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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)

ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2016

The board of directors (the “Board”) of China Mining Resources Group Limited (the “Company”) hereby announces the consolidated results of the Company and its subsidiaries (collectively known as the “Group”) for the year ended 31 December 2016:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 December 2016

	<i>Notes</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Restated)
Revenue	4	112,372	114,404
Cost of sales		(65,333)	(73,661)
Gross profit		47,039	40,743
Other income	5	13,363	8,996
Other gains and losses	6	73	(5,977)
Selling and distribution expenses		(36,321)	(37,866)
Administrative expenses		(42,731)	(41,155)
Finance costs	7	(4,560)	(7,805)
Impairment loss recognised in respect of available-for-sale investments		—	(8,130)
Impairment loss recognised in respect of property, plant and equipment		—	(21,006)
Impairment loss recognised in respect of prepaid lease payments		—	(8,333)
Impairment loss recognised in respect of other intangible assets		—	(5,008)
Loss before tax		(23,137)	(85,541)
Income tax expense	9	—	—
Loss for the year	8	(23,137)	(85,541)

* *For identification purpose only*

	<i>Notes</i>	2016 HK\$'000	2015 HK\$'000 (Restated)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements of foreign operations		(4,486)	(6,092)
Fair value changes in available-for-sale investments		10,084	(5,519)
		<u>5,598</u>	<u>(11,611)</u>
Other comprehensive income for the year, net of income tax		5,598	(11,611)
		<u>5,598</u>	<u>(11,611)</u>
Total comprehensive income for the year		(17,539)	(97,152)
		<u>(17,539)</u>	<u>(97,152)</u>
Loss for the year attributable to:			
Owners of the Company		(21,130)	(75,663)
Non-controlling interests		(2,007)	(9,878)
		<u>(23,137)</u>	<u>(85,541)</u>
		(23,137)	(85,541)
		<u>(23,137)</u>	<u>(85,541)</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		(14,633)	(86,014)
Non-controlling interests		(2,906)	(11,138)
		<u>(17,539)</u>	<u>(97,152)</u>
		(17,539)	(97,152)
		<u>(17,539)</u>	<u>(97,152)</u>
Loss per share	<i>11</i>		
Basic and diluted		HK (0.12) cents	HK (0.62) cents
		<u>HK (0.12) cents</u>	<u>HK (0.62) cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

		As at 31 December 2016 <i>HK\$'000</i>	As at 31 December 2015 <i>HK\$'000</i> (Restated)	As at 1 January 2015 <i>HK\$'000</i> (Restated)
Non-current assets				
Property, plant and equipment		21,591	10,716	31,317
Prepaid lease payments — non-current portion		13,900	15,313	25,945
Goodwill		—	—	—
Other intangible assets		5,469	6,153	11,484
Available-for-sale investments		153,594	143,951	20,537
Deposit paid for acquisition of a subsidiary	12	80,000	—	—
Loans receivable	13	203,943	—	—
		<u>478,497</u>	<u>176,133</u>	<u>89,283</u>
Current assets				
Inventories		74,026	96,278	106,789
Trade and other receivables	14	59,974	79,012	87,527
Prepaid lease payments		421	450	348
Bank balances and cash		144,461	447,570	214,170
		<u>278,882</u>	<u>623,310</u>	<u>408,834</u>
Current liabilities				
Trade and other payables	15	56,500	70,226	63,440
Income tax payable		15,929	16,001	16,065
Bank borrowings		41,307	51,150	90,770
		<u>113,736</u>	<u>137,377</u>	<u>170,275</u>
Net current assets		<u>165,146</u>	<u>485,933</u>	<u>238,559</u>
Total assets less current liabilities		<u>643,643</u>	<u>662,066</u>	<u>327,842</u>

	As at 31 December 2016	As at 31 December 2015	As at 1 January 2015
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Restated)	(Restated)
Non-current liabilities			
Bank borrowings	34,050	34,617	—
Deferred income	2,356	2,673	1,914
Non-redeemable convertible preference shares	<u>—</u>	<u>—</u>	<u>53,619</u>
	36,406	37,290	55,533
Net assets	<u>607,237</u>	<u>624,776</u>	<u>272,309</u>
Capital and reserves			
Share capital	<i>16</i> 169,150	1,691,497	913,878
Share premium and reserves	442,087	(1,065,627)	(651,613)
Equity attributable to owners of the Company	611,237	625,870	262,265
Non-controlling interests	(4,000)	(1,094)	10,044
Total equity	<u>607,237</u>	<u>624,776</u>	<u>272,309</u>

Notes:

1. GENERAL

China Mining Resources Group Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”). Its registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is at Room 1306, 13th Floor, Bank of America Tower, 12 Harcourt Road, Admiralty, Hong Kong. The Company is an investment holding company and the Group is principally engaged in the production and sales of tea products. The Group’s production and sales of tea products are mainly carried out in the People’s Republic of China (the “PRC”).

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(a) Adoption of new/revised HKFRSs — effective 1 January 2016

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts

Except as explained below, the adoption of these new/revised HKFRSs has no material impact on the Group’s financial statements.

