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JUNEFIELD DEPARTMENT STORE GROUP LIMITED

莊勝百貨集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 758)

DISCLOSEABLE TRANSACTION - SUBSCRIPTION OF CONVERTIBLE NOTE

SUBSCRIPTION OF CONVERTIBLE NOTE

On 21 August 2013, Junefield HV Metals entered into the Converting Loan Agreement with Latin Resources, pursuant to which Junefield HV Metals agreed to advance a loan of AU\$2,500,000 (equivalent to approximately HK\$17,750,000) to Latin Resources, and in return, Latin Resources agreed to issue to Junefield HV Metals the Convertible Note upon completion.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.22 of the Listing Rules, the subscription of Convertible Note under the Converting Loan Agreement would need to be aggregated with the Group's subscriptions of total 12,995,060 ordinary shares placed by Latin Resources and 23,372,530 options of Latin Resources within 12 months before the date of the Converting Loan Agreement. As one of the applicable percentage ratios (as defined in the Listing Rules), when calculated on aggregated basis, for the Converting Loan Agreement exceeds 5%, but all of the percentage ratios are less than 25%, the transactions contemplated thereunder constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

BACKGROUND

On 21 August 2013, Junefield HV Metals entered into the Converting Loan Agreement with Latin Resources, pursuant to which Junefield HV Metals agreed to advance a loan of AU\$2,500,000 (equivalent to approximately HK\$17,750,000) to Latin Resources, and in return, Latin Resources agreed to issue to Junefield HV Metals the Convertible Note upon completion.

CONVERTING LOAN AGREEMENT

Date

21 August 2013

Parties

Borrower: Latin Resources

Lender: Junefield HV Metals

As at the date of the Converting Loan Agreement, Junefield HV Metals was holding 46,745,060 ordinary shares, representing approximately 20.54% of the total issued share capital, in Latin Resources. Save as disclosed herein, to the best knowledge of the Directors, information and belief having made all reasonable enquiry, Latin Resources is third party independent of the Company and its connected persons.

Principal

Junefield HV Metals agreed to advance to Latin Resources an amount of AU\$2,500,000 (equivalent to approximately HK\$17,750,000) within 7 Business Days of the execution of the Converting Loan Agreement. The Group has satisfied the Principal of the Converting Loan Agreement by internal resources.

Conditions precedent

Completion of the Converting Loan Agreement is conditional upon the approval by Latin Resources' shareholders (the "**LRS Shareholders' Approval**") in a general meeting for the issue of the Convertible Note (and any shares of Latin Resources to be issued in the event of conversion of the Convertible Note), which shall be held within 40 Business Days after the date of the Converting Loan Agreement. It is expected that the general meeting of Latin Resources to seek the LRS Shareholder's Approval will be held in October 2013.

If the LRS Shareholder's Approval is not obtained, the Principal under the Converting Loan Agreement shall be repayable to Junefield HV Metals within 30 Business Days after the above-mentioned general meeting of Latin Resources together with accrued interests calculated at 12% per annum.

Completion

Completion of the Converting Loan Agreement shall take place, and Latin Resources shall issue the Convertible Note to Junefield HV Metals by applying the advanced Principal as subscription monies, within 7 Business Days after obtaining the LRS Shareholders' Approval.

CONVERTIBLE NOTE

The principal terms of the Convertible Note are summarised as follows:

Principal	AU\$2,500,000 (equivalent to approximately HK\$17,750,000)
Interest rate	12% per annum
	Interest will accrue daily from the date of receipt of the Principal up to the date of payment. The accrued interest must be paid in arrears on 31 March, 30 June, 30 September and 31 December each year, or on the date of redemption or conversion.
Maturity Date	31 July 2015
Redemption	<p>(a) <u>Latin Resources' right to redeem</u></p> <p>At any time after issue of the Convertible Note and before a date of conversion by Junefield HV Metals, Latin Resources is entitled to redeem the Convertible Note (or part thereof);</p> <p>(b) <u>Redemption on maturity</u></p> <p>In the event the Convertible Note has not been converted or redeemed by the Maturity Date, Latin Resources agreed to redeem the outstanding Principal in full on the Maturity Date;</p> <p>(c) <u>Redemption on default</u></p> <p>If any of the following events of default occur, Junefield HV Metals shall be entitled to terminate the Converting Loan Agreement and Latin Resources shall redeem the Convertible Note:</p> <p>(i) Latin Resources fails to pay within 30 Business Days of its due date any amount payable under the Converting Loan Agreement;</p> <p>(ii) Latin Resources fails to perform any other undertaking, obligation or agreement under the Converting Loan Agreement;</p>

