag Factory (upon its establishment) in accordance with the SF JV Agreement (among which US\$3 million will be further advanced as a loan by i-Treasure to Duong Lam for Duong Lam's contribution to the Initial Charter Capital of Slag Factory, please refer to the paragraph headed under "Charter capital of Slag Factory"). This amount of US\$10 million will be used as initial investment capital of the Proposed Project. Accordingly, the Subscription Price was determined on the basis of the respective proportion of YDM in Slag Factory for the purpose of implementing the Proposed Project after arm's length negotiations between the parties to the Subscription Agreement. As such, the Directors consider that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## Conditions precedent of the Subscription Completion

Subscription Completion is subject to the following conditions:

- (a) YDM being satisfied with the results of due diligence review and investigation of the Everwise Group (including but not limited to the ownership, assets, liabilities, activities, operations, prospects, financial condition, contracts, commitments, business and affairs of the Everwise Group) as it may consider appropriate;
- (b) YDM having received a copy of each of the legal opinions, in form and substance satisfactory to the YDM, to be issued by (i) a firm of lawyers designated by the YDM in the BVI and covering such matters including but not limited to the legality, ownership and business of each of Everwise and i-Treasure in such form and substance as may be required by YDM; and (ii) a firm of lawyers designated by YDM in Vietnam and covering such matters including but not limited to the enforceability, due authorisation and due execution of the SF JV Agreement in such form and substance as may be required by YDM;
- (c) the warranties representations and/or undertakings contained in the Subscription Agreement given or made by Everwise and/or New Aims remaining true and accurate in all material respects and not misleading in any material respect;
- (d) the compliance by the Company with any requirement under the Listing Rules as may be applicable in relation to the subscription for the YDM Subscription Shares and the transactions contemplated by the Subscription Agreement, including without limitation the obtaining of the requisite approval by the Shareholders at the EGM;
- (e) all other requisite consents, authorisations and approvals (or, as the case may be, the relevant waiver) in connection with the entering into and performance of the terms of the Subscription Agreement having been obtained by the Everwise Group; and
- (f) (i) Slag Factory having been established; and (ii) Slag Factory having obtained all rights granted by the relevant authority in Vietnam, including but not limited to the Investment Certificate, to build a factory for the purpose of processing and exporting titanium slags with a production capacity of not less than 60,000 metric tons per annum in accordance with the mineral laws and all other relevant laws and regulations of Vietnam.

YDM may in its absolute discretion waive the above conditions precedent (except for the conditions precedent as mentioned in (d) and (e) above) at any time by notice in writing to Everwise.

If the above conditions precedent are not all fulfilled (or, where applicable, waived by YDM) on or before 30 June 2013, the Subscription Agreement shall be terminated forthwith and cease to be of any effect, whereupon the parties to the Subscription Agreement shall have no claim against each other arising out of or in connection with the Subscription Agreement, save in respect of claims arising out of any antecedent breach of the Subscription Agreement.

## Ranking of the YDM Subscription Shares

The YDM Subscription Shares, when issued which will then be fully paid, will rank pari passu in all respects with the Everwise Shares in issue upon Subscription Completion. The YDM Subscription Shares are not subject to any lock-up or disposal restrictions except for the terms under the shareholders agreement in relation to Everwise to be entered into between New Aims and YDM upon the Subscription Completion.

## Shareholding structure of Everwise immediately after the Subscription Completion

The following table shows the shareholding structure of Everwise immediately after the Subscription Completion:

Name of shareholder	Number and percentage of shares of Everwise held
YDM	600 (60%)
New Aims	400 (40%)
<b>Total</b>	<b>1,000 (100%)</b>

## Board composition of Everwise immediately after the Subscription Completion

The board of directors of Everwise immediately after the Subscription Completion will comprise five members, of whom three of them will be nominated by YDM and the remaining will be nominated by New Aims. The quorum for all meetings of the board of directors of Everwise shall consist of two directors of Everwise, with at least one of the directors appointed by YDM and at least one of the directors appointed by New Aims being present at such meetings.

## LOAN AGREEMENT

The principal terms and conditions of the Loan Agreement are as follow:

Date	:	21 January 2013
Borrower	:	Mineral Land
	:	To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, Mineral Land and its ultimate beneficial owner I3PA are Independent Third Parties.
Lender	:	YDM
Principal amount	:	up to US\$16 million (" <b>Facility</b> ")
Availability period	:	60 calendar days commencing from the date of the Loan Agreement
Maturity Date	:	(i) the period of 12 months from the date of First Drawing (as defined below) made under the Facility (or if an extension thereto is agreed by the parties hereto in writing, such later date as may be so agreed by the parties); and

- (ii) if the conditions precedent for the drawdown of the remaining balance below are not fulfilled, the period of 3 months from the date of the EGM

Interest : A fixed sum of US\$1 million payable on the Maturity Date.

No interest will be carried on the principal outstanding amount of the loan if (i) the conditions precedent to the drawdown of the remaining balance as disclosed below have not been fulfilled; or (ii) in accordance with the terms of the Call Option Deed, YDM exercises the Call Option within one year after the date of the Loan Agreement, pursuant to which YDM or its nominee (as purchaser) and Solid Success (as vendor) will enter into the ML SP Agreement which shall be in form and substance to the satisfaction of YDM and the Option Acquisition Completion has taken place in accordance with the terms of the ML SP Agreement.

Default interest : Mineral Land shall pay interest on such sum from the due date to the date of actual payment at the rate of 8% per annum in the event that Mineral Land fails to make any payment on the due date.

Default interest shall accrue from day to day on the unpaid sum, shall be calculated on the basis of an actual number of days and a 365 day per year, may be compounded for such funding periods as YDM may require and shall be payable from time to time on demand.

Repayment : Mineral Land shall repay the principal outstanding amount of the Loan and interest thereon in full by one lump sum on the Maturity Date.

Security/Collaterals : (i) a pledge of 60% charter capital in Duong Lam executed by TVQ and the DL Selling Shareholders in favour of YDM;

(ii) a charge of the 100% issued share capital of Everwise executed by New Aims in favour of YDM; and

(iii) the personal guarantee executed by I3PB in favour of YDM (collectively the “**Security Documents**”)

The personal guarantee executed by I3PB shall be enforced after YDM having made first recourse and exhausted for any amount due under the Loan Agreement unpaid by Mineral Land against the other Security Documents.