Amendments to HKAS 16 and HKAS 41 — Agriculture: Bearer Plants

The Group has applied the amendments to HKAS 16 and HKAS 41 “Agriculture: Bearer Plants” for the first time in the current reporting period. The amendments to HKAS 16 “Property, Plant and Equipment” and HKAS 41 “Agriculture” define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with HKAS 16, instead of HKAS 41. The produce growing on bearer plants continues to be accounted for in accordance with HKAS 41.

In prior periods, the bearer plants, including the produce growing on the bearer plants, are measured at fair value less costs-to-sell at initial recognition and at the end of each reporting period, with any change therein recognised in profit or loss in accordance with HKAS 41. Following the adoption of the Amendments to HKAS 16 and HKAS 41 “Agriculture: Bearer Plants”, the Group’s tea plantation, which meets the definition of bearer plants, is measured using cost model set out in HKAS 16 and stated at cost less accumulated depreciation and accumulated impairment losses, if any. The produce growing on the bearer plants continues to be accounted for in accordance with HKAS 41. This change in accounting policy has been applied retrospectively.

Summary of the effect of the above changes in accounting policy

The effect of the changes in the Group’s accounting policy described above on the results for the preceding reporting period by line items presented in the consolidated statement of profit or loss and other comprehensive income is as follows:

Impacts on total comprehensive income for the preceding reporting period:

	2015 <i>HK\$’000</i>
Decrease in loss on changes in fair value less costs-to-sell for bearer plants included in other gains and losses	1,072
Increase in gain on changes in fair value less costs-to-sell for agricultural produces included in other gains and losses	508
Increase in depreciation of property, plant and equipment included in cost of sales	<u>(546)</u>
Net decrease in loss for the year	1,034
Decrease in exchange difference arising on translation of financial statements of foreign operations	<u>(40)</u>
Net increase in total comprehensive income	<u><u>994</u></u>

Increase in loss and total comprehensive income for the preceding reporting period attributable to:

	2015 <i>HK\$’000</i>
Owners of the Company	795
Non-controlling interests	<u>199</u>
	<u><u>994</u></u>

The effect of the changes in the Group's accounting policy described above on the consolidated financial positions of the Group as at the end of the immediately preceding financial year, i.e. 31 December 2015, are as follows:

	As at 31 December 2015 <i>HK\$ '000</i> (Originally stated)	Adjustments <i>HK\$ '000</i>	As at 31 December 2015 <i>HK\$ '000</i> (Restated)
Non-current assets:			
Property, plant and equipment	119	10,597	10,716
Biological assets	<u>9,603</u>	<u>(9,603)</u>	<u>—</u>
	<u><u>9,722</u></u>	<u><u>994</u></u>	<u><u>10,716</u></u>
Capital and reserves:			
Accumulated losses	(4,674,959)	827	(4,674,132)
Translation reserve	48,957	(32)	48,925
Non-controlling interests	<u>(1,293)</u>	<u>199</u>	<u>(1,094)</u>
	<u><u>(4,627,295)</u></u>	<u><u>994</u></u>	<u><u>(4,626,301)</u></u>

The effect of the changes in the Group's accounting policy described above on the financial positions of the Group as at the beginning of the comparative period, i.e. 1 January 2015, are as follows:

	As at 1 January 2015 <i>HK\$ '000</i> (Originally stated)	Adjustments <i>HK\$ '000</i>	As at 1 January 2015 <i>HK\$ '000</i> (Restated)
Property, plant and equipment	19,572	11,745	31,317
Biological assets	<u>11,745</u>	<u>(11,745)</u>	<u>—</u>
	<u><u>31,317</u></u>	<u><u>—</u></u>	<u><u>31,317</u></u>

Impact on basic and diluted loss per share

2015
HK cents

Basic and diluted (loss) per share before adjustments	(0.63)
Adjustments arising from change in accounting policy in relation to	
— Amendments to HKAS 16 and HKAS 41 “Agriculture: Bearer Plants”	<u>0.01</u>
Restated basic and diluted (loss) per share	<u><u>(0.62)</u></u>

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group’s consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the date they become effective.

Amendments to HKAS 7	Statement of Cash Flows ¹
Amendments to HKAS 12	Income Taxes ¹
HKFRS 9	Financial Instruments ²
HKFRS 15	Revenue from Contracts with Customers ²
Amendments to HKFRS 15	Revenue from Contracts with Customers ²
HKFRS 16	Leases ³

¹ Effective for annual periods beginning on or after 1 January 2017

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for annual periods beginning on or after 1 January 2019

3. SEGMENT REPORTING

Information reported to the board of directors of the Company (the “Board”), being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on the types of goods delivered or services provided. This is also the basis upon which the Group is organised and specifically focuses on the Group’s operating divisions. No operating segments identified by the Board have been aggregated in arriving at the reporting segments of the Group.

The Group has only one reportable segment, production and sales of tea products, represented the production and sales of tea, for the years ended 31 December 2016 and 2015. Since this is the only reportable and operating segment of the Group, no further analysis thereof is presented. All the revenue of the Group is generated from production and sales of tea for the years ended 31 December 2016 and 2015.

Geographical information

The Group’s operations are mainly located in the PRC, the country of domicile, and Hong Kong. Information about the Group’s revenue from continuing operation from external customers is presented based on the geographical location of customers. Information about the Group’s non-current assets (excluding financial instruments) is presented based on the geographical location of the assets.

