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**中國礦業資源集團有限公司\***  
**China Mining Resources Group Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00340)**

**MAJOR ACQUISITION IN RELATION TO  
THE ACQUISITION OF THE REMAINING INTEREST IN  
THE TARGET COMPANY**

**Financial advisor to the Company**



信溢投資策劃有限公司

**CHALLENGE CAPITAL MANAGEMENT LIMITED**

**THE ACQUISITION**

Reference is made to the announcement of the Company dated 7 December 2015 relating to, among others, the acquisition of 27% of the issued share capital of the Target Company by the Purchaser (being a wholly-owned subsidiary of the Company) from Forever Success at the consideration of HK\$140,400,000 pursuant to the terms and conditions of the Previous Agreement.

On 4 August 2016 (after trading hours), the Purchaser, the Vendors and the Guarantors entered into the Agreement, pursuant to which the Purchaser agreed to purchase, and the Vendors agreed to sell the Sale Shares (being the remaining issued share capital of the Target Company that the Company does not own) at the Consideration of HK\$438,000,000, which shall be settled by a combination of Cash Consideration of HK\$80,000,000, and the issue of 4,475,000,000 Consideration Shares by the Company at the Issue Price of HK\$0.08 each as detailed in the paragraph headed “Consideration and payment terms”.

As at the date of this announcement, the Target Company, through the Project Company, holds (i) the Mining Licences in respect of the Gold Mine; and (ii) owns and operates the Processing Plant.

\* *For identification purpose only*

Completion is conditional upon, among other things, the Shareholders' approval at the SGM. Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company.

## **IMPLICATIONS OF THE LISTING RULES**

Pursuant to Rule 14.22 of the Listing Rules, the Acquisition was aggregated with the Previous Acquisition so that the two transactions thereunder were treated as if they were one transaction. As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition, aggregated with the Previous Acquisition, are more than 25% and less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under the Listing Rules.

A circular containing, among other things, (i) further details of the Acquisition; (ii) the financial information of the Target Group; (iii) the Independent Technical Report; (iv) the Valuation Report; and (v) a notice of SGM, will be despatched to the Shareholders on or before 30 September 2016, being more than 15 business days pursuant to Rule 14.60(7) of the Listing Rules as additional time is required to complete various reports and information (including the Accountants' Report on the Target Group, the Independent Technical Report and the Valuation Report on the Target Group) in accordance with the relevant requirements of the Listing Rules.

**Shareholders and potential investors should note that Completion is subject to the satisfaction of the conditions set out under the paragraph headed "Conditions precedent" of the section headed "The Acquisition" of this announcement. As the transactions contemplated by the Agreement may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

Reference is made to the announcement of the Company dated 7 December 2015 relating to, among others, the acquisition of 27% of the issued share capital of the Target Company by the Purchaser (being a wholly-owned subsidiary of the Company) from Forever Success at the consideration of HK\$140,400,000 pursuant to the terms and conditions of the Previous Agreement.

On 4 August 2016 (after trading hours), the Purchaser, the Vendors and the Guarantors entered into the Agreement, pursuant to which the Purchaser agreed to purchase, and the Vendors agreed to sell the Sale Shares (being the remaining issued share capital of the Target Company that the Company does not own) at the Consideration of HK\$438,000,000, which shall be settled by a combination of Cash Consideration of HK\$80,000,000, and the issue of 4,475,000,000 Consideration Shares by the Company at the Issue Price of HK\$0.08 each as detailed in the paragraph headed "Consideration and payment terms". The details of the Agreement are as follows:

## THE ACQUISITION

### The Agreement

**Date** 4 August 2016 (after trading hours)

### *Parties*

The Purchaser: Combined Success, a direct wholly-owned subsidiary of the Company, which as at the date of this announcement holds 27% of the total issued share capital of the Target Company.

The Vendors:

- (1) Forever Success, an investment holding company wholly-owned by Mr. Ma, which as at the date of this announcement holds 43% of the total issued share capital of the Target Company; and
- (2) Supreme Success, an investment holding company wholly-owned by Ms. Lin, which as at the date of this announcement holds 30% of the total issued share capital of the Target Company.

The Guarantors:

- (1) Mr. Ma, being the ultimate beneficial owner of Forever Success; and
- (2) Ms. Lin, being the ultimate beneficial owner of Supreme Success.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Vendors together with the Guarantors are Independent Third Parties.

### *Asset to be acquired*

Pursuant to the Agreement, the Purchaser agreed to purchase, and the Vendors agreed to sell the Sale Shares (being the remaining issued share capital of the Target Company that the Company does not own), representing 73% of the total issued share capital of the Target Company as at the date of this announcement.

The 43% of the total issued share capital of the Target Company held by Forever Success is currently pledged to the Company pursuant to the First Loan Agreement and the Second Loan Agreement.

Completion is conditional upon, among other things, the Shareholders' approval at the SGM. Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company.