- Conditions precedent for the First Drawing : The first drawing shall be for the principal amount of US\$4 million (“**First Drawing**”) and shall be advanced by YDM to Mineral Land on the third business day after, among others, the following conditions are satisfied:
- (i) the execution of each of the Security Documents;
  - (ii) the execution of the Call Option Deed by Solid Success;
  - (iii) the execution of the Duong Lam SP Agreement by Mineral Land and TVQ;
  - (iv) a legal opinion issued by a firm of lawyers designated by YDM in Vietnam and covering such matters including but not limited to the enforceability, due authorisation and due execution of (A) the pledge of 60% charter capital in Duong Lam executed by TVQ and the DL Selling Shareholders in favour of YDM; and (B) the Duong Lam SP Agreement in such form and substance as may be required by YDM; and a legal opinion issued by a firm of lawyers designated by YDM in the BVI and covering such matters including but not limited to the due incorporation and good standing of New Aims and Everwise and the charge of the 100% issued share capital of Everwise executed by New Aims in such form and substance as may be required by YDM.
- Conditions precedent for second drawing : After the First Drawing has been made, YDM shall be obliged to advance the second drawing for the principal amount of US\$4 million to Mineral Land on or before 31 January 2013 after the receipt of a duly completed notice of drawing from Mineral Land.
- Conditions precedent for the drawdown of the remaining balance : Any further drawing under the Facility shall be subject to (i) the approval by YDM; and (ii) the compliance by the Company with any requirement under the Listing Rules as may be applicable in relation to the transactions contemplated by the Loan Agreement, including without limitation the obtaining of the requisite approval by the Shareholders at EGM
- Purposes of the Loan : (a) US\$4 million as deposit from Mineral Land to TVQ under the Duong Lam SP Agreement;
- (b) US\$4 million as a loan further advanced by Mineral Land to New Aims, which will be applied by New Aims for subscribing the NA Subscription Shares; and
  - (c) US\$8 million as a loan further advanced by Mineral Land to Duong Lam for purchase of equipment and production equipment, payment of fees for acquiring mining rights and slag manufacturing rights



Pursuant to the Loan Agreement, all drawings under the Facility shall be advanced to an account which is jointly maintained by YDM and Mineral Land (or their respective nominees), which is operated by the joint signatories of YDM and Mineral Land.

The amount of the Facility was determined after arm's length negotiations between parties with reference to the intended purposes of the Loan proceeds as disclosed above. As such, the Directors consider that the amount of the Facility is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **CALL OPTION DEED**

### **Date**

21 January 2013

### **Parties**

- (a) YDM;
- (b) Solid Success as option grantor; and
- (c) Mineral Land.

### **Grant of the Call Option**

Pursuant to the Call Option Deed, Solid Success has agreed to grant to YDM the exclusive right and option to require Solid Success to sell (i) the entire issued share capital of Mineral Land ("**Option Shares**") and (ii) the benefit of the ML Shareholder's Loan, at not more than the Option Share Price in accordance with the terms of the Call Option Deed.

### **Exercise of the Call Option**

The Call Option is exercisable by YDM executing and delivering to Solid Success a Call Option notice within the period of one year from the date of the Call Option Deed.

The Company intends to exercise the Call Option to purchase the Option Shares taking into account, among others, the following factors:

- (a) Duong Lam having obtained the Mining Licence in relation to the Target Mines;
- (b) Duong Lam having obtained all licenses, approvals, permits, certificates or other governmental approvals for its normal business operations; and
- (c) all such approvals, licenses, permits, certificates or other governmental approvals obtained by Duong Lam having remained full force and effect.

The Company will also consider other factors such as the then financial resources and conditions of the Group, the operations and performance of Slag Factory and Duong Lam, results of due diligence in relation to Duong Lam, the prospects of the mining industry and general economic conditions of Vietnam, etc. when deciding whether to proceed to exercise the Call Option and acquire Mineral Land (and thus the majority equity interest in Duong Lam).

**The Company may or may not exercise the Call Option to enter into the ML SP Agreement in relation to the acquisition of the Option Shares (and thus the Option Acquisition Completion may or may not take place).** If the ML SP Agreement is entered into between the Company and other relevant parties, the transaction contemplated thereunder may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. Further, at the time when entering into the ML SP Agreement, Duong Lam being a member of the Mineral Land Group may have obtained the Mining Licence in relation to the Target Mines and therefore the transaction contemplated under the ML SP Agreement may also be required to observe the requirements under Chapter 18 of the Listing Rules. The Company will make announcement in relation to the ML SP Agreement, if so entered, in accordance with the then applicable requirements under the Listing Rules.

### **Option Share Price**

The Option Share Price shall comprise:

- (a) the basic consideration of not more than US\$10 million (“**Cash Consideration**”); and
- (b) the earnouts of not more than US\$26 million (“**Earnouts**”), including (i) tranche 1 earnout payment, the amount of which shall not exceed US\$15.6 million (“**Tranche 1 Earnout**”), and (ii) tranche 2 earnout payment, the amount of which shall not exceed US\$10.4 million (“**Tranche 2 Earnout**”).

The Cash Consideration and the Earnouts shall be paid by YDM (or its nominee) to Solid Success, and the relevant amount shall be adjusted, in the manner as set out in the paragraph headed “Payment manner of and adjustment to the Option Share Price” below, where the parties to the Call Option Deed have agreed that all terms in such paragraph shall be included in the ML SP Agreement.

### **ML SP Agreement**

Upon exercise of the Call Option in accordance with the terms of the Call Option Deed, Solid Success as vendor and YDM or its nominee as purchaser shall within seven business days enter into the ML SP Agreement, pursuant to which Solid Success will as beneficial owner agree to sell (and YDM will agree to buy) the Option Shares and the benefit of the ML Shareholder’s Loan, at not more than the Option Share Price.

If Solid Success fails to enter into the ML SP Agreement within seven business days after an exercise of the Call Option (“**Date of Execution**”) (unless such failure is solely a result of the wilful default or gross negligence of YDM), YDM may, in its absolute discretion, by notice to Solid Success:

- (a) elect to postpone the Date of Execution to a date by no more than five business days; or
- (b) terminate the Call Option Deed without liability on the part of YDM; or
- (c) seek to obtain an order for specific performance of Solid Success’s obligations.

### **Payment manner of and adjustment to the Option Share Price**

The parties to the Call Option Deed have agreed that and Solid Success shall procure TVQ and I3PB to agree (Solid Success, TVQ and I3PB are collectively referred to as “**SP Covenants**”) the terms set out in the paragraphs below shall be included in the ML SP Agreement.

*(A) Payment of the Cash Consideration*

Subject to the adjustment and/or arrangement as mentioned in the paragraphs below of this section, the Cash Consideration shall be paid by YDM or its nominee (as purchaser) to Solid Success (as vendor) at the Option Acquisition Completion, being an amount of US\$10 million (subject to any downward adjustment to be made in accordance with the paragraphs below) to be paid in immediately available cash or in such other manner as may be agreed between Solid Success and YDM in writing.

*(B) Adjustment to the Cash Consideration based on the Option Completion Quantity*

Where the quantity (“**Option Completion Quantity**”) of the Reserves (i.e. the ilmenite, zircon, rutile and monazite ore reserves in the Target Mines) as determined under the JORC Code is more than 1 million metric tons but less than 1.5 million metric tons, the amount of Cash Consideration (before the NTAV Adjustment as explained below) payable at Option Acquisition Completion shall follow the schedule below:

<b>Amount of Reserves as determined under the JORC Code (metric tons)</b>	<b>Cash Consideration (before the NTAV Adjustment) (US\$)</b>
1,000,000–1,099,999	3 million
1,100,000–1,199,999	4.4 million
1,200,000–1,299,999	5.8 million
1,300,000–1,399,999	7.2 million
1,400,000–1,499,999	8.6 million

Provided that any amount of the Cash Consideration (after the NTAV Adjustment) withheld from payment pursuant to this paragraph shall become immediately payable in accordance with paragraph (D).