For the year ended 31 December 2016

	The PRC <i>HK\$'000</i>	Hong Kong <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	111,808	—	564	112,372
Non-current assets excluding financial instruments	<u>40,859</u>	<u>101</u>	<u>—</u>	<u>40,960</u>

For the year ended 31 December 2015

	The PRC <i>HK\$'000</i>	Hong Kong <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	114,233	—	171	114,404
Non-current assets excluding financial instruments (restated)	<u>32,063</u>	<u>119</u>	<u>—</u>	<u>32,182</u>

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Customer A	33,367	39,329
Customer B	<u>32,852</u>	<u>N/A*</u>

* Less than 10% of Group's revenue

4. REVENUE

Revenue represents turnover arising on sales of tea products during the year.

5. OTHER INCOME

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interest on bank deposits	580	1,569
Interest from loans receivable (<i>Note 13</i>)	4,943	—
Interest from advances to suppliers (<i>Note 14(c)</i>)	5,175	5,336
Government grants	2,126	1,957
Rental income	—	15
Others	539	119
	<u>13,363</u>	<u>8,996</u>

6. OTHER GAINS AND LOSSES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Restated)
Net foreign exchange losses	(441)	(6,460)
Gain on changes in fair value less costs-to-sell for agricultural produces	509	508
Gain/(loss) on disposal of property, plant and equipment	5	(25)
	<u>73</u>	<u>(5,977)</u>

7. FINANCE COSTS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interest on bank borrowings	4,560	5,793
Interest on non-redeemable convertible preference shares	—	2,012
	<u>4,560</u>	<u>7,805</u>

8. LOSS FOR THE YEAR

Loss for the year is arrived at after charging/(crediting):

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Restated)
Directors' emoluments	4,039	4,042
Other staff's salaries, bonus and allowances	24,978	16,228
Other staff's contribution to retirement benefits schemes	2,010	809
	<hr/>	<hr/>
Total staff costs	31,027	21,079
	<hr/>	<hr/>
Impairment loss recognised in respect of trade and other receivables	1,201	5,215
Reversal of impairment loss recognised in respect of trade and other receivables	(614)	(2,850)
Amortisation of other intangible assets	298	317
Amortisation of prepaid lease payments	441	970
Auditor's remuneration		
— audit services	1,561	1,823
— non-audit services	353	350
Costs of inventories recognised as an expense	64,344	72,083
Written-off of inventories	2,299	227
Written-off of property, plant and equipment	—	6
Depreciation of property, plant and equipment	758	5,108
Minimum leases payments under operating lease in respect of office premises and tea plantation	14,297	18,203
	<hr/> <hr/>	<hr/> <hr/>

9. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the years ended 31 December 2016 and 2015.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

The amount of taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
PRC Enterprise Income Tax	—	—
Deferred tax	—	—
	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>

The income tax expense for the year can be reconciled to the loss before tax in the consolidated statement of profit or loss and other comprehensive income as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Restated)
Loss before tax	<u>(23,137)</u>	<u>(85,541)</u>
Tax on loss before tax, calculated at 25% (2015: 25%)	(5,785)	(21,385)
Effect of different tax rates of subsidiaries operating in other jurisdictions	1,133	3,099
Tax effect of expenses not deductible for tax purposes	4,514	15,543
Tax effect of revenue not taxable for tax purposes	(1,564)	(652)
Tax effect of tax losses not recognised	1,702	3,393
Tax effect of deductible temporary differences not recognised	—	2
Income tax expense	<u>—</u>	<u>—</u>

10. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2016, nor has any dividend been proposed since the end of the reporting period (2015: HK\$Nil).

11. LOSS PER SHARE

The calculation of basic earnings per share is based on the loss for the year attributable to owners of the Company of approximately HK\$21,130,000 (2015 (restated): HK\$75,663,000) and the weighted average number of ordinary shares of approximately 16,914,972,000 (2015: 12,099,786,000) in issue during the year.

Diluted loss per share equals to basic loss per share, as there were no potential dilutive ordinary shares in issue during the years ended 31 December 2016 and 2015.

12. DEPOSIT PAID FOR ACQUISITION OF A SUBSIDIARY

At 31 December 2016, the Group has made a deposit of HK\$80,000,000 to Forever Success, one of the shareholders of One Champion, for the acquisition of the remaining 73% equity interest in One Champion. The transaction is completed on 27 January 2017.

13. LOANS RECEIVABLE

On 22 January 2016 and 13 April 2016, the Company granted loans of HK\$100,000,000 and HK\$99,000,000 respectively at interest rate of 3% per annum for a term of 24 months from the drawdown date to One Champion (the “First Loan” and the “Second Loan” respectively). Forever Success, one of the shareholders of One Champion, has executed share mortgage agreements in favour of the Company to pledge 20% and 23% respectively of the total issued share capital of One Champion held by Forever Success to the Company as securities in respect of the First Loan and the Second Loan respectively. The First Loan was drawn on 25 January 2016 and the Second Loan was drawn on 13 April 2016. Details of the First Loan and the Second Loan were disclosed in the announcements of the Company dated 22 January 2016 and 13 April 2016 respectively. The pledged assets for the First Loan and the Second Loan were subsequently released on 27 January 2017 in conjunction with the completion of the acquisition of the remaining 73% equity interest in One Champion.