The Target Group is principally engaged in the exploration, mining, processing, and sale of gold and related products. As at the date of this announcement, the Target Company, through the Project Company, holds (i) the Mining Licences in respect of the Gold Mine and (ii) owns and operates the Processing Plant. Detailed information on the Target Group is set out in the paragraph headed “Information on the Target Group” of this announcement.

### ***Consideration and payment terms***

The Consideration shall be HK\$438,000,000, which will be settled by the Purchaser in the following manner:

- (i) HK\$80,000,000 to be paid in cash by the Purchaser to Forever Success (or its designated nominee) within five Business Days from the date of the Agreement as a refundable deposit for the Acquisition; and
- (ii) HK\$358,000,000 by the allotment and issue of an aggregate 4,475,000,000 Consideration Shares by the Company at the Issue Price of HK\$0.08 per Consideration Share on the Completion Date, of which 2,225,000,000 new Shares shall be issued to Forever Success and 2,250,000,000 new Shares shall be issued to Supreme Success.

It is the intention of the Company to finance the Consideration by the internal resources of the Group.

### ***Consideration Shares***

The Consideration Shares represent (i) approximately 26.46% of the existing issued share capital of the Company, and (ii) approximately 20.92% of the Company’s issued share capital as enlarged by the issue of the Consideration Shares. The Consideration Shares will be allotted and issued under a specific mandate to be obtained by the Company in the SGM. The Consideration Shares when allotted and issued shall be credited as fully paid and rank pari passu with all other Shares in issue in the share capital of the Company.

Application will be made by the Company to the Stock Exchange for the approval for the listing of, and permission to deal in, the Consideration Shares. The issue price of HK\$0.08 per Consideration Share represents:

- (i) a discount of approximately 23.81% to the closing price of HK\$0.105 per Share as quoted on the Stock Exchange on 4 August 2016, being the date of the Agreement;
- (ii) a discount of approximately 25.65% to the average closing price per Share as quoted on the Stock Exchange for the last 5 consecutive full trading days immediately prior to and including the date of the Agreement of 4 August 2016, being approximately HK\$0.1076 per Share;

- (iii) a discount of approximately 25.79% to the average closing price per Share as quoted on the Stock Exchange for the last 10 consecutive full trading days immediately prior to and including the date of the Agreement of 4 August 2016, being approximately HK\$0.1078 per Share;
- (iv) a discount of approximately 29.37% to the average closing price per Share as quoted on the Stock Exchange for the last 30 consecutive full trading days immediately prior to and including the date of the Agreement of 4 August 2016, being approximately HK\$0.1133 per Share; and
- (v) a premium of approximately 116.49% over the audited consolidated net asset value attributable to the Shareholders per Share of approximately HK\$0.037 based on the published audited consolidated accounts of the Company for the year ended 31 December 2015 and the issued share capital of 16,914,972,211 Shares as at the date of this announcement.

The Company considers the Issue Price, which was determined after arm's length negotiation between the Company and the Vendors, fair and reasonable having considered, among other things, (i) that the Shares had been trading at a lower price level for a relatively long period of time until the announcement by the Company on 19 March 2015 of its considering of the feasibility of a possible acquisition; (ii) that the issue of Consideration Shares as part of the Consideration would enable the Company to acquire the controlling interest in the Gold Mine without causing an undue burden on the Company's cash flow; (iii) that the Issue Price represents a significant premium over the audited net asset value attributable to the Shareholders per Share as of 31 December 2015; and (iv) the reasons for and benefits of the Acquisition as described in the paragraph headed "Reasons for and benefits of the Acquisition".

### ***Basis of the Consideration***

The Consideration was determined after arm's length negotiation between the Purchaser and the Vendors after taking into account the following factors:

- (i) the preliminary market valuation on 100% equity interest of the Target Group prepared by GCA based on the draft Independent Technical Report prepared by SRK at a valuation of approximately HK\$602 million;
- (ii) a condition precedent is included in the Agreement that the Market Valuation prepared by GCA in accordance with the VALMIN Code shall indicate that the valuation on the Target Group shall be not less than HK\$600 million; and
- (iii) the factors as set out in the section headed "Reasons for and benefits of the Acquisition".

The Company has appointed SRK as the Independent Technical Consultant and GCA as the independent valuer to prepare the Independent Technical Report and the Valuation Report (which contains the Listing Rules Valuation), respectively. The reports will be incorporated in the circular to be despatched to the Shareholders in relation to the Acquisition. The Company has also

commissioned GCA to prepare the Market Valuation. The Market Valuation is being prepared in accordance with the VALMIN Code, using methodologies in line with international market practices. The Market Valuation seeks to evaluate the full market value of mineral interests held by the Target Group and accordingly, reflects the additional value associated with the Inferred Mineral Resources of the Target Group in compliance with the VALMIN Code, which are specifically excluded from the Listing Rules Valuation as required by the Listing Rules.