*(C) Adjustment to the Cash Consideration based on net tangible asset value of the Target Group (“NTAV Adjustment”)*

Each of the SP Covenantors (except I3PB) warrants and undertakes to YDM that immediately before the Option Acquisition Completion:

- (a) the consolidated net tangible asset value (“**NTAV**”) of the Target Group (adjusted to adding back the amount of any loans given by YDM and any shareholders’ loan outstanding as at the date of Option Acquisition Completion) is no less than US\$4 million;
- (b) each Target Group Company will have no outstanding borrowings, obligations, accounts payable or liabilities (whether actual or contingent), except for:
  - (i) those indebted to other members of the Target Group,
  - (ii) those indebted by Mineral Land to Solid Success (which indebtedness shall constitute the ML Shareholder’s Loan),
  - (iii) those arising in the ordinary course of trading business of the Target Group, which aggregate amount shall not exceed US\$100,000; and
  - (iv) those indebted by Mineral Land to YDM pursuant to the Loan Agreement;

- (c) there are no guarantees given by any Target Group Company whatsoever and howsoever except as those contemplated under the Loan Agreement (if any) or the Call Option Deed; and
- (d) the aggregate amount of accounts receivable and trade receivables (after making provision for overdue accounts receivable and trade receivables in line with the Company's policy of bad debts and doubtful debts) shall not exceed US\$100,000.

If there occurs any breach of the above warranty and reflected in the Completion Accounts, the Cash Consideration shall be reduced by an amount equal to the shortfall.

*(D) Compensation in case of the Reserves being less than 1.5 million metric tons*

The SP Covenantors acknowledge and confirm that the Cash Consideration is agreed on the basis that Mineral Land through Duong Lam, before the Option Acquisition Completion, will hold valid Mining Licences with JORC-compliant Reserves of no less than 1.5 million metric tons.

Accordingly, the SP Covenantors (except I3PB) undertakes to YDM that where the JORC-compliant Reserves held by Duong Lam before the Option Acquisition Completion is less than 1.5 million metric tons, the SP Covenantors (except I3PB) shall use its best endeavours to procure, at the SP Covenantors' (except I3PB) own costs, Duong Lam to acquire and hold valid Mining Licences regarding the Additional DL Mines having Reserves (in addition to the Target Mines), so that any shortfall of JORC-compliant Reserves shall be supplemented by such acquisition or acquisitions under the following terms and conditions:

- (a) the above acquisition and holding of the Mining Licences in respect of the Additional DL Mines shall be completed within the period commencing the date of Option Acquisition Completion and expiring on the fourth (4th) anniversary of the date of the ML SP Agreement ("**Four-Year Period**");
- (b) each of such Mining Licences shall have a validity period of not less than five years commencing no later than 30 June 2017 and the SP Covenantors (except I3PB) shall procure at the sole cost of the SP Covenantors (except I3PB) the renewal or extension of the validity period of each of such Mining Licences until 80% of JORC-compliant Reserves have been exhausted;
- (c) all costs and expenses (excluding costs payable to the Competent Person (as defined in the Listing Rules) for ascertaining the quantity of JORC-compliant Reserves under the provisions below of this paragraph) incurred by Duong Lam for acquiring such Mining Licences shall be paid by TVQ on behalf of Duong Lam, and TVQ shall have no recourse against Duong Lam or any company in which the Company has or will have direct or indirect interest; and
- (d) a report on Reserves in respect of any Additional DL Mines shall be prepared by a Competent Person to be appointed by YDM, and such report on the quantity of the JORC-compliant Reserves in respect of the Additional DL Mines shall be prepared and reported in accordance with the JORC Code and Listing Rules and shall be issued and given to YDM within four years from the date of Option Acquisition Completion.

So long as: (i) all the terms and conditions set out above are satisfied, and (ii) the quantity (“**Relevant Quantity**”) of Reserves as reported in any reserves report as prepared and issued in respect of the relevant Additional DL Mines are more than 0.1 million metric tons, YDM shall pay the following amount as part of the Cash Consideration payable by YDM as purchaser to Solid Success as vendor:

Portion of Cash Consideration payable under this paragraph:

= Cash Consideration payable under paragraph (B) above as if the amount of Reserves equals to the aggregate of the Option Completion Quantity and the Relevant Quantity in metric tons – Cash Consideration actually paid by YDM pursuant to paragraph (B) above

Provided that the aggregate of such portions of Cash Consideration payable by YDM as purchaser to Solid Success shall not exceed the following amount:

Maximum of aggregate portions of Cash Consideration (including amount previously paid under this paragraph before the payment of the instant portion) payable under this paragraph

= {US\$10 million}

less {Amount to be deducted from the Cash Consideration pursuant to paragraph (C) above}

less {Amount of Cash Consideration paid by YDM pursuant to paragraph (B) above}

*(E) Payment of the Tranche 1 Earnout*

Tranche 1 Earnout shall be payable by YDM or its nominee (as purchaser) to Solid Success (as vendor) upon all the following conditions (“**Tranche 1 Earnout Payment Conditions**”) being satisfied within the Four-Year Period:

- (a) the designed capacity (“**Excavating Capacity**”) of the production facilities of Duong Lam for excavating rough mineral sands contained in the Reserves being not less than 150,000 metric tons per annum as guaranteed by relevant manufacturers, which shall be verified by the issue of a report or certificate given in accordance with sub-paragraph (e) below;
- (b) the designed capacity of the production facilities of Duong Lam for separating, refining and processing rough mineral sands into saleable concentrates from the Reserves being not less than 150,000 metric tons per annum as guaranteed by relevant manufacturers, which shall be verified by the issue of a report or certificate given in accordance with sub-paragraph (e). For the purpose of this sub-paragraph (b), the expression “saleable concentrates” means concentrates of ilmenite, zircon, rutile and monazite (after separation and refining) which are in compliance with the Vietnamese Government’s Standards for export from Vietnam, with or without being subject to any export quota under the relevant laws and regulations of Vietnam;
- (c) the designed capacity of the zircon powder grinding facilities held by Duong Lam being not less than 25,000 metric tons per annum as guaranteed by relevant manufacturers, and the quality and trade of the zircon finished products shall comply

with the Vietnamese Government's Standards for export from Vietnam, with or without being subject to any export quota under the Mineral Laws and all other relevant laws and regulations of Vietnam, which capacity shall be verified by the issue of a report or certificate given in accordance with sub-paragraph (e);

- (d) Slag Factory having obtained all approvals from all relevant authorities in Vietnam required for increasing its production capacity from 60,000 metric tons of titanium slags per annum to 120,000 metric tons of titanium slags per annum provided that this condition shall not be required if the failure of fulfilling such condition is solely due to reasons of YDM or its authorised representatives; and
- (e) YDM, at its own costs, having obtained a report or reports (or, as the case may be, a certificate or certificates) issued by a technical adviser (or, in respect of sub-paragraph (d), by a legal adviser) to be appointed by YDM, certifying the satisfaction of the conditions set out in sub-paragraphs (a) to (d) above (both inclusive).