14. TRADE AND OTHER RECEIVABLES

	<i>Notes</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade receivables	(a)	22,338	23,617
<i>Less: provision for impairment</i>		(11,897)	(12,051)
		10,441	11,566
Other receivables	(b)	7,831	10,305
<i>Less: provision for impairment</i>		(3,003)	(3,280)
		4,828	7,025
Deposits and prepayments		12,705	9,670
Advances to suppliers	(c)	32,000	50,751
		59,974	79,012

Notes:

(a) Trade receivables

The Group normally allows credit period of 90 days to its trade customers. The aged analysis of trade receivables net of provision for impairment of doubtful debts presented based on the delivery date which approximated the respective dates on which revenue was recognised at the end of the reporting period is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0 — 30 days	7,060	6,518
31 — 60 days	715	899
61 — 90 days	156	1,178
Over 90 days	2,510	2,971
	10,441	11,566

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and credit quality attributed to customers are reviewed once a year. At 31 December 2016, approximately 11% (2015: 13%) of the trade receivables are neither past due nor impaired.

Trade receivables which are past due based on the invoice date but not impaired:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Over 90 days	<u>2,510</u>	<u>2,971</u>

Included in the Group's trade receivables balance at 31 December 2016 are debtors with aggregate carrying amount of approximately HK\$2,510,000 (2015: HK\$2,971,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered to be recoverable. The Group does not hold any collateral over these balances.

Movement in the provision for impairment of doubtful debts for trade receivables:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
At 1 January	12,051	10,127
Exchange adjustment	(810)	(640)
Reversal of impairment loss previously recognised	(370)	(2,651)
Impairment loss recognised	<u>1,026</u>	<u>5,215</u>
At 31 December	<u>11,897</u>	<u>12,051</u>

Included in the Group's provision for impairment of doubtful debts are individually impaired trade receivables in which the Directors consider that it is unlikely to recover these long outstanding balances. The Group does not hold any collateral over these balances.

(b) Other receivables

Movement in the provision for impairment of doubtful debts for other receivables:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
At 1 January	3,280	3,666
Exchange adjustment	(208)	(187)
Reversal of impairment loss previously recognised	(244)	(199)
Impairment loss recognised	<u>175</u>	<u>—</u>
At 31 December	<u>3,003</u>	<u>3,280</u>

Included in the Group's provision for impairment of doubtful debts are individually impaired other receivables in which the Directors consider that it is unlikely to recover these long outstanding balances. The Group does not hold any collateral over these balances.

(c) Advances to suppliers

The amount represented advance payments to several suppliers for sourcing of goods from them. Out of which, amounting to approximately HK\$30,805,000 (equivalent to RMB27,593,000) (2015: HK\$47,748,000 (equivalent to RMB40,000,000)) represented the sourcing of teas from several suppliers in which the goods shall be delivered during the year ending 31 December 2017 (2015: during the year ending 31 December 2016). Prior to the delivery of teas to the Group, these suppliers will pay an interest at the rate of 11.152% (2015: 11.152%) per annum on the outstanding balances to the Group. During the year ended 31 December 2016, interest income from these suppliers of approximately HK\$5,175,000 (equivalent to RMB4,429,000) (2015: HK\$5,336,000 (equivalent to RMB4,294,000)) was recognised as other income in the consolidated statement of profit or loss and other comprehensive income (Note 5).

15. TRADE AND OTHER PAYABLES

	<i>Note</i>	2016 HK\$'000	2015 <i>HK\$'000</i>
Trade payables	(a)	19,687	17,945
Other payables and accruals		36,813	52,281
		56,500	70,226

(a) Trade payables

The following is an aged analysis of trade payables presented based on the delivery date at the end of the reporting period:

	2016 HK\$'000	2015 <i>HK\$'000</i>
0 — 90 days	8,817	6,475
91 — 180 days	9,209	8,203
181 — 365 days	17	1,037
Over 1 year	1,644	2,230
	19,687	17,945

The average credit period on purchases of goods is 90 days (2015: 90 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timetable.

16. SHARE CAPITAL

		Number of ordinary shares		
		at	at	
		HK\$0.1 each	HK\$0.01 each	
	Notes	'000	'000	HK\$'000
Authorised:				
At 1 January 2015, 31 December 2015 and 1 January 2016		46,223,810	—	4,622,381
Capital reorganisation	(c)	<u>(46,223,810)</u>	<u>462,238,100</u>	<u>—</u>
At 31 December 2016		<u>—</u>	<u>462,238,100</u>	<u>4,622,381</u>
Issued and fully paid:				
At 1 January 2015		9,138,782	—	913,878
Issuance of shares upon conversion of convertible preference shares	(a)	<u>3,776,190</u>	<u>—</u>	<u>377,619</u>
Placing of new shares	(b)	<u>4,000,000</u>	<u>—</u>	<u>400,000</u>
At 31 December 2015 and 1 January 2016		16,914,972	—	1,691,497
Capital reorganisation	(c)	<u>(16,914,972)</u>	<u>16,914,972</u>	<u>(1,522,347)</u>
At 31 December 2016		<u>—</u>	<u>16,914,972</u>	<u>169,150</u>

All the shares issued during the year rank pari passu with the then existing shares in all respects.