According to GCA, most of the bases and assumptions applied in the preparation of the Listing Rules Valuation and the Market Valuation are the same. The major difference in the bases and assumptions applied relates to the exclusion or inclusion of the Inferred Mineral Resources in the valuation. In the Listing Rules Valuation, GCA has not included any consideration of Inferred Mineral Resources in determining the value of the Target Group. The Valuation Report on the Listing Rules Valuation as well as the Independent Technical Report will be disclosed in the circular to be despatched by the Company to the Shareholders in connection with the Acquisition. The Listing Rules Valuation will be subject to updates for changes, including but not limited to changes in commodity prices, changes in foreign exchange rates and any material changes in the operational prospects for the relevant assets, until the latest practicable date prior to publication of the circular.

Taking into account the above, in particular, the Market Valuation of not less than HK\$600 million as a condition precedent to the Agreement, and the issuing of the Consideration Shares will enlarge the equity base of the Company, the Directors (including all independent non-executive Directors) are of the view that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### ***Conditions precedent***

Completion is conditional upon the satisfaction (or waiver, if applicable) of all of the following conditions:

- (i) the Agreement, the allotment and issue of the Consideration Shares and all transactions contemplated thereunder having been approved by the Shareholders at the SGM;
- (ii) the Purchaser shall have completed, to its sole and absolute satisfaction, a due diligence review on the Target Group (in particular the Project Company) in respect of their business operation, financial status, asset/liabilities and other related issues to be determined by the Purchaser;
- (iii) the Purchaser having obtained from a qualified PRC legal adviser a legal opinion with respect to the Target Group (in particular the due establishment, valid existence, legality and shareholding structure of the Project Company and the legality of the business operations of the Project Company under PRC law), and that the Purchaser being satisfied with such legal opinion;
- (iv) the Purchaser shall have received the Independent Technical Report prepared by SRK on the Gold Mine which are in full compliance with the Listing Rules (if applicable) and in form and substance satisfactory to the Purchaser;

- (v) the Purchaser shall have received a report on the Market Valuation of the Target Group issued by GCA which is in full compliance with the VALMIN Code and in form and substance satisfactory to the Purchaser showing the Market Valuation of the Target Group to be not less than HK\$600 million;
- (vi) the Vendors shall provide evidence to the sole and absolute satisfaction of the Purchaser showing the mining licences which are material to the business operation of the Project Company will be obtained or renewed, in the event that the same are pending transfer or renewal;
- (vii) from the date of signing of the Agreement till Completion, there not being any abnormal operations or any material adverse changes in the business, prospects, operations, performance or finance in respect of the Target Group;
- (viii) the warranties given by the Vendors in the Agreement remaining true, accurate and not misleading at the date of the Agreement and up to and including the Completion Date in all material respects;
- (ix) the Vendors shall have performed and complied in all material respects with all undertakings and obligations required by the Agreement to be performed prior to the Completion Date;
- (x) the obtaining of all necessary consents and approvals in respect of the Acquisition from the relevant governmental or regulatory bodies, and no governmental or regulatory bodies has issued any orders, laws, regulations to disallow or restrain the Completion from taking place;
- (xi) the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Consideration Shares;
- (xii) the Vendors shall at the request of the Purchaser provide any information or documents in relation to the transactions contemplated under the Agreement to the sole and absolute satisfaction of the Purchaser; and
- (xiii) the Project Company shall have obtained from relevant government authority the exploration licence covering the areas of exploration licence application as specified in the Independent Technical Report.

The Purchaser shall have the right to waive the conditions precedent above (save for the condition (i), (iv) and (xi) which cannot be waived). Save as aforesaid, if the conditions precedent as set out in the Agreement have not been fulfilled (or, where applicable, waived by the Purchaser) on or before 31 December 2016, neither the Purchaser nor the Vendors shall be obliged to proceed with Completion. The Vendors shall refund the deposit without interest and any amount previously paid by the Purchaser to the Vendors within 10 Business Days once it is determined that Completion will not or cannot be proceeded.