- (iii) a controller (as defined in section 9 of the Australian Corporations Act), administrator, trustee or similar office is appointed in respect of Latin Resources or any of its property; or liquidator or provisional liquidator is appointed in respect of Latin Resources; or Latin Resources becomes, or admits in writing that it is, or is declared or deemed under any applicable law to be, insolvent or unable to pay its debts as and when they become due and payable;
- (iv) a material breach of any warranty under the Converting Loan Agreement occurs;
- (v) an order is made for the winding up, bankruptcy or dissolution of Latin Resources or a resolution is passed for the winding up or dissolution of Latin Resources;
- (vi) all, or any part, of the provisions of the Converting Loan Agreement are, or become illegal, void, voidable, unenforceable or otherwise of limited force or effect to the material detriment of Junefield HV Metals; or
- (vii) any event or series of events, whether related or not, occurs which would be reasonably likely to have a material adverse effect on the ability of Latin Resources to perform its obligations under the Converting Loan Agreement; and

(d) Redemption

Upon redemption, Latin Resources must on the Redemption Date pay Junefield HV Metals the Redemption Amount (or part thereof).

Conversion

- (a) The conversion of the Convertible Note is at the discretion of Junefield HV Metals. At any time after the issue of the Convertible Note, Junefield HV Metals is entitled to give 15 Business Days' notice of its intention to convert the Convertible Note (or part thereof); and
- (b) During the 15 Business Days' notice period, Latin Resources shall have the right to redeem the Convertible Note (or part thereof).

Conversion price

AU\$0.07 (equivalent to approximately HK\$0.497)

Conversion shares	<p>(a) Upon conversion of the Convertible Note in full at the conversion price of AU\$0.07, a total of 35,714,285 ordinary shares of Latin Resources (representing approximately 15.7% of the existing issued share capital and approximately 13.6% of the enlarged issued share capital of Latin Resources) will be allotted and issued to Junefield HV Metals; and</p> <p>(b) Latin Resources shall on the date of conversion apply for listing on ASX of all conversion shares issued.</p>
Listing	Latin Resources will not apply for listing of the Convertible Note on ASX.
Voting rights	The Convertible Note shall not provide for any voting rights at shareholders' meetings of Latin Resources.
Participation rights	There are no participation rights or entitlements inherent in the Convertible Note, Junefield HV Metals will not be entitled to participate in new issues of securities of Latin Resources offered to its shareholders during the currency of the Convertible Note without first converting the Convertible Note prior to the date for determining entitlements to participate in any such issue.
Transferability	Junefield HV Metals shall only be permitted to transfer the Convertible Note to its holding company, subsidiaries or fellow subsidiaries of its holding company.

Assuming full exercise of conversion rights under the Convertible Note, Junefield HV Metals will directly own approximately 31.32% of the enlarged total issued share capital of Latin Resources (assuming no other new shares having been issued).

INFORMATION OF THE GROUP AND LATIN RESOURCES AND USE OF PROCEEDS

The Group

The Group is principally engaged in the businesses of property investment, provision of property management and agency services, the manufacture and sale of construction materials and securities investments.

Latin Resources

Latin Resources is an Australian publicly listed company and its shares are listed in ASX. The Latin Resources group is principally engaged in mineral exploration identifying and defining mineral resources in Latin America, with a specific focus on Peru.

Use of proceeds

The subscription proceeds of the Convertible Note will be applied towards the existing projects of Latin Resources in South America and for its general working capital.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Convertible Note bears interests at the rate of 12% per annum which is comparatively higher than the normal saving interest rate in Hong Kong. The Group would be benefited from the potential growth of Latin Resources through conversion of part or whole of the Convertible Note into shares of Latin Resources as and when the Company considers appropriate.