Notes:

- (a) During the year ended 31 December 2015, all holders of the non-redeemable convertible preference shares (“CPS”), allocated and issued at HK\$0.195 per CPS on 14 December 2010 as part of the consideration for the acquisition of Year Joy Investments Limited, converted 3,776,190,000 CPSs held by them into 3,776,190,000 new ordinary shares at the conversion ratio of 1 CPS into 1 ordinary share.
- (b) On 11 August 2015, 11 November 2015 and 7 December 2015, the Company entered into a placing agreement and two supplemental agreements with a placing agent, respectively, to place 4,000,000,000 placing shares to not less than six placees at the placing price of HK\$0.10 per placing share. Net proceeds of HK\$396,000,000 were raised and used for funding any future business development and/or potential investment opportunities and for general working capital of the Company. The placing of shares was completed on 31 December 2015.

(c) Pursuant to the special resolution of the Company's shareholders at its special general meeting on 18 February 2016, the capital reorganisation, involving the share premium cancellation (the "Share Premium Cancellation"), the capital reduction (the "Capital Reduction"), the share subdivision (the "Share Subdivision") and the accumulated losses offset (the "Accumulated Losses Offset") (collectively referred to as the "Capital Reorganisation") were approved by the shareholders of the Company and the details are as follows:

(i) Share Premium Cancellation

The entire amount standing to the credit of the share premium account of the Company was cancelled and the credit arising from such cancellation had been transferred to the contributed surplus account (the "Contributed Surplus Account"). As at the completion date of the Capital Reorganisation, the Company had a credit balance of approximately HK\$3,548,588,000 standing in its share premium account.

(ii) Capital Reduction

The issued share capital of the Company was reduced by cancelling the paid-up capital to the extent of HK\$0.09 on each of the issued shares. On the basis of 16,914,972,211 shares currently in issue, a credit of approximately HK\$1,522,347,000 to the share capital arose from the Capital Reduction, and the credit arising from the Capital Reduction had been transferred to the Contributed Surplus Account.

(iii) Share Subdivision

Forthwith upon the Capital Reduction taking effect, every authorised but unissued share (including those arising from the Capital Reduction) was subdivided into 10 new shares with a par value of HK\$0.01 each and every authorised but unissued preference share was subdivided into 10 new preference shares with a par value of HK\$0.01 each.

(iv) Accumulated Losses Offset

The amount standing to the credit of the Contributed Surplus Account is applied to set off the accumulated losses of the Company as at 31 December 2015 of approximately HK\$4,783,439,000 as permitted by the bye-laws of the Company and all applicable laws in Bermuda.

17. EVENT AFTER THE REPORTING DATE

On 27 January 2017, the Company has completed the acquisition of the remaining 73% equity interests in One Champion. Details of the transaction have been disclosed in the Company's circular dated 31 October 2016 and announcement dated 27 January 2017. The assessment of the financial impact is in the process.

FINAL DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 31 December 2016 (2015: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 25 May 2017 to Wednesday, 31 May 2017, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending the forthcoming annual general meeting of the Company, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong no later than 4:00 p.m. on Wednesday, 24 May 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

For the financial year ended 31 December 2016, the Group recorded a revenue of approximately HK\$112,372,000 (2015: HK\$114,404,000) and gross profit of HK\$47,039,000 (2015 (restated): HK\$40,743,000), representing a slight decrease of 2% in revenue and an increase of 15% in gross profit respectively as compared with that of last year. The decrease in revenue was mainly due to the decrease in revenue contribution from King Gold Investments Limited ("King Gold") and its subsidiaries (together with King Gold, "King Gold Group").

The loss attributable to owners of the Company amounted to approximately HK\$21,130,000 (2015 (restated): HK\$75,663,000). Such reduction in loss was mainly attributable to the one-off effect of the impairment losses on property, plant and equipment amounted to approximately HK\$21,006,000 and prepaid lease payments amounted to approximately HK\$8,333,000 recognised after the impairment assessment on the tea business during the year ended 31 December 2015.

Key Performance Indicators (Financial Ratio) ("KPI")

The management considers the following key performance indicators are relevant to the management of its business segments, through evaluating, controlling and setting strategies to improve performance:

		Year ended 31 December	
	Note	2016	2015
Revenue (HK\$'000)		112,372	114,404
Gross profit margin (%)	(i)	42%	36%
Trade receivables turnover (days)	(ii)	75	74
Net asset value per share (HK cents)	(iii)	3.6	3.7

Notes:

- (i) Gross profit margin is calculated as gross profit divided by revenue.
- (ii) The calculation of trade receivables turnover days is based on the average of the opening and closing balances of the trade receivables divided by revenue and multiplied by number of days in the relevant period.
- (iii) Using the number of issued ordinary shares of the Company as at the relevant financial year end date.

The increase in gross profit margin was mainly due to the improvement of product mix. Turnover days of trade receivables remained within normal credit period granted to the customers. The Group's net asset value per share of HK3.7 cents in 2015 and HK3.6 cents in 2016 was not materially changed. Detailed analysis of other KPI is set out in below section.

Review of Operations

King Gold Group

King Gold Group is principally engaged in cultivation, research, production and sale of Chinese tea products, and its products selling under the brand names of “武夷” and “武夷星” which are well-recognised in the PRC as premium tea products and widely distributed throughout the country.