Where all the Tranche 1 Earnout Payment Conditions are satisfied, YDM shall pay to Solid Success a sum of US\$15.6 million in immediately available cash or in such other manner as may be agreed between Solid Success and YDM in writing, within 30 business days from the date of the last Tranche 1 Earnout Payment Condition being satisfied.

*(F) Payment of the Tranche 2 Earnout*

Tranche 2 Earnout shall be payable by YDM to Solid Success upon all the following conditions ("**Tranche 2 Earnout Payment Conditions**") being satisfied within the Four-Year Period:

- (a) Slag Factory having completed the acquisition and holding of all valid Additional Mining Licences in respect of any Additional Target Mines;
- (b) each of such Additional Mining Licences shall have a validity period of no less than five years commencing no later than 30 June 2017 and the SP Covenantors (except I3PB) shall procure at the sole cost of the SP Covenantors (except I3PB) the renewal or extension of the validity period of each of such Additional Mining Licences until 80% of the Additional Reserves under Vietnamese Government's Standards have been exhausted;
- (c) all costs and expenses incurred by Slag Factory for acquiring such Additional Mining Licences shall be paid by Slag Factory, provided that such sum shall not be more than US\$2.5 million for every million metric tons of Reserves (exclusive of any charges, fees, taxes, duties, levies and whatsoever costs, fees and expenses payable to the relevant authorities in Vietnam), otherwise any amount exceeding such sum of US\$2.5 million shall be borne and paid by the SP Covenantors (and without recourse to YDM or any company in which it has (or will then have) direct or indirect interest); and
- (d) at YDM's own costs, the issue (within the Four-Year Period) of a reserves report ("**Relevant Reserves Report**") prepared in accordance with the Vietnam Government Standards by a technical adviser appointed by YDM, showing that the Reserves in any Additional Target Mine are not less than 1 million metric tons.

Where all the Tranche 2 Earnout Payment Conditions are satisfied in respect of any Additional Target Mine, YDM shall pay to Solid Success the following amount as a portion of the Tranche 2 Earnout payable by YDM to Solid Success in immediately available cash (or in such other manner as may be agreed between YDM and Solid Success in writing), within 30 business days from the date of the last Tranche 2 Earnout Payment Condition in respect of that Additional Target Mine being satisfied:

Portion of Tranche 2 Earnout payable in respect of the relevant Additional Target Mine under this paragraph

$$= \{US\$10.4 \text{ million}\} \times \{\text{Quantity of Reserves ("Q2") in metric tons as stated in the Relevant Reserves Report (and rounded down to the nearest million metric tons)}\} \div \{8 \text{ million metric tons}\}$$

Provided that:

- (i) the aggregate of such portions of Tranche 2 Earnout payable by YDM to the Grantor shall not exceed US\$10.4 million;
- (ii) where in the calculation of the portion of Tranche 2 Earnout payable in respect of a particular Additional Target Mine, the quantity of Reserves in metric tons as stated in the Relevant Reserves Report has been rounded down to the nearest million metric tons, then such quantity deducted may be added back to any subsequent calculation of the portion of Tranche 2 Earnout payable in respect of new Additional Target Mines subsequently acquired by Slag Factory, subject to the same rounding-down requirement in the above formula; and
- (iii) if Slag Factory fails to obtain all approvals from all relevant authorities in Vietnam for increasing the production capacity to 120,000 metric tons per annum within the Four-Year Period is solely due to the reason of YDM or a force majeure event, the amount of the Tranche 2 Earnout payable by YDM to Sold Success shall be modified as:

$$= \{US\$10.4 \text{ million}\} \times \{\text{Quantity of Reserves ("Q2") in metric tons as stated in the Relevant Reserves Report (and rounded down to the nearest million metric tons)}\} \div \{4 \text{ million metric tons}\}.$$

*(G) Compensation in case of the Additional Reserves being less than 8 million metric tons*

In the event that the Additional Reserves as acquired by Slag Factory under paragraph (F) is less than 8 million metric tons upon the expiry of Four-Year Period, the SP Covenantors shall on a joint and several basis compensate YDM in accordance with the following provisions:

- (a) the compensation (“**Slag Factory Shortfall Compensation**”) payable by the SP Covenantors on a joint and several basis to YDM shall be equal to:

{the multiple of

(i) the shortfall of 8 million metric tons less the actual Additional Reserves attributable to the Additional Target Mines held by the Slag Factory; and

(ii) US\$6.39 per ton,

and deducted by the difference between US\$10.4 million and the amount of actually paid by YDM as Tranche 2 Earnout in accordance with paragraph (F) above};

- (b) such Slag Factory Shortfall Compensation shall be paid by the SP Covenantors on a joint and several basis to YDM (or such other person as may be nominated by YDM in writing at least two business days before the payment date) in immediately available cash (or in such other manner as may be agreed between YDM and Solid Success in writing), within 30 business days from the date of expiry of the Four-Year Period; and

- (c) if the Slag Factory fails to obtain all approvals from all relevant authorities in Vietnam for increasing the production capacity to 120,000 metric tons per annum within the Four-Year Period is solely due to the reason of YDM or a force majeure event, the amount of the Slag Factory Shortfall Compensation payable by Solid Success to YDM shall be modified and equal to the multiple of:

(i) the shortfall of 4 million metric tons of Reserves less the actual Additional Reserves attributable to the Additional Target Mines held by Slag Factory; and

(ii) US\$6.39 per ton,

and deducted by the difference between US\$10.4 million and the amount of actually paid by YDM as Tranche 2 Earnout.

**Basis of the determination of the Option Share Price**

The Option Share Price is determined after arm’s length negotiations between parties with reference to (i) the unaudited net assets value of Duong Lam as at 30 June 2012 of approximately VND76.988 billion (equivalent to approximately US\$3.67 million); and (ii) the expected amount of Reserves as mentioned in paragraphs (D) and (F) under the section headed “Payment manner of and adjustment to the Option Share Price” above. As such, the Directors consider that the Option Share Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.



## Security and undertakings by the SP Covenantors

Further, the ML SP Agreement shall include that the SP Covenantors (except I3PB) shall on a joint and several basis undertake to YDM that, including but not limited to, the actual production output of the concentrates as processed from the Reserves of Duong Lam for each of the three years ending 31 December 2013, 2014 and 2015 shall not be less than 50,000 metric tons, 100,000 metric tons and 150,000 metric tons respectively.

In the event of any of the above requirements the sub-paragraph above is not complied with or fulfilled, the SP Covenantors (except I3PB) shall on a joint and several basis compensate YDM in full for the equivalent amount in monetary terms of the difference between the actual amount and the amount undertaken by the SP Covenantors above (except I3PB) (which shall be determined by a relevant professional technical adviser appointed by YDM) and indemnify YDM from and against all costs, expenses (including legal expenses), losses and/or damages which YDM may incur or suffer as a result of or in connection with any non-compliance with the above requirements.