## **Completion**

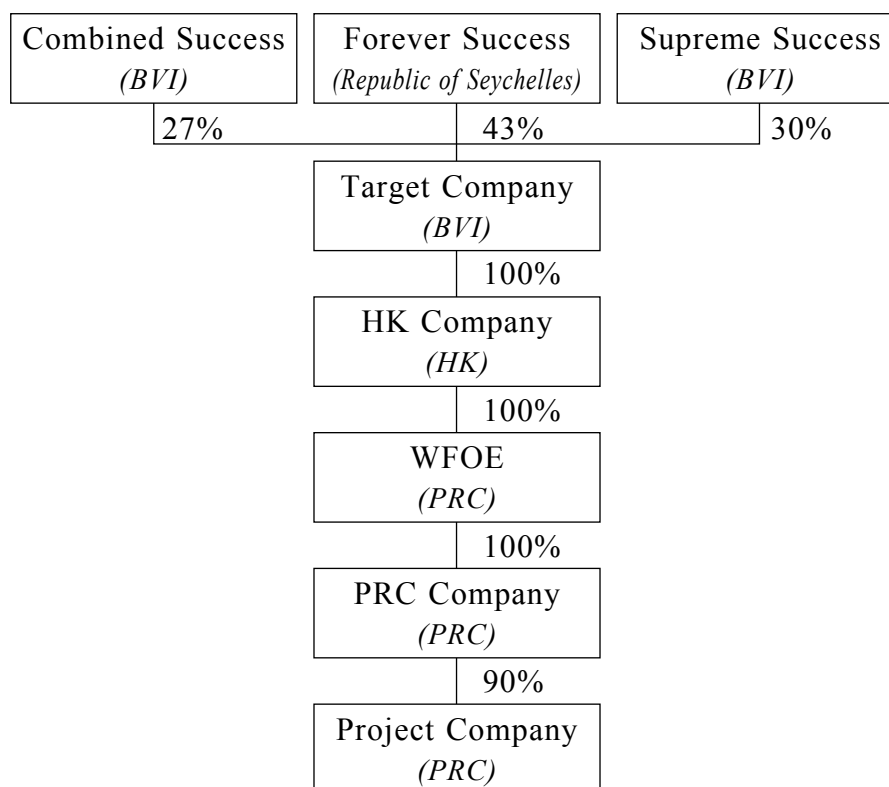
Completion shall take place on the Completion Date.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company. The results and assets and liabilities of the Target Group will be consolidated with, and accounted for as subsidiaries in the Company's consolidated financial statements.

## **INFORMATION ON THE TARGET GROUP**

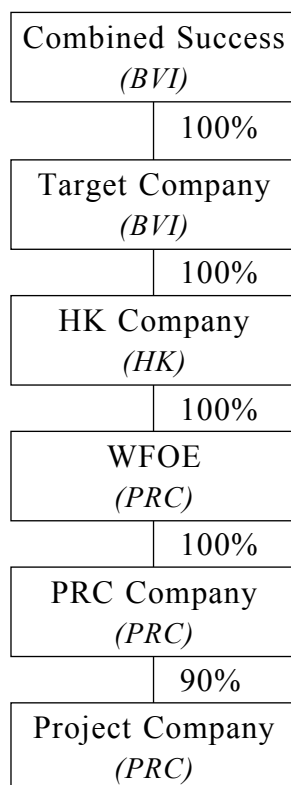
The Target Company is an investment holding company incorporated in the BVI with limited liability on 2 January 2015. As at the date of this announcement, it is 27% owned by the Purchaser, 43% owned by Forever Success and 30% owned by Supreme Success. The principal asset of the Target Company is its indirect 90% equity interests in the Project Company. The Target Group is principally engaged in the exploration, mining, processing and sale of gold and related products. As at the date of this announcement, the Project Company holds (i) the Mining Licences in respect of the Gold Mine; and (ii) owns and operates the Processing Plant.

Set out below is the shareholding structure of the Target Group immediately before the Completion:





Set out below is the shareholding structure of the Target Group immediately following the Completion:



#### FINANCIAL INFORMATION ON THE TARGET GROUP

Set out below is a summary of the financial information on the Project Company for the years ended 31 December 2014 and 2015 prepared in accordance with the HKFRSs:

	<b>For the year ended/As at 31 December 2015 RMB'000 (Unaudited)</b>	For the year ended/As at 31 December 2014 RMB'000 (Unaudited)
Revenue	<b>90,651</b>	83,092
Net profit before taxation	<b>24,564</b>	33,049
Net profit after taxation	<b>20,830</b>	28,151
Net assets	<b>71,302</b>	50,472

An accountant's report containing the audited financial information on the Target Group will be included in the circular to be despatched to the Shareholders in relation to the Acquisition.

## THE GOLD MINE

The Gold Mine is located in Tongguan County, Shaanxi Province of the PRC, approximately 155 km East of Xi'an, the capital city of Shaanxi Province. Access to the mining operations of the Gold Mine from Xi'an is through Freeway G65/G30 for 121 km, followed by paved provincial road 301 for approximately 34 km. The Processing Plant is located at Beidong Village, Daiziying Town, Tongguan County, approximately 10 km Northeast of the Gold Mine. According to the Independent Technical Report, the current infrastructure of the project area of the Gold Mine is considered adequate for its current and planned scale of operation and transportation between the Gold Mine and the Processing Plant.