King Gold Group contributed approximately HK\$112,372,000 (2015: HK\$114,404,000) and approximately HK\$9,860,000 (2015 (restated): HK\$48,864,000) to the Group's revenue and loss for the year ended 31 December 2016 respectively. This represented a slight decrease of 2% in revenue when compared with last year. The cost of sales of King Gold Group decreased from approximately HK\$73,661,000 in 2015 to approximately HK\$65,333,000 in 2016. The average gross profit margin was 42%, representing an increase of 6 percentage points as compared with an average gross profit margin of 36% last year.

The market in the PRC remained to be challenging for discretionary consumer products in 2016. The Group has committed its every effort to improve the product mix and distribution channels during the year in order to improve the operation of the tea business and the improvement is encouraging. The Group recorded an increase in gross profit. Overall the loss for the year from the operation of King Gold Group has significantly reduced in 2016.

Investment in One Champion International Limited

One Champion International Limited (“One Champion”) and its subsidiaries (together with One Champion, “One Champion Group”) are principally engaged in the exploration, mining, processing, and sale of gold and related products. The principal asset of One Champion is its indirect 90% equity interest in a PRC company and the PRC company holds (i) the mining licenses and the exploration license in respect of a gold mine located in Tongguan County, Shaanxi Province in the PRC (the “Gold Mine”) and (ii) owns and operates an ore-processing plant.

As at 31 December 2016, the Group held 27% equity interest in One Champion and the carrying value of the investment in One Champion, as included in available-for-sale investments, was HK\$140,400,000 (31 December 2015: HK\$140,400,000).

On 27 January 2017, the Group completed the acquisition of remaining 73% equity interest in One Champion for a total consideration of HK\$360,620,000. Details of the acquisition of remaining 73% equity interest in One Champion were disclosed in the circular of the Company dated 31 October 2016 and the announcement of the Company dated 27 January 2017.

Information of the mineral resources of the gold for the Gold Mine as at 31 December 2016 are as below:

	As at 31 December 2016		As at 31 December 2015	
	Quantity	Average grade	Quantity	Average grade
	(tonnes)	(grams/tonne)	(tonnes)	(grams/tonne)
Indicated mineral resources	810,900	7.0	622,400	5.3
Inferred mineral resources	587,600	6.2	150,000	7.0

Subsequent to the completion of the major transaction in regard to the acquisition of the remaining 73% equity interest in One Champion on 27 January 2017, the Company would disclose further information of the Gold Mine as required by the chapter 18 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in 2017 interim report and annual report of the Company.

Investments in Canada listed mining companies and other securities

The Group has invested in several Canada listed mining companies which were held for the purpose of long-term investments and capital gain and dividend income. The investment portfolio of the Group, included in available-for-sale investments, recorded an appreciation during the year ended 31 December 2016 mainly from the appreciation of market price. The net increase in fair value of the investment portfolio during the year 2016 was approximately HK\$10,084,000 (2015: net decrease of HK\$13,649,000). As at 31 December 2016, the carrying value of the investment portfolio was HK\$13,194,000 (31 December 2015: HK\$3,551,000).

Liquidity, Financial Resources and Capital Structure

As at 31 December 2016, the Group had total assets and net assets amounted to approximately HK\$757,379,000 (2015 (restated): HK\$799,443,000) and approximately HK\$607,237,000 (2015 (restated): HK\$624,776,000), respectively. The current ratio was 2.45, as compared to 4.54 as of last year end date.

As at 31 December 2016, the Group had bank balances and cash of approximately HK\$144,461,000 (2015: HK\$447,570,000), and most of which were denominated in Renminbi and Hong Kong dollars. The decrease were mainly due to the loans of HK\$199,000,000 made to One Champion and the cash consideration of HK\$80,000,000 paid for the acquisition of remaining 73% equity interest in One Champion during the year.

At the end of the reporting period, the Group had bank borrowings of approximately HK\$75,357,000 (2015: HK\$85,767,000) which were denominated in Renminbi and interest-bearing at fixed rates with reference to the prevailing borrowing rate quoted by the People's Bank of China. The gearing ratio, as a ratio of total borrowings to shareholders' fund was 12.3% (2015 (restated): 13.7%).

As at 31 December 2016, the Group has pledged certain buildings, certain prepaid lease payments and a forest use right with carrying values of HK\$Nil (2015: HK\$Nil), approximately HK\$14,321,000 (2015: HK\$15,763,000) and approximately HK\$5,469,000 (2015: HK\$6,153,000) respectively to secure general banking facilities granted to the Group.

Fund Raising Activity

During the year ended 31 December 2016, the Company utilised portion of the proceeds from the placing of new ordinary shares of the Company completed on 31 December 2015. The net proceeds from the placing were approximately HK\$396,000,000 and have been utilised as intended that (i) approximately HK\$199,000,000 was used for funding to One Champion Group for further development of the Gold Mine owned by One Champion Group (including but not limited to the carrying out of further exploration and expansion of the capacity of the ore-processing plant) and the details had been disclosed in heading of "Review on Provision of Financial Assistance and Advances to an Entity" as below; (ii) approximately HK\$80,000,000 was used as cash consideration for the acquisition of the remaining 73% equity interest in One Champion which completed on 27 January 2017; and (iii) approximately HK\$3,000,000 was used for the payment of legal and professional fee of the acquisition of the remaining 73% equity interest in One Champion. The Company intended to use the unutilised proceeds, which were deposited into interest-bearing accounts with licensed banks in Hong Kong, as originally intended.

