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Sanmenxia Tianyuan Aluminum Company Limited*

三門峽天元鋁業股份有限公司

(A joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 8253)

**PROPOSED ACQUISITION OF AN ALUMINIUM MINE
UPDATE ON RESUMPTION PROPOSAL
AND
DISMISSAL OF WINDING-UP PETITION**

This announcement is made by Sanmenxia Tianyuan Aluminum Company Limited* (the “**Company**”) pursuant to Rules 9.17, 17.10 and 17.27(1)(b) of the Rules (the “**GEM Listing Rules**” or the “**GEM Rules**”) Governing the Listing of Securities on the Growth Enterprise Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**” or the “**Exchange**”), and inside information provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

PROPOSED ACQUISITION OF AN ALUMINIUM MINE

Reference is made to the announcement of the Company dated 30 April 2014 (the “**Announcement**”) regarding, among other things, the status of the resumption proposal (the “**Resumption Proposal**” or the “**Proposal**”). The Company is pleased to inform the shareholders of the Company (the “**Shareholders**”) that, as part of the Resumption Proposal, the Company has entered into the following conditional agreements regarding the acquisition of an aluminium mine in the PRC (the “**Acquisition**”):

- (1) the Company as purchaser and Mianchi Tianrui Mining Company Limited* (澗池天瑞礦業有限公司) (the “**First Vendor**”) as vendor have entered into an acquisition agreement dated 9 April 2014 (the “**First Acquisition Agreement**”), pursuant to which, among other things, the First Vendor agreed to sell and the Company agreed to purchase 30.6% equity interest (the “**First Sale Shares**”) of Henan Haorui Industry Company Limited* (河南豪瑞實業有限公司) (the “**Target Company**”); and

- (2) the Company as purchaser and an independent third party (the “**Second Vendor**”, and collectively with the First Vendor, the “**Vendors**”) as vendor have entered into an acquisition agreement dated 9 April 2014 (the “**Second Acquisition Agreement**”, and collectively with the First Acquisition Agreement, the “**Acquisition Agreements**”), pursuant to which, among other things, the Second Vendor agreed to sell and the Company agreed to purchase 20.4% equity interest (the “**Second Sale Shares**”) of the Target Company.

To the best of information, knowledge and belief of the directors of the Company (the “**Directors**”) having made all reasonable enquiries, (i) the First Vendor is wholly and beneficially owned by Mr. Li Liu Fa and his son, being the controlling shareholders of the Company; and (ii) the Second Vendor is an individual independent of and not connected with the Company and its connected persons.

According to the information provided by the Target Company, the sole asset of the Target Company is Jiajiawa High Alumina Clay Mine* (賈家窪高鋁粘土礦) located at Mianchi County, Henan Province, the People’s Republic of China with a mining area of approximately 1.8117 square kilometers.

The total consideration for the First Sale Shares and the Second Sale Shares is approximately RMB203 million (the “**Initial Consideration**”), of which approximately RMB122 million is for the First Sale Shares and approximately RMB81 million is for the Second Sale Shares. The Initial Consideration is determined according to net book value of the Target Company as at 31 December 2013 and is subject to adjustment based on the valuation report of the Target Company to be prepared by an independent valuer nominated by the Company.

According to the terms of the Acquisition Agreements, the completion of the Acquisition is subject to the fulfilment of the following conditions:

- (1) the Company and the Vendors have obtained from the relevant government departments or regulatory authorities and third parties all necessary and required permits and approvals for the enter into and performance of the Acquisition Agreements and the transactions contemplated thereunder, including without limitation the approval of Henan Provincial Commerce Department (河南省商務廳);
- (2) the Acquisition Agreements and the transactions contemplated thereunder have been approved by the Shareholders in general meeting;
- (3) the completion and satisfaction of due diligence conducted by the Company regarding the legal and financial condition of the Target Company;
- (4) the Company has obtained the valuation report regarding the Target Company issued by a valuer nominated by the Company;

- (5) all the representations and warranties made by the Company and the Vendors in the Acquisition Agreements are true, accurate and not misleading;
- (6) the approval of the Resumption Proposal by the Stock Exchange; and
- (7) consents have been obtained from other shareholders of the Target Company regarding waiver of their pre-emptive right to acquire the shares of the Target Company.

UPDATE ON THE RESUMPTION PROPOSAL

On 30 May 2014, the Company received a letter (the “**Letter**”) issued by the Stock Exchange in relation to decision of the GEM Listing Committee (the “**Committee**”) which considered the Resumption Proposal on 29 May 2014.