The performance of all obligations by the SP Covenantors under the ML SP Agreement shall be secured and/or guaranteed (as the case may be) by:

- (a) set-off against any outstanding Option Share Price payable by YDM to Solid Success;
- (b) before Option Acquisition Completion, a charge to be created over all charter capital in Duong Lam held by TVQ but in any event not less than 20% charter capital in Duong Lam to be given by TVQ in favour of YDM in form and substance to the satisfaction of YDM;
- (c) before Option Acquisition Completion, a charge to be created over 40% of the issued share capital of Everwise to be given by New Aims in favour of YDM in form and substance to the satisfaction of YDM;
- (d) a personal guarantee to be provided by TVQ in favour of YDM in form and substance to the satisfaction of YDM; and
- (e) a personal guarantee to be provided by I3PB in respect of the SP Covenantors' obligations to secure the Additional Reserves to be acquired by Slag Factory in favour of YDM in form and substance to the satisfaction of YDM,

provided that such personal guarantee to be provided by I3PB shall be enforced only after YDM having made first recourse and exhausted against the other security and/or guarantee in (a) to (d) above.

For clarity purpose, specific undertakings to be given by I3PB (on a joint and several basis with the other SP Covenantors) under the ML SP Agreement will include (i) the compensation of excess of costs and expenses incurred by Slag Factory for acquiring the Additional Mining Licences over US\$2.5 million as disclosed in sub-paragraph (c) in the paragraph headed "(F) Payment of the Tranche 2 Earnout" above; and (ii) the payment of the Slag Factory Shortfall Compensation (if any) in accordance with the terms disclosed in the paragraph headed "(G) Compensation in case of the Additional Reserves being less than 8 million metric tons" above.

## OTHER TRANSACTION DOCUMENTS

### SF JV Agreement

As mentioned above, on 18 January 2013, i-Treasure and Duong Lam entered into the SF JV Agreement, pursuant to which the parties agreed to establish Slag Factory in accordance with the terms and conditions therein. Upon establishment of Slag Factory, Slag Factory will be owned as to 70% by i-Treasure and 30% by Duong Lam.

#### *Purpose of Slag Factory*

According to the SF JV Agreement, Slag Factory shall establish and operate a titanium slag factory in Binh Thuan Province, Vietnam to manufacture and export titanium slags with a production capacity not be less than 120,000 metric tons per annum which is to be completed in two phases: (i) phase one with production capacity of no less than 60,000 metric tons per annum to be completed in 24 months after the establishment date of Slag Factory which is the date of issue of the Business Registration Certificate to Slag Factory (“**Establishment Date**”); and (ii) phase two with production capacity of no less than 60,000 metric tons per annum to be completed in four years after the Establishment Date (“**Proposed Project**”).

#### *Charter capital of Slag Factory*

The charter capital of Slag Factory is VND360 billion (which is equivalent to US\$18 million) (“**SF Charter Capital**”).

The initial charter capital of Slag Factory at the Establishment Date shall be VND200 billion (which is equivalent to US\$10 million) (“**Initial Charter Capital**”).

Under the SF JV Agreement, the parties thereto are obliged to make capital contribution as follows:

<b>Party</b>	<b>Capital contribution</b>	<b>Percentage of charter capital</b>
Duong Lam	VND108 billion (which is equivalent to US\$5.4 million)	30%
i-Treasure	VND252 billion (which is equivalent to US\$12.6 million)	70%

Upon (i) the issuance of Business Registration Certificate; and (ii) Slag Factory has opened a bank account at a bank agreed by the parties, Duong Lam shall pay to Slag Factory an amount of the VND equivalent to US\$3 million (“**DL Deposit**”) and i-Treasure shall pay to Slag Factory an amount of the VND equivalent to US\$7 million (“**IT Deposit**”, together with the DL Deposit as the “**SF Deposit**”), respectively to Slag Factory in cash. Slag Factory agrees to hold the SF Deposit in escrow and, upon receipt of the Investment Certificate relating to the Proposed Project, the entire SF Deposit shall be applied to the contribution of the Initial Charter Capital.

As disclosed in the paragraph headed “Subscription Price payable by YDM” above, i-Treasure will advance a loan of US\$3 million to Duong Lam for the purpose of settling the DL Deposit.

If the SF JV Agreement is rescinded or otherwise terminated in accordance with its terms and conditions prior to the receipt of the Investment Certificate relating to the Proposed Project, then the DL Deposit and the IT Deposit in their entirety shall be repaid to Duong Lam and i-Treasure respectively within seven business days from the date of lapse or termination of the SF JV Agreement.

### *Conditions of the contribution to the SF Charter Capital*

The parties thereto shall have no obligation to contribute the SF Charter Capital until each of the following conditions are fulfilled:

- (a) the issuance of the Business Registration Certificate and Investment Certificate containing terms and incentives acceptable to the Parties; and
- (b) Slag Factory has received all approvals from the Vietnam authorities required for the development and operation of the Proposed Project which is certified by a Vietnam legal adviser jointly appointed by the parties.

Upon the receipt of the Investment Certificate, the entire SF Deposit shall be applied to the contribution of the Initial Charter Capital.

The remaining SF Charter Capital of VND160 billion (which is equivalent to US\$8 million) shall be contributed and paid by the parties thereto in accordance with the proportions of their capital contribution in Slag Factory at a time when the management body of Slag Factory thinks fit.

### *Management of Slag Factory*

The highest management body of Slag Factory is the members' council. Unless otherwise agreed by the shareholders of Slag Factory from time to time, the members' council consists of five members, of which Duong Lam has the right to appoint up to two members; and i-Treasure has the right to appoint up to three members.

### **Duong Lam SP Agreement**

On 18 January 2013, Mineral Land (as purchaser) and TVQ (as vendor, authorised by the DL Selling Shareholders) entered into the Duong Lam SP Agreement, pursuant to which Mineral Land shall purchase 60% of the charter capital in Duong Lam from TVQ (as authorised by the DL Selling Shareholders) at a consideration of an amount of VND equivalent to US\$8 million in accordance with the terms and conditions therein.