Foreign Exchange Risk Management

As part of the Group's assets and liabilities are denominated in Hong Kong dollars and Canadian dollars in order to minimise the foreign currency risk, the Group aims to utilise the fund for transactions that are denominated in the same currency.

Share Capital

On 19 February 2016, the Company completed the capital reorganisation (“Capital Reorganisation”) as described in the circular of the Company dated 25 January 2016. The Capital Reorganisation involved the following:

- (1) the entire amount standing to the credit of the share premium account of the Company was cancelled and the credit arising from such cancellation was transferred to the contributed surplus account, the amount standing to the credit of the contributed surplus account was applied to set off the accumulated losses of the Company; and
- (2) the Company’s issued share capital was reduced by cancelling the paid-up capital to the extent of HK\$0.09 on each of the issued shares (the “Capital Reduction”), every authorised but unissued share (including those arising from the Capital Reduction) was subdivided into 10 new shares with a par value of HK\$0.01 each and every authorised but unissued preference share was subdivided into 10 new preference shares with a par value of HK\$0.01 each.

Details of the Capital Reorganisation had been disclosed in the Company’s announcements dated 8 January 2016 and 18 February 2016 and the Company’s circular dated 25 January 2016.

As at 31 December 2016, the Company had 16,914,972,211 ordinary shares in issue with total shareholders’ fund of the Group amounting to approximately HK\$169,150,000.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

During the year ended 31 December 2016, the Group has entered into agreements in regard to the acquisition of the remaining 73% equity interest in One Champion which was subsequently completed on 27 January 2017.

Saved as disclosed above, there were no other material acquisitions or disposals of subsidiaries and associated companies during the year ended 31 December 2016.

Contingent Liabilities

As at 31 December 2016, the Group had no contingent liability (2015: Nil).

As disclosed in the announcement of the Company dated 8 November 2011, the Company has received a writ of summons issued by the High Court of Hong Kong Special Administrative Region (the “High Court”) on 8 November 2011 (the “Writ”) pursuant to which Mr. Lin Min and Fujian Yuansheng Foods Industry Co. Ltd. (“Fujian Yuansheng”) (named as the plaintiffs in the writ) alleged that, amongst other things, the Company and 27 other co-defendants and/or certain PRC government officials had acted in conspiracy in obtaining ownership and control of certain assets of the plaintiffs and they were claiming for, amongst other things, damages from all 28 defendants jointly and severally in the total amount of RMB1,589,000,000.

As announced by the Company on 8 November 2011 and 26 March 2010, the Company has not obtained any interests in Fujian Yuansheng and is seeking legal advice in response to the Writ, in the opinion of the directors, the possible of an outflow of resources embodying economic benefit is remote.

On 22 March 2017, it is adjudged by the High Court that the claims of the plaintiffs in the Writ against the Company are dismissed.

Employees and Remuneration Policies

As at 31 December 2016, the Group had approximately 9 and 369 employees in Hong Kong and Mainland China respectively.

The staff cost of the Group (including directors' emoluments in form of salary and other benefits, share-based payments, performance related incentive payments and retirement benefit contributions) was approximately HK\$31,027,000 for the year ended 31 December 2016 (2015: HK\$21,079,000). There was no share-based payment for the year ended 31 December 2016 (2015: HK\$Nil).

Directors' emoluments were fixed with reference to their duties and responsibilities with the Company as well as the Company's remuneration policy.

Employees of the Group are remunerated at a competitive level and are rewarded according to their performance. Our Group's remuneration packages include medical scheme, group insurance, mandatory provident fund for Hong Kong employees, social insurance packages for Mainland China employees, performance bonus and share option scheme.

According to the share option scheme adopted by the Company on 25 May 2012, share options may be granted to directors, employees and other eligible participants of the Group to subscribe for shares in the Company in accordance with the terms and conditions stipulated therein.

Review on Provision of Financial Assistance and Advances to an Entity

On 22 January 2016 and 13 April 2016, the Company granted loans of HK\$100,000,000 and HK\$99,000,000 respectively at interest rate of 3% per annum for a term of 24 months from the drawdown date to One Champion (the "First Loan" and the "Second Loan"). Forever Success Investments Limited ("Forever Success") had executed share mortgage agreements in favour of the Company to pledge 20% and 23% respectively of the total issued share capital of One Champion held by Forever Success to the Company as securities in connection with the First Loan and the Second Loan. The First Loan was drawn on 25 January 2016 and the Second Loan was drawn on 13 April 2016. Details of the First Loan and the Second Loan were disclosed in the announcements of the Company dated 22 January 2016 and 13 April 2016. The First Loan and the Second Loan remain outstanding as at 31 December 2016. The pledged assets for the First Loan and the Second Loan were subsequently released on 27 January 2017 in conjunction with the completion of the acquisition of the remaining 73% equity interest in One Champion.

Prospects

Tea business

The poor spending sentiment casts a shadow over the consumer market in the PRC over the past years and undoubtedly presents to the Group a challenging and competitive environment where all market players are struggling in stimulating consumer spending.

The Group continues to cautiously dedicate its effort to the development of the Chinese tea culture. The management of the Group believes the continuous effort would bond our brands tightly with tea culture and the cultural bonding would become a crucial competitive edge of the Group in the long-run.