The conversion price of AU\$0.07 per share in Latin Resources was arrived at after arm's length negotiations between Junefield HV Metals and Latin Resources, which represents:

1. the closing price of AU\$0.07 per share of Latin Resources quoted on ASX on the date immediately prior to the signing of the Converting Loan Agreement;
2. the average closing price of AU\$0.07 per share of Latin Resources quoted on ASX for the last five consecutive trading days immediately before the date of signing the Converting Loan Agreement; and
3. a discount of approximately 11.4% to the average closing price of approximately AU\$0.079 per share of Latin Resources quoted on ASX for the last ten consecutive trading days immediately before the date of signing the Converting Loan Agreement.

Based on the above, the Board considers that the terms of the Converting Loan Agreement are fair and reasonable and the subscription of the Convertible Note is in the interests of the Company and its shareholders as a whole.

No Directors have a material interest in the Converting Loan Agreement and therefore, no Directors need to abstain from voting on the board resolution in relation to the approval of the Converting Loan Agreement.

The Company at present has no intention to convert Convertible Note after completion of the subscription. The conversion of the Convertible Note will be in compliance with the Listing Rules.

OTHER TRANSACTIONS WITHIN 12 MONTHS

Within 12 months before the date of the Converting Loan Agreement, the Group through Junefield HV Metals had subscribed for (1) an aggregate of 12,995,060 ordinary shares placed by Latin Resources with a total consideration of approximately HK\$20,002,000 and (2) 23,372,530 options of Latin Resources (exercisable at AU\$0.2 per share before 26 October 2014) at approximately HK\$1,863,000. As at the date of this announcement, no option of Latin Resources has been exercised.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 14.22 of the Listing Rules, the subscription of Convertible Note under the Converting Loan Agreement would need to be aggregated with the Group's subscriptions of 12,995,060 ordinary shares placed by Latin Resources and 23,372,530 options within 12 months before the date of the Converting Loan Agreement. As one of the applicable percentage ratios (as defined in the Listing Rules), when calculated on aggregated basis, for the Converting Loan Agreement exceeds 5%, but all of the percentage ratios are less than 25%, the transactions contemplated thereunder constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“ASX”	ASX Limited (ABN 008 624 691) or the financial market operated by it
“Australian Corporations Act”	the Corporations Act 2001 (Cth) of Australia
“AU\$”	Australian dollar(s)
“Board”	the board of Directors
“Business Day”	a day on which is not Saturday, Sunday or public holiday in Perth, Western Australia
“Company”	Junefield Department Store Group Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning as ascribed in the Listing Rules
“Converting Loan Agreement”	an agreement dated 21 August 2013 between Latin Resources and Junefield HV Metals relating to the subscription of the Convertible Note
“Convertible Note”	the convertible note in the Principal to be issued by Latin Resources pursuant to the Converting Loan Agreement
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$” and “cent(s)”	Hong Kong dollar(s) and cent(s) respectively
“Junefield HV Metals”	Junefield High Value Metals Investments Limited, a company incorporated in Hong Kong, which is the indirectly wholly-owned subsidiary of the Company
“Latin Resources”	Latin Resources Limited, a company incorporated in Australia with limited liability, whose shares are listed on ASX

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	31 July 2015
“Redemption Amount”	100% of the outstanding Principal plus an amount equal to 4% per annum on the outstanding Principal up to the date of redemption
“Redemption Date”	<p>(a) not more than 7 Business Days after the date of delivery of redemption notice; or</p> <p>(b) not more than 7 Business Days after the date of delivery of a notice of default by Junefield HV Metals; or</p> <p>(c) the Maturity Date</p>
“Principal”	AU\$2,500,000
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

Note: Exchange rate of AU\$1: HK\$ 7.1 has been used in this announcement for illustrative purposes only

By Order of the Board
Junefield Department Store Group Limited
Zhou Chu Jian He
Chairman

Hong Kong, 16 September 2013

As at the date of this announcement, the executive directors are Mr. Zhou Chu Jian He (Chairman), Mr. Ng Man Chung, Siman (Deputy Chairman), Mr. Liu Zhongsheng (Chief Executive Officer), Mr. Xiang Xianhong and Mr. Lei Shuguang; the non-executive director is Mr. Jorge Edgar Jose Muñiz Ziches; and the independent non-executive directors are Mr. Lam Man Sum, Albert, Mr. Cao Kuangyu and Mr. Cheung Ka Wai.

** For identification purpose only*