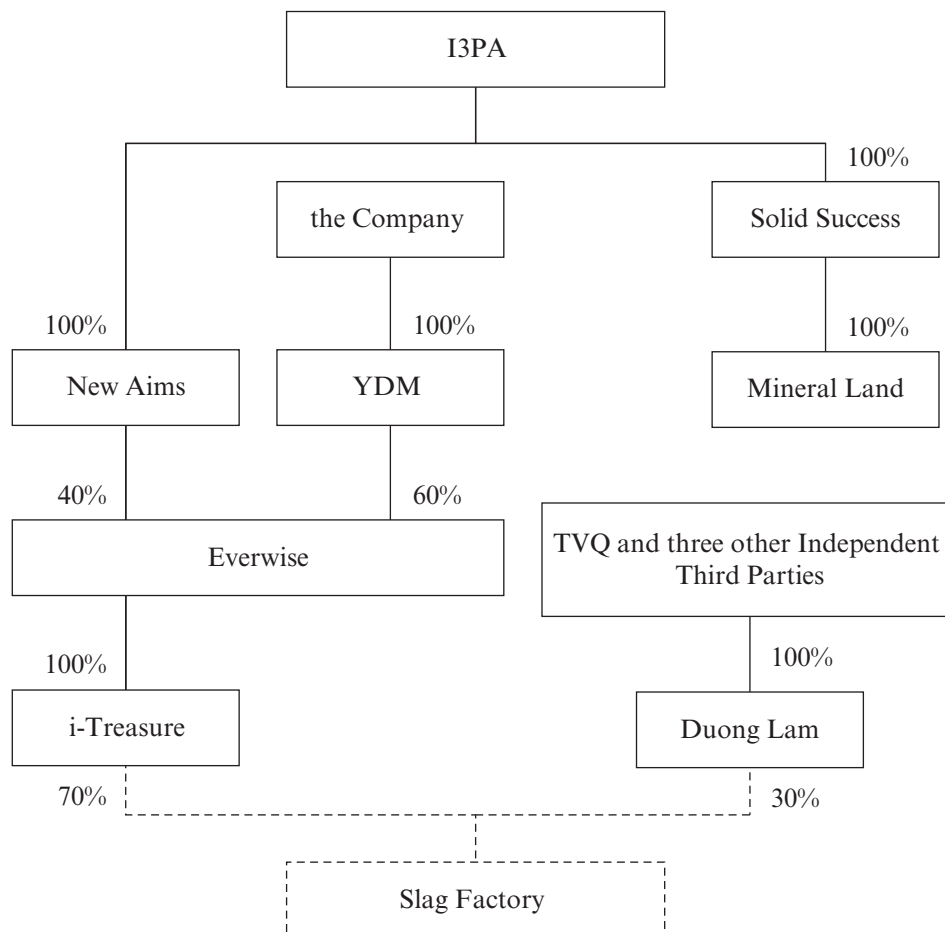
Mineral Land shall (i) within three business days after the signing of the Duong Lam SP Agreement pay an amount of VND equivalent to US\$2 million; and (ii) on or before 28 February 2013 pay a further an amount of VND equivalent to US\$2 million, to TVQ as deposit, which will be refunded to Mineral Land if the Duong Lam SP Agreement is terminated.

The 60% charter capital which is the subject of the Duong Lam SP Agreement comprises the entire 15% and 10% charter capital in Duong Lam as owned by the DL Selling Shareholders respectively and 35% of the charter capital in Duong Lam as owned by TVQ. As such, upon completion of the Duong Lam SP Agreement, TVQ will own 4.5% of the charter capital in Duong Lam.

Completion of the Duong Lam SP Agreement shall take place simultaneously with the Option Acquisition Completion.

## CORPORATE STRUCTURE OF THE TARGET GROUP UPON SUBSCRIPTION COMPLETION

The following corporate chart depicts the shareholding structure of the Target Group immediate after Subscription Completion:

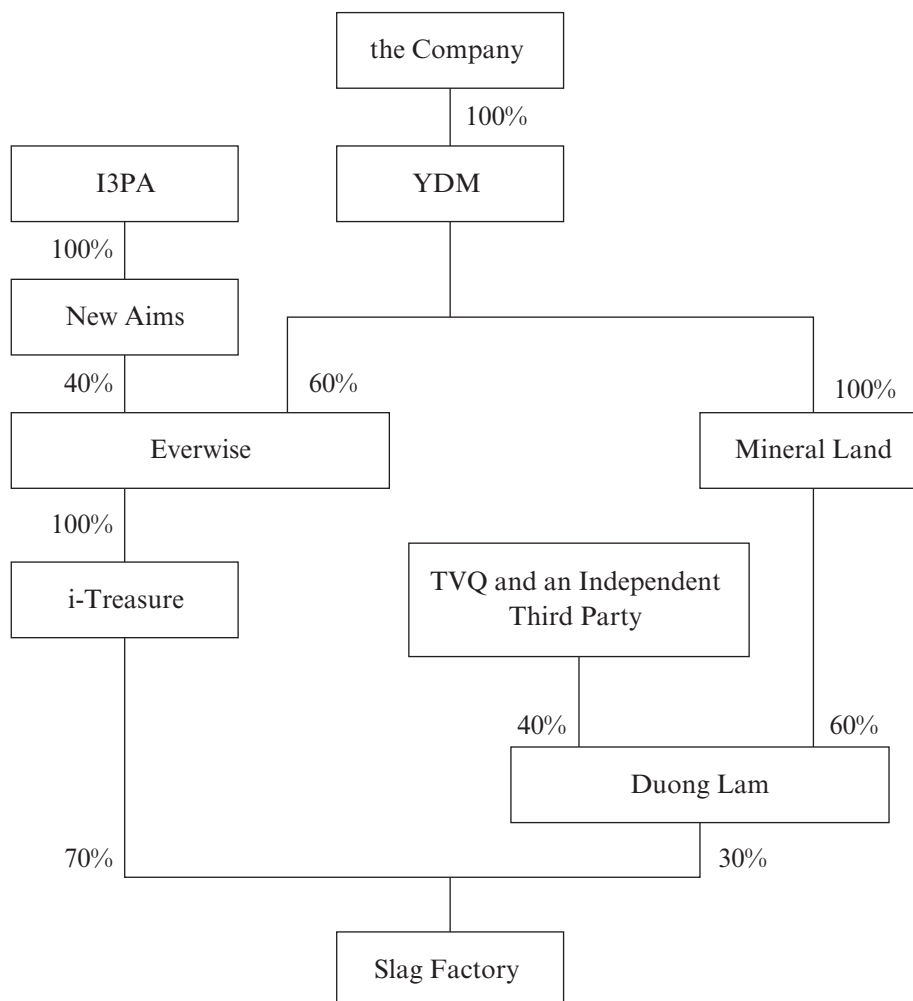


### Notes

- (1) Under the SF JV Agreement, Slag Factory has been agreed to be established upon the issue of the Business Registration Certificate which is expected to be available in around February 2013.
- (2) On 18 January 2013, Mineral Land (as purchaser) and TVQ (as vendor, who is an individual) entered into the Duong Lam SP Agreement, pursuant to which Mineral Land agreed to purchase and TVQ (as authorised by the DL Selling Shareholders) agreed to sell 60% charter capital in Duong Lam. Completion of the Duong Lam SP Agreement will take place simultaneously with Option Acquisition Completion.

## CORPORATE STRUCTURE OF THE TARGET GROUP UPON OPTION ACQUISITION COMPLETION

The following corporate chart depicts the shareholding structure of the Target Group immediate after Option Acquisition Completion:



## INFORMATION OF THE TARGET GROUP

The Target Group comprises Everwise, i-Treasure, Mineral Land, Duong Lam and (upon establishment) Slag Factory.

Each of Everwise, i-Treasure and Mineral Land is a BVI company which is principally engaged in investment holding and does not have any material assets and property as at the date of this announcement.

Duong Lam is a joint stock company incorporated in Vietnam which is principally engaged in exploration of the Target Mines in Vietnam which contain ilmenite, zircon, rutile and monazite ore reserves. As at the date of this announcement, it is the holder of (i) two investment certificates both issued by Binh Thuan Province People’s Committee in Vietnam on 16 December 2010 approving the investment in mining projects with areas of 88 hectares and 83 hectares and (ii) two exploration licenses both issued by the Ministry of Natural Resources and Environment of Vietnam on 10 January 2006 in relation to the mining projects with areas of 88 hectares and 83 hectares.

Slag Factory is to be established in Vietnam to implement the Proposed Project in accordance with the terms and conditions of the SF JV Agreement. For further information of Slag Factory, please refer to the section headed “SF JV Agreement” above.