The year of 2016 also marked the 15th anniversary of the brand “Wuyi Star” and the Group had launched various innovative anniversary products. The Group will continue to fine-tune the product mix, to optimize our distribution network and extend its coverage to broaden our customer base. Our dedicated hard work is proven into narrowed loss in the past year and we will strive for a sustainable improvement in the near term.

Mining and other businesses

Leveraging on the Group’s expertise and experience in the natural resources industry, the Company had further acquired the remaining equity interest in the One Champion Group and the transaction completed in January 2017. The Group believes that further investing into One Champion Group will enhance the financial conditions of the Group. The Group also believes that the future revenue contribution of the One Champion Group would enable the Group to broaden its revenue base and increase its shareholder value.

The primary strategic objective of the Group is to maximize shareholder value over the long term. In such regard, the Group will continue to explore new investment opportunities with strong business potential, particularly on those in the mining sector. The Group will also regularly review its different business streams strategically so as to ensure resources are allocated to maximize the sustainable shareholder value. Different business options will be evaluated to keep up the Group with the ever-changing business environment.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

The Company has not redeemed any of its listed securities during the year ended 31 December 2016. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s listed securities during the year.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF THE LISTING RULES

The Company has a policy of seeking to comply with the established best practice in corporate governance. The Board believes that good corporate governance is crucial to improve the efficiency and performance of the Group and to safeguard the interests of its shareholders. For the year ended 31 December 2016, the Company has applied the principles of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) (the “Code”), and the associated Listing Rules. During the year ended 31 December 2016, the Company has complied with the code provisions of the Code (“Code Provision(s)”), except for certain deviations as specified and explained below with considered reasons for such deviations.

1. Under Code Provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same person.

Since the resignation of Dr. You Xian Sheng as the chairman and the executive director of the Company on 31 January 2014, the Company has not appointed a new chairman of the Board (the “Chairman”). Until the appointment of the new Chairman, the Board collectively focuses on the overall strategic planning and development of the Group and effective functioning of the Board.

Since the resignation of Mr. Wang Hui as the chief executive officer of the Company (the “Chief Executive Officer”) on 1 June 2016, the Company has not appointed a new Chief Executive Officer. Until the appointment of the new Chief Executive Officer, the executive Directors, possessing extensive relevant industry knowledge, collectively oversee the day-to-day management of the business and operations of the Group.

The Board believes that this arrangement still enables the Company to make and implement decisions promptly, and thus achieve the Company’s objectives efficiently and effectively in response to the changing environment.

The Board will review the current situation from time to time and shall make necessary arrangements when the Board considers appropriate.

2. Under Code Provision A.2.7 of the Code, the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present.

Since the resignation of Dr. You Xian Sheng as the chairman and the executive director of the Company on 31 January 2014, the Company has not appointed a new Chairman, no meeting was held between the Chairman and the non-executive directors (including independent non-executive directors) of the Company without the executive directors of the Company present during the year ended 31 December 2016.

3. Under Code Provision E.1.2 of the Code, the Chairman should attend the annual general meeting. Since the new Chairman has not been appointed following the resignation of Dr. You Xian Sheng as the Chairman on 31 January 2014, Mr. Yeung Kwok Kuen, the executive director of the Company, has been elected by other directors of the Company present to act as the chairman of the annual general meeting of the Company held on 27 May 2016 in accordance with the Bye-laws of the Company.
4. Under Code Provision F.1.3 of the Code, the company secretary should report to the board chairman and/or the chief executive officer. Since the new Chairman has not been appointed following the resignation of Dr. You Xian Sheng as the Chairman on 31 January 2014 and the new Chief Executive Officer has not been appointed following the resignation of Mr. Wang Hui as the Chief Executive Officer on 1 June 2016, the company secretary of the Company reported to the executive directors of the Company since 1 June 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code and its code of conduct regarding directors’ securities transaction during the year ended 31 December 2016, and they all confirmed that they had fully complied with the required standards set out in the Model Code.

AUDIT COMMITTEE

As at the date of this announcement, the audit committee of the Company comprises Mr. Chong Cha Hwa, Mr. Chu Kang Nam and Mr. Ngai Sai Chuen, all of them are independent non-executive directors. The consolidated financial results of the Group for the year ended 31 December 2016 have been reviewed by the audit committee of the Company.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2016 as set out in the preliminary announcement have been agreed by the Group’s auditors, BDO Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Company (www.chinaminingresources.com) and the designated website of the Stock Exchange (www.hkexnews.hk).

The 2016 annual report of the Company will be dispatched to the shareholders of the Company and available on the above websites in due course.

The 2016 annual financial information set out above does not constitute the Group's statutory financial statements for the financial year ended 31 December 2016. Instead, it has been derived from the Group's audited consolidated financial statements for the financial year ended 31 December 2016, which will be included in the Company's 2016 annual report.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my appreciation to the continuous support of our shareholders and hard work and dedication of all our staff over the past year.

By Order of the Board
China Mining Resources Group Limited
Yeung Kwok Kuen
Executive Director

Hong Kong, 29 March 2017

As at the date hereof, the board of directors of the Company comprises Mr. Wang Hui, Mr. Fang Yi Quan, Mr. Yeung Kwok Kuen and Mr. Shi Xing Zhi as executive directors and Mr. Chong Cha Hwa, Mr. Chu Kang Nam and Mr. Ngai Sai Chuen as independent non-executive directors.