As at the date of this announcement, the Project Company has a portfolio of mineral tenements comprising four Mining Licences (Q401, Q4112, Q301 and Q198) and covering a total area of 7.7975 km<sup>2</sup>. Based on the information provided by the management of the Project Company, an application for a new Exploration Licence, covering the adjoining area of Q401 and the area formerly covered under the exploration licence (Q4114) of the Project Company (which was expired on 2 August 2016) with a total area of 16.23 km<sup>2</sup>, has been submitted to the relevant government authority on 13 January 2016, and the approval for the said application has been received by the Project Company on 29 July 2016. Set out below is the Mineral Resource statement for the Gold Mine as of 1 June 2016 as extracted from the Independent Technical Report:

Licence type	Project short name	Domain	Category	Inventory (kt)	Grade (g/t Au)	Contained Metal (t)	Contained Metal (koz)	
Mining	Q401	Q401-3ML	Indicated	98.9	7.25	0.72	23.1	
			Inferred	115.7	6.93	0.80	25.8	
	Q4112	Q4112	Indicated	149.8	5.31	0.80	25.6	
			Inferred	113.5	4.90	0.56	17.9	
	Q301	Q301	Inferred	16.4	5.10	0.08	2.7	
	Q198	Q198	Inferred	19.3	3.87	0.07	2.4	
	<b>Total</b>			<b>Indicated</b>	<b>248.7</b>	<b>6.08</b>	<b>1.51</b>	<b>48.6</b>
				<b>Inferred</b>	<b>264.9</b>	<b>5.72</b>	<b>1.52</b>	<b>48.7</b>
Exploration Licence Application	Q4114	Q4114	Indicated	75.8	6.01	0.46	14.6	
			Inferred	139.0	9.32	1.30	41.7	
		Q429	Indicated	7.8	7.81	0.06	2.0	
			Inferred	7.0	6.46	0.05	1.5	
	Q401 adjoining area	Q1403	Indicated	56.9	6.70	0.38	12.3	
			Inferred	52.8	7.03	0.37	11.9	
		Q401-3ELA	Indicated	40.4	7.88	0.32	10.2	
			Inferred	20.9	6.01	0.13	4.0	
		Q401-4	Indicated	420.0	7.60	3.19	102.6	
			Inferred	103.0	2.95	0.30	9.8	
	<b>Total</b>			<b>Indicated</b>	<b>600.9</b>	<b>7.34</b>	<b>4.41</b>	<b>141.7</b>
				<b>Inferred</b>	<b>322.7</b>	<b>6.64</b>	<b>2.14</b>	<b>68.8</b>

Notes:

1. Differences may occur due to rounding.
2. 1.00 g/t Au cut-off grade applied for the resource block model.
3. Q401-3 ML and Q401-3 ELA domains refer to the portion of Mineral Resources within the mining licence and exploration licence application respectively.

## The Mining Licences

Details of the Mining Licences held by the Project Company are summarised below:

<b>Mining Licence number</b>	<b>Project area</b>	<b>Mining area (km<sup>2</sup>)</b>	<b>Production capacity (tonnes per annum)</b>	<b>Validity period</b>
C6100002009084120031621	Q301	5.2002	15,000	30 May 2016 — 30 May 2018
C6100002011044120110592	Q401	1.8765	15,000	6 May 2015 — 6 May 2018
C6100002010034120059580	Q198	0.3328	15,000	9 July 2015 — 9 July 2017
C6100002013064110130335 (Note)	Q4112	0.3880	30,000	22 June 2016 — 22 June 2019

Note:

As at the date of this announcement, such Mining Licence is held by Jinxing Mining, a nominee holder for the Project Company, and the Project Company is in the process of applying for the change of name of holder of such Mining Licence.

## Exploration Licence application

Based on the information provided by the management of the Project Company, an application for a new Exploration Licence, covering the adjoining area of Q401 and the area formerly covered under the exploration licence (Q4114) of the Project Company (which was expired on 2 August 2016) with a total area of 16.23 km<sup>2</sup>, has been submitted to the relevant government authority on 13 January 2016, and the approval for the said application has been received by the Project Company on 29 July 2016. The PRC legal advisers to the Company are of the view that, the Project Company has completed the critical approval procedures for the obtaining of the said Exploration Licence, and there shall not be practical legal impediments for the Project Company to obtain the same from the relevant government authority.

## **The Processing Plant**

The Project Company also owns and operates the Processing Plant with a total production capacity of 475 tpd, which consists of two production lines with processing capacity of 300 tpd and 175 tpd respectively. As summarised from the Independent Technical Report, the simple and conventional crushing, grinding and flotation processing flowsheet is adopted to produce gold concentrate, which has a grade of 60 g/t Au and a recovery rate higher than 96%. The processing flowsheet also allows other economically recoverable minerals within the gold concentrate to be recovered. As mentioned in the Independent Technical Report, the technical parameters of the gold processing, such as recovery and reagent consumption, are favourable. In addition to processing ores that are extracted from the Gold Mine, the Processing Plant has also toll treated or purchased third party ores for processing since 2015 to make optimal use of its equipment.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group is principally engaged in production and sale of tea products and investment in mining companies. Since the disposal of its interest in the molybdenum business in 2014, the Group has been actively exploring potential investment opportunities in the mining industry with a view to broaden its revenue base and maximize return to its Shareholders. In this respect, the Group had on 7 December 2015 entered into the Previous Agreement for the Previous Acquisition, that is, the acquisition of 27% equity interest in the Target Company, details of which were disclosed in the Previous Announcement.