## REASONS FOR ENTERING INTO THE PROPOSED INVESTMENT

The principal activities of the Group are exploration, mining, processing and sale of zinc, lead, iron and gold ores in the PRC, and the management and operation of a toll highway in the PRC.

The Group has embarked on a number of acquisitions since the first half of 2006, by which the Group has been exploring opportunities in the business of exploring, mining, processing and sale of zinc, iron, lead and gold ore. The Proposed Investment, if proceeds to the Subscription Completion, will allow the Group to diversify its revenue stream in the resources sector. For such reasons, the Group entered into the Transaction Documents for the Proposed Investment.

The market prices of non-ferrous metals are at a relatively low range due to the financial crisis in recent years. The Directors believe that the economy of the PRC will continue to grow and the recovery of the world economy will increase the demand for national consumption of metals in the near future, and thus the Proposed Investment can diversify the revenue stream for the Group in the resources sector and bring better returns to the Group.

In light of the above, the Directors consider the terms of the Subscription Agreement, the Loan Agreement and the Call Option Deed for the purpose of making investment in the Proposed Project are fair and reasonable and are in the interest of the Shareholders as a whole.

## TENTATIVE TIMETABLE FOR THE PROPOSED INVESTMENT

In respect of the Proposed Investment, the following tentative timetable lists out the major actions or events and their expected timing in relation to the Proposed Investment. It is prepared on the assumption that all the conditions of the respective Transaction Documents will be fulfilled or (if considered appropriate by the Company and where waivable) waived:

<b>Actions/Events</b>	<b>Date</b>
— Execution of the Transaction Documents	January 2013
— First Drawing of the Loan	
— Payment of Subscription Deposit by YDM	
— Second drawing of the Loan	
— EGM	on or before
— Drawing(s) of the remaining amount of the Loan	28 February 2013
— Establishment of Slag Factory	
— Obtaining of the Investment Certificate by Slag Factory	on or before
— Subscription Completion	30 June 2013
— Obtaining of the Mining Licence in relation to the Target Mines by Duong Lam	
— Exercise of the Call Option by YDM and execution of the ML SP Agreement	
— Option Acquisition Completion, simultaneously with completion of the Duong Lam SP Agreement	on or before 31 December 2013

## IMPLICATION UNDER THE LISTING RULES

Given that (i) New Aims and Mineral Land being the counterparties to the Subscription Agreement and Loan Agreement respectively are directly wholly owned by the same person I3PA as at the date of this announcement; and (ii) the purpose of entering into both the Subscription Agreement and Loan Agreement is to effect the Proposed Investment, the transactions contemplated under each of the Subscription Agreement and the Loan Agreement are related and thus should be treated as if they were one transaction under Rule 14.22 and 14.23 of the Listing Rules. As a result of such aggregation, the applicable percentage ratios for the aggregated transactions under the Subscription Agreement and Loan Agreement (“**Aggregated Transactions**”) is more than 25% but less than 100%, thus the Aggregated Transactions constitute a major transaction for the Company under Chapter 14 of the Listing Rules, which is subject to the reporting, announcement and Shareholders’ approval requirements.

After its establishment, Slag Factory’s operations will be limited to the implementation of the Proposed Project and under which it will not have any assets which are and/or any licence in relation to any Mineral or Petroleum Assets (as defined in Chapter 18 of the Listing Rules), unless and until the Company proceeds to exercise the Call Option and enter into the ML SP Agreement pursuant to which Slag Factory may acquire interests in the Additional Target Mines (including the Additional Mining Licences) as disclosed in section headed “ML SP Agreement” above.

If in the future YDM exercises the Call Option and enters into the ML SP Agreement to acquire the Mineral Land Group, which by that time Duong Lam being a member of Mineral Land Group has acquired the Mining Licence (as mentioned in the paragraph headed “Exercise of the Call Option” above), the Company will comply with, in addition to Chapter 14 of the Listing Rules, the then applicable requirements under Chapter 18 of the Listing Rules.

## GENERAL

The EGM will be convened at which resolution(s) will be proposed to seek the approval of the Shareholders by way of a poll for the transactions contemplated under the Subscription Agreement and the Loan Agreement. In accordance with the Listing Rules, any vote at the EGM shall be taken by poll.

A circular containing, among other things, details of the Proposed Investment in the Proposed Project, the Transaction Documents and the transactions contemplated thereunder, together with notice convening the EGM will be despatched to the Shareholders on or before 14 February 2013.

## DEFINITIONS

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

“Additional DL Mines”	any ilmenite, zircon, rutile and monazite ores deposits located in the Binh Thuan Province of Vietnam to be acquired by Duong Lam to supplement any shortfall of JORC-compliant Reserves in respect of the Initial Target Mines
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“Additional Mining Licence(s)”	the exploration, mining and/or exploitation licence(s) to be issued by Ministry of Natural Resources and Environment of Vietnam and to be held by Slag Factory in respect of the Additional Target Mine(s) and the right to conduct exploration (and, where applicable, exploitation) work for the Additional Reserves exclusively pursuant to the relevant laws in Vietnam
“Additional Reserves”	the ilmenite, zircon, rutile and monazite ore reserves in the Additional Target Mine(s)
“Additional Target Mine(s)”	any ilmenite, zircon, rutile and monazite ores deposits located in the Binh Thuan Province of Vietnam with aggregate Additional Reserves not less than 8 million metric tons, the Additional Mining Licence of which is to be held by Slag Factory
“Board”	the board of Directors
“Business Registration Certificate”	the business/enterprise registration certificate issued by the Department of Planning and Investment of Binh Thuan Province, Vietnam to Slag Factory, allowing Slag Factory to conduct business with the contents stated in, amongst others, the SF JV Agreement and the constituent documents of Slag Factory
“BVI”	British Virgin Islands
“Call Option”	an option to be granted by Solid Success to YDM pursuant to the Call Option Deed to purchase from Solid Success the Option Shares and the ML Shareholder’s Loan at not more than the Option Share Price at any time within one year from the date of the Call Option Deed
“Call Option Deed”	a deed executed by Solid Success in favour of YDM pursuant to which Solid Success shall grant the Call Option to YDM pursuant to the terms therein
“Company”	Yue Da Mining Holdings Limited 悦達礦業控股有限公司, a company incorporated in the Cayman Islands and the issued Shares of which are listed on the main board of the Stock Exchange
“Completion Accounts”	the audited consolidated balance sheet and the audited consolidated profit and loss account of the Target Group made up as at the close of business on the date of Option Acquisition Completion and from the date as determined by the Company in the ML SP Agreement to the date of Option Acquisition Completion
“Director(s)”	director(s) of the Company
“DL Selling Shareholders”	two individuals being Independent Third Parties who are currently holding 15% and 10% charter capital in Duong Lam respectively as at the date of this announcement