The decision of the Committee as stated in the Letter is reproduced as follows:

“The Committee has decided that the Acquisition under the Proposal will constitute a reverse takeover under GEM Rule 19.06(6). The Committee arrived at its decision for the following reasons:

Size of the transaction relative to the Company

1. The Company had already ceased its operations since November 2012 and is in net liabilities position. It is in substance a listed shell. The Target Company is substantially larger than the Company.

Change in the Company’s business

2. The Target Company is engaged in the mining business which is different from the Company’s business in the production of aluminium ingots and alloy, before it ceased operation. Upon completion of the Acquisition, the Company’s principal business will be fundamentally changed.

Quality of assets

3. The Company has not demonstrated that the Target Company can meet the new listing requirements under Chapter 18A of the GEM Rules for mineral companies. These requirements include, among others, the following:
 - (a) GEM Rule 18A.03(2) states that “a mineral company must establish to the Exchange’s satisfaction that it has at least a portfolio of (a) Indicated Resources; or (b) Contingent Resources, identifiable under a Reporting Standard and substantiated in a Competent Person’s Report. This portfolio must be meaningful and of sufficient substance to justify a listing”. GEM Rule 18A.01(3) defines “Reporting Standard” as a “recognized standard acceptable to the Exchange, including: (1) the JORC Code, N43-101, and the SAMREC Code with regard to mineral Resources and Reserves...”.

The Company has only provided an out-dated technical report on the Target Mine prepared by a domestic adviser under Chinese standards. However, Chinese standards are not recognized as acceptable reporting standards for the purpose of the Chapter 18A requirements because the basis for information presentation under Chinese standards and JORC-like codes are fundamentally different. The resources and reserves presented under Chinese standards may not be recognized as such under JORC-like codes. Therefore, it is uncertain whether the Target Company has a portfolio of resources which is meaningful and of sufficient substance to satisfy GEM Rule 18A.03(2) based on the technical report prepared under Chinese Standards; and

- (b) GEM Rule 18A.03(4) requires a mineral company to “demonstrate to the Exchange’s satisfaction that it has available working capital for 125% of the group’s present requirements, that is for at least the next 12 months...”.

The Company has not provided information to substantiate that it will have sufficient working capital required by this rule.

Having considered the Company’s circumstances, the Committee has decided to allow the Company to submit a new listing application for the Proposal (but not any other proposal) by 30 November 2014.

The Committee has also decided to cancel the listing of the Company’s H shares on the Exchange if:

- (a) The Company fails to submit a new listing application for the Proposal (but not any other proposal) by 30 November 2014;
- (b) The new listing application for the Proposal is rejected the Exchange; or
- (c) The Proposal cannot proceed for any other reason.”

Trading in the H shares of the Company has been suspended since 9:00 a.m. on 30 March 2012 and will remain suspended until further notice.

The Acquisition and the transactions contemplated thereunder are subject to fulfillment of various conditions precedent and, therefore, may or may not materialised. Further announcement in respect of the Acquisition and the status of the resumption in trading of the H shares of the Company will be made by the Company in accordance with the GEM Listing Rules and as and when appropriate.

DISMISSAL OF WINDING-UP PETITION

Reference is also made to the winding-up petition dated 20 March 2014 (the “**Winding-up Petition**”) made by 寧波大榭開發區海達商貿有限公司 (the “**Petitioner**”) to the High Court of Hong Kong (the “**High Court**”) against the Company as disclosed in the Announcement.

The Company is pleased to announce that the Petitioner and the Company have jointly applied for an order by consent that, among other things, the Winding-up Petition be dismissed. By a letter of the High Court dated 30 May 2014, the Company was informed that the judge of the High Court has no objection to dismissing the Winding-up Petition and approves the joint application in principle.

As at the date of this announcement, there are no outstanding winding-up petitions against the Company.

By Order of the Board
Sanmenxia Tianyuan Aluminum Company Limited*
Li Zhi Yuan
Chairman

Henan Province, the PRC, 6 June 2014

As of the date of this announcement, the Board comprises:

Executive Directors:

Mr. Li Zhi Yuan (*Chairman*)

Mr. Xiao Chong Xin

Mr. Chen Hong Qing

Non-executive Directors:

Mr. Yan Li Qi

Mr. Ma Yong Zheng

Mr. Jin Ming Jie

Independent Non-executive Directors:

Ms. Fan Feng Juan

Mr. Lang Da Zhan

Mr. Liu Li Bun

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purposes of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Company Announcements" page on the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company's website at www.styal.com.cn.

* *For identification purpose only.*