As described in the sections headed “Information on the Target Group” and “The Gold Mine” in this announcement, the Target Group is principally engaged in the exploration, mining, processing and sale of gold and related products through its indirect 90% equity interests in the Project Company, which holds the Mining Licences in respect of the Gold Mine located in Tongguan County, Shaanxi Province of the PRC. Tongguan County has long been regarded as a traditional and resourceful gold mining area in the PRC where the gold mining industry has been the pillar industry of the county. According to the Independent Technical Report, the Gold Mine forms part of the Xiaoqinling gold field, which is located in the northernmost Qinling Terrance and represents the second largest gold belt in China and is highly prospective for high-grade, narrow-vein gold deposits.

As disclosed in the Previous Announcement, upon completion of the Previous Acquisition, the Company would be able to obtain first-hand information on the operations of the Gold Mine and make further assessment on the prospects of the Target Group which, subject to satisfactory assessment results on the Target Group, it was the intention of the Company to acquire further equity interest in the Target Company as and when appropriate in the future.

As at the date of this announcement, the Project Company has a portfolio of mineral tenements comprising four Mining Licences (Q401, Q4112, Q301 and Q198) which, according to the Independent Technical Report, is estimated to contain total Mineral Resources of 513.6 kt (including Indicated Mineral Resources of 248.7 kt and Inferred Mineral Resources of 264.9 kt). As advised by the management of the Project Company, after completion of the Previous Acquisition, the Project Company has on 13 January 2016 applied to the relevant government authority for a new Exploration Licence covering the adjoining area of Q401 and the area formerly covered under the exploration licence (Q4114) of the Project Company (which was expired on 2 August 2016) with a total area of 16.23 km<sup>2</sup> which, according to the Independent Technical Report, is estimated to contain additional Mineral Resources of 923.6 kt (including Indicated Mineral Resources of 600.9 kt and Inferred Mineral Resources of 322.7 kt). The approval for the said application has been received by the Project Company on 29 July 2016. The PRC legal advisers to the Company are of the view that, the Project Company has completed the critical approval procedures for the obtaining of the said Exploration Licence, and there shall not be practical legal impediments for the Project Company to obtain the same from the relevant government authority. Upon obtaining of such Exploration Licence, the estimated total Mineral Resources of the Gold Mine will be 1,437.2 kt (including Indicated Mineral Resources of 849.6 kt and Inferred Mineral Resources of 587.6 kt).

Furthermore, based on the unaudited financial information of the Project Company as stated in the section headed “Financial Information on the Target Group”, the Project Company recorded revenue of approximately RMB83.1 million and RMB90.7 million, and net profit of approximately RMB28.2 million and RMB20.8 million for each of the two years ended 31 December 2015, respectively. Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and the results and assets and liabilities of the Target Group will be consolidated into the consolidated financial statements of the Company.

Taking into account (i) the strategic location of the Gold Mine; (ii) the resources under the existing mineral tenements of the Project Company; (iii) the additional resources upon obtaining of the new Exploration Licence; and (iv) the relatively stable revenue stream and the profit-making track record of the Project Company, the Directors are of the view that the Acquisition will enable the Group to broaden its revenue base and enhance its financial conditions, as well as provide growth potential to the Group.

In respect of the overall gold industry in China, the Directors remain optimistic over its long-term development and outlook in view of the intrinsic value of gold as a cornerstone of a country’s currency, credit and global strategic reserves. According to the World Gold Council, China’s official gold holdings was estimated at approximately 1,808 tonnes, representing approximately 5.5% of the world’s total, and ranked sixth after the United States, Germany, the International Monetary Fund, Italy and France, with the United States’ official gold holdings being estimated at approximately 8,134 tonnes, representing approximately 24.8% of the world’s total as of July 2016. However, as a percentage of a country’s foreign reserves, China’s official gold holdings accounted for approximately 2.1% of its foreign reserves only, as compared to the United States of approximately 74.6%, Germany of approximately 67.9%, Italy of approximately 67.6% and France of approximately 62.7% of their respective foreign reserves.

According to the United States Geological Survey, China's minable gold reserves was estimated at approximately 1,900 tonnes with an annual gold production output of approximately 490 tonnes during 2015 while the minable gold reserves of the world and the United States were estimated at approximately 56,000 tonnes and 3,000 tonnes, respectively, with annual gold production output of approximately 3,000 tonnes and 200 tonnes during 2015, respectively. China's gold production output represents approximately 16.3% of the total world production output, making China the world's largest gold producer. The above figures also indicate a notably higher rate of annual gold production output to gold reserves for China as compared to the world's total and the United States.

Furthermore, the Shanghai Gold Exchange has on 19 April 2016 launched the first ever yuan-denominated gold benchmark price in history — the “Shanghai Gold Benchmark Price” which is seen to be a milestone in the internationalisation of China's gold industry and a stepping stone to a new multi-axis trading market consisting of London, New York and Shanghai, signalling the increasing influence of China in the global gold market.