“Duong Lam”	Duong Lam Joint Stock Company, a company incorporated in Vietnam which is owned as to 39.5% by TVQ, 15% and 10% by the DL Selling Shareholders respectively and 35.5% by another Independent Third Party as at the date of this announcement
“Duong Lam SP Agreement”	the agreement dated 18 January 2013 and made between Mineral Land (as purchaser) and TVQ (as vendor, as authorised by the DL Selling Shareholders) in respect of the sale and purchase of 60% of the charter capital in Duong Lam
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the relevant matters mentioned in this announcement
“Everwise”	Everwise Technology Limited, a company incorporated in the BVI which is wholly owned by New Aims as at the date of this announcement
“Everwise Group”	collectively Everwise and i-Treasure
“Everwise Shares”	the ordinary shares in the entire issued share capital of Everwise
“Group”	collectively, the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“i-Treasure”	i-Treasure Investments Limited, a company incorporated in the BVI which is wholly owned by Everwise as at the date of this announcement
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial Shareholders of the Company or any of its subsidiaries or their respective associates
“Investment Certificate”	the investment certificate issued by the Department of Planning and Investment of Binh Thuan Province, Vietnam to Slag Factory, in addition to the Business Registration Certificate, allowing Slag Factory to implement the Proposed Project
“I3PA”	an individual and an Independent Third Party as at the date of this announcement, who is the ultimate beneficial owner of each of New Aims, Everwise, i-Treasure, Solid Success and Mineral Land as at the date of this announcement
“I3PB”	an individual and an Independent Third Party, who is the introducer of the Project Investment and the adviser to the proposed management of Slag Factory
“JORC Code”	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2004 edition), as published by the Joint Ore Reserves Committee, as amended from time to time

“JORC-compliant”	in respect of quantity or other information on Reserves stated in a report on resources, reserves or exploration results, such report is prepared in compliance with the JORC Code
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	aggregate principal amount of drawings advanced by YDM to Mineral Land under the Loan Agreement
“Loan Agreement”	the loan agreement dated 21 January 2013 entered into between YDM (as lender) and Mineral Land (as borrower) in relation to a term loan facility up to US\$16 million
“Mineral Land”	Mineral Land Holdings Limited, a company incorporated in the BVI which is wholly owned by Solid Success as at the date of this announcement
“Mineral Land Group”	collectively, Mineral Land and Duong Lam
“Mining Licence(s)”	the exploration, mining and/or exploitation licence(s) to be issued by the Ministry of Natural Resources and Environment of Vietnam and to be held by Duong Lam in respect of the Target Mines and the right to conduct exploration work for Reserves over the relevant Target Mines exclusively pursuant to the relevant laws of Vietnam
“ML Shareholder’s Loan”	all obligations, liabilities and debts owing or indebted from Mineral Land to Solid Success on or at any time prior to the Option Acquisition Completion whether actual, contingent or deferred and irrespective of whether the same is due and payable on the Option Acquisition Completion
“ML SP Agreement”	a sale and purchase agreement to be entered into between YDM (as purchaser) and Solid Success (as vendor) in relation to the Option Shares and ML Shareholder’s Loan
“NA Subscription Shares”	an aggregate of 390 Everwise Shares to be allotted and issued to New Aims or its nominees by Everwise pursuant to the terms of the Subscription Agreement
“New Aims”	New Aims Holdings Limited, a company incorporated in the BVI which is wholly owned by I3PA as at the date of this announcement
“Option Acquisition Completion”	completion of the acquisition of the Option Shares pursuant to the terms and conditions of the ML SP Agreement, if the option granted pursuant to Call Option Deed is exercised by YDM
“Option Shares”	the entire issued shares in the capital of Mineral Land which are beneficially owned by Solid Success

“Option Share Price”	the amount payable by YDM for the Option Shares, which comprises the Cash Consideration and the Earnouts, calculated in accordance with the paragraphs “Option Share Price” and “Payment manner of and adjustment to the Option Share Price” above
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed Investment”	the proposed investment by the Company in the Proposed Project
“Proposed Project”	the proposed project to be implemented by Slag Factory as described in the paragraph headed “Purpose of Slag Factory” above
“Reserves”	the ilmenite, zircon, rutile and monazite ore reserves in the Target Mines
“SF JV Agreement”	the joint venture agreement dated 18 January 2013 entered into between i-Treasure and Duong Lam in relation to the establishment of Slag Factory in accordance with the terms and conditions therein
“Shareholder(s)”	holder(s) of the Shares
“Slag Factory”	the limited liability company to be established in Vietnam with the proposed name of Duong Lam Slag Factory Company Limited and to be owned as to 30% by Duong Lam and 70% by i-Treasure in accordance with the terms of the SF JV Agreement
“Solid Success”	Solid Success International Limited, a company incorporated in the BVI which is wholly owned by I3PA as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement dated 21 January 2013 entered into between YDM (as subscriber), Everwise (as issuer) and New Aims (as subscriber and warrantor)
“Subscription Price”	US\$6 million, being the aggregate subscription price payable by YDM for the subscription of the YDM Subscription Shares
“Subscription Shares”	the NA Subscription Shares and YDM Subscription Shares
“Target Group”	collectively the Everwise Group, Mineral Group and (upon establishment) Slag Factory

“Target Mines” or “Initial Target Mines (each a “Target Mine” or “Initial Target Mine”)	collectively: (i) any ilmenite, zircon, rutile and monazite ore deposits located at Phong Phu Village and Chi Cong Village, Tuy Phong District, Binh Thuan Province, Vietnam; and (ii) any ilmenite, zircon, rutile and monazite ores deposits located at Phan Hiep Village and Phan Ri Thanh Village, Bac Binh District, Binh Thuan Province, Vietnam,  both of which cover an aggregate site area of not less than 130 hectares, the Mining Licences in respect of both of which are to be held by Duong Lam
“Transaction Documents”	collectively the Subscription Agreement, the Loan Agreement, the Call Option Deed, the SF JV Agreement and the Duong Lam SP Agreement
“TVQ”	Mr. Tran Van Quan, an individual who is a current shareholder of Duong Lam as at the date of this announcement and who will immediately after the Option Acquisition Completion continue to hold 4.5% charter capital in Duong Lam
“US\$”	United States Dollars, the lawful currency of the United States of America
“Vietnam”	the Socialist Republic of Vietnam
“Vietnamese Government’s Standards”	the standards of the quality of mineral ores for export in accordance with national industrial standards of Vietnam
“VND”	Vietnamese Dong, the lawful currency of Vietnam
“YDM”	Yue Da Mining Limited (悦達礦業有限公司), a company incorporated in the BVI and a direct wholly owned subsidiary of the Company
“YDM Subscription Shares”	an aggregate of 600 Everwise Shares to be allotted and issued to YDM or its nominees by Everwise pursuant to the terms of the Subscription Agreement
“%”	per cent.

By order of the Board  
**Yue Da Mining Holdings Limited**  
**Chen Yunhua**  
*Chairman*

Hong Kong, 21 January 2013

*As at the date of this announcement, the Board comprises the following members: (a) as executive Directors, Mr Dong Li Yong, Mr Liu Xiaoguang and Mr Hu Huaimin; (b) as non-executive Directors, Mr Chen Yunhua and Mr Qi Guang Ya; and (c) as independent non-executive Directors, Ms Leung Mei Han, Mr Cui Shu Ming, Mr Han Run Sheng and Dr Liu Yongping.*