Having considered the above, the Directors are of the view that the Acquisition is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

#### **CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY**

For illustrative purpose only, set out below is a summary of the shareholdings in the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of the Consideration Shares:

<b>Shareholders</b>	<b>As at the date of this announcement</b>		<b>Immediately after the allotment and issue of the Consideration Shares</b>	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Ms. Ho Ping Tanya	3,300,000,000	19.51	3,300,000,000	15.43
Vendors				
<i>Forever Success (or its designated nominee)</i>	—	—	2,225,000,000	10.40
<i>Supreme Success (or its designated nominee)</i>	—	—	2,250,000,000	10.52
Public Shareholders	<u>13,614,972,211</u>	<u>80.49</u>	<u>13,614,972,211</u>	<u>63.65</u>
Total	<u>16,914,972,211</u>	<u>100.00</u>	<u>21,389,972,211</u>	<u>100.00</u>

## **IMPLICATIONS UNDER THE LISTING RULES**

Pursuant to Rule 14.22 of the Listing Rules, the Acquisition was aggregated with the Previous Acquisition so that the two transactions thereunder were treated as if they were one transaction. As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition, aggregated with the Previous Acquisition, are more than 25% and less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under the Listing Rules.

The SGM will be held to consider and, if thought fit, pass the ordinary resolution(s) to approve the Agreement and the transactions contemplated thereunder, including the allotment and issue of the Consideration Shares under the specific mandate. Given no Shareholder has any material interest in the Acquisition, no Shareholder is required to abstain from voting at the SGM in respect of the resolution(s).

## **GENERAL**

A circular containing, among other things, (i) further details of the Acquisition; (ii) the financial information of the Target Group; (iii) the Independent Technical Report; (iv) the Valuation Report; and (v) a notice of SGM, will be despatched to the Shareholders on or before 30 September 2016, being more than 15 business days pursuant to Rule 14.60(7) of the Listing Rules as additional time is required to complete various reports and information (including the Accountants' Report on the Target Group, the Independent Technical Report and the Valuation Report on the Target Group) in accordance with the relevant requirements of the Listing Rules.

**As Completion is subject to the fulfillment of a number of conditions precedent which are detailed in this announcement, the Acquisition may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following words and expressions have the following meanings ascribed to them respectively:

“Acquisition”	the proposed acquisition of the Sale Shares by the Purchaser from the Vendors pursuant to the Agreement
“Agreement”	the sale and purchase agreement entered into between the Purchaser, the Vendors and the Guarantors on 4 August 2016 in relation to the Acquisition
“Au”	gold

“Board”	the board of Directors of the Company
“Business Day(s)”	any day (except a Saturday, Sunday and public holiday) on which banks in Hong Kong are open to the general public for business
“BVI”	the British Virgin Islands
“Cash Consideration”	HK\$80,000,000, being the partial consideration for the Acquisition
“Company”	China Mining Resources Group Limited (中國礦業資源集團有限公司*), a limited company incorporated in Bermuda with limited liability and the Shares of which are listed on the main board of the Stock Exchange
“Completion”	the completion of the Acquisition contemplated under the Agreement
“Completion Date”	the fifth Business Day following the date on which the last conditions precedent set out in the Agreement has been fulfilled (or otherwise waived) or such other date as the parties may agree in writing
“Connected Persons”	has the same meaning ascribed to it under the Listing Rules
“Consideration”	the consideration in respect of the Acquisition, comprising the Cash Consideration and the Consideration Shares
“Consideration Shares”	4,475,000,000 new Shares to be allotted and issued on the Completion Date to the Vendors at the Issue Price of HK\$0.08 per Share as partial consideration for the Acquisition
“Director(s)”	the director(s) of the Company
“Exploration Licence”	the licence authorising the Project Company to conduct exploration activities at the Gold Mine
“First Loan Agreement”	the loan agreement entered into between the Company and the Target Company on 22 January 2016, particulars of which are stated in the Company’s announcement dated 22 January 2016
“Forever Success”	Forever Success Investments Limited (永成投資有限公司), an investment holding company incorporated in the Republic of Seychelles with limited liability, being ultimately and beneficially owned by Mr. Ma, which holds 43% of the total issued share capital of the Target Company as at the date of this announcement



“GCA”	Greater China Appraisal Limited, an Independent Third Party appointed by the Company as the independent valuer to prepare the Valuation Report
“Gold Mine”	陝西省潼關縣金礦 (Shaanxi Province Tongguan County Gold Mine*) operated by the Project Company and located at Tongguan County of Shaanxi Province of the PRC
“Group”	the Company and its subsidiaries
“g/t”	gram(s) per tonne
“Guarantors”	Mr. Ma and Ms. Lin
“HK Company”	Champion Lucky Limited (福瑞有限公司), a company incorporated in Hong Kong with limited liability and is wholly-owned by the Target Company
“HKFRSs”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants as in effect from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Technical Report”	the independent technical report on the Gold Mine prepared by SRK
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s), to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, are third parties independent of the Company and its Connected Persons
“Indicated Mineral Resource(s)”	part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of modifying factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit (as defined under the JORC Code)
“Inferred Mineral Resource(s)”	part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes (as defined under the JORC Code)

“Issue Price”	the issue price of HK\$0.08 per Consideration Share
“Jinxing Mining”	潼關縣金星礦業有限責任公司(Tongguan County Jinxing Mining Co., Ltd*), a limited company established in the PRC, and is the nominee holder of one of the Mining Licences for the Project Company
“JORC Code”	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition), as published by the Joint Ore Reserves Committee
“km”	kilometer(s)
“km <sup>2</sup> ”	square kilometer(s)
“koz”	thousand ounces
“kt”	kilotonne(s)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Listing Rules Valuation”	a valuation on the Target Group conducted by GCA in compliance with Chapter 18 of the Listing Rules and the VALMIN Code
“Market Valuation”	an independent market valuation undertaken by GCA on the Target Group in compliance with the VALMIN Code
“Mineral Resource(s)”	a concentration or occurrence of solid material of economic interest in or on the earth’s crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction (as defined under the JORC Code). The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into inferred, indicated and measured categories
“Mining Licence(s)”	the licence(s) authorising the Project Company to conduct exploitation activities at the Gold Mine
“Mr. Ma”	Mr. Ma Dongsheng (馬東生), the ultimate beneficial owner of Forever Success
“Ms. Lin”	Ms. Lin Yuhua (林玉華), the ultimate beneficial owner of Supreme Success

“PRC” or “China”	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
“PRC Company”	渭南金東礦業有限公司 (Weinan Jingdong Mining Co., Ltd.*), a company established in the PRC with limited liability and is wholly-owned by the WFOE
“Previous Acquisition”	the acquisition of 27% of the issued share capital of the Target Company by the Purchaser from Forever Success pursuant to the terms and conditions of the Previous Agreement
“Previous Agreement”	the share purchase agreement dated 7 December 2015 and entered into between the Purchaser and Forever Success in respect of the Previous Acquisition
“Previous Announcement”	the announcement of the Company dated 7 December 2015 in respect of, among other things, the Previous Acquisition
“Processing Plant”	the ore-processing plant located at Beidong Village, Daiziying Town, Tongguan County, Shaanxi Province of the PRC which is owned and operated by the Project Company as at the date of this announcement
“Project Company”	潼關縣祥順礦業發展有限公司 (Tongguan County Xiangshun Mining Development Co., Ltd.*), a company established in the PRC with limited liability which is owned as to 90% by the Target Group as at the date of this announcement
“Purchaser” or “Combined Success”	Combined Success Investments Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company, which holds 27% of the total issued share capital of the Target Company as at the date of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	all the remaining issued share capital of the Target Company that the Company does not own, being 73% of the total issued share capital of the Target Company as at the date of this announcement and at Completion
“Second Loan Agreement”	the loan agreement entered into between the Company and the Target Company on 13 April 2016, particulars of which are stated in the Company’s announcement dated 13 April 2016

“SGM”	the special general meeting of the Company to be convened to consider and approve, if thought fit, the Agreement and the transactions contemplated thereunder, including the allotment and issue of the Consideration Shares under the specific mandate
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“SRK” or “Independent Technical Consultant”	SRK Consulting (Hong Kong) Limited (斯羅柯礦業諮詢(香港)有限公司), an Independent Third Party commissioned by the Company to prepare the Independent Technical Report
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supreme Success”	Supreme Success Group Limited (卓成集團有限公司), an investment holding company incorporated in the BVI with limited liability, being ultimately and beneficially owned by Ms. Lin, which holds 30% of the total issued share capital of the Target Company as at the date of this announcement
“t”	tonne(s)
“Target Company”	One Champion International Limited (一冠國際有限公司), an investment holding company incorporated in the BVI with limited liability
“Target Group”	the Target Company and its subsidiaries from time to time, including without limitation, the HK Company, the WFOE, the PRC Company and the Project Company
“tpd”	tonne(s) per day
“United States”	United States of America
“VALMIN Code”	the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015 edition) prepared by the VALMIN Committee
“Valuation Report”	has the meaning ascribed to it under Chapter 18 of the Listing Rules
“Vendors”	collectively, Forever Success and Supreme Success

“WFOE” 陝西福瑞永成礦業有限公司 (Shaanxi Furui Rongcheng Mining Co., Ltd.\*), a company established in the PRC as a wholly foreign owned enterprise and is wholly-owned by the HK Company

“%” per cent

By Order of the Board  
**China Mining Resources Group Limited**  
**Wang Hui**  
*Executive Director*

Hong Kong, 4 August 2016

*As at the date of this announcement, the Board comprises Mr. Wang Hui, Mr. Fang Yi Quan and Mr. Yeung Kwok Kuen as executive Directors, Mr. Chong Cha Hwa, Mr. Chu Kang Nam and Mr. Ngai Sai Chuen as independent non-executive Directors.*

\* *For identification purpose only*