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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)**

**DISCLOSEABLE TRANSACTION IN RELATION TO  
DISPOSAL OF SHARES IN KING GOLD INVESTMENTS LIMITED**

**THE DISPOSAL**

On 6 April 2018 (after trading hours), the Company entered into the Sale and Purchase Agreement with Mr. Zhou, pursuant to which, the Company has conditionally agreed to sell and novate, and Mr. Zhou has conditionally agreed to purchase and accept the novation of the Sale Share (representing 80% of the issued shares of King Gold) and Debt respectively at a consideration of HK\$121,071,664 as detailed in the paragraph headed “Consideration and Payment Terms”.

Upon Completion, the Company will no longer own any shares of King Gold and so King Gold shall cease to be a subsidiary of the Company.

**IMPLICATION OF THE LISTING RULES**

As one or more of the applicable ratio (as defined under the Listing Rules) in respect of the Disposal is more than 5% but all of the applicable percentage ratio are less than 25%, the Sale and Purchase Agreement and the transactions contemplated thereunder constitute a discloseable transaction of the Company and are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

On 6 April 2018 (after trading hours), the Company entered into the Sale and Purchase Agreement with Mr. Zhou, pursuant to which, the Company has conditionally agreed to sell and novate, and Mr. Zhou has conditionally agreed to purchase and accept the novation of the Sale Share (representing 80% of the issued shares of King Gold) and Debt respectively at a consideration of HK\$121,071,664. The details of the Sale and Purchase Agreement are set out below.

## **THE DISPOSAL**

### **The Sale and Purchase Agreement**

*Date* 6 April 2018 (after trading hours)

#### *Parties*

The Purchaser: Mr. Zhou, a businessman in the PRC engaging in various businesses including tea and investment businesses.

The Vendor: the Company

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Mr. Zhou is an Independent Third Party.

#### *Assets to be disposed of*

Pursuant to the Sale and Purchase Agreement, the Company has conditionally agreed to sell and novate, and Mr. Zhou has conditionally agreed to purchase and accept the novation of the Sale Share (representing 80% of the issued shares of King Gold) and Debt respectively subject to the terms and conditions as set out in the Sale and Purchase Agreement.

#### *Consideration and payment terms*

Pursuant to the terms of the Sale and Purchase Agreement, the consideration for the Sale Share shall be HK\$121,071,664 and shall be settled in the following manner:

- (i) the payment of HK\$70 million by Mr. Zhou to the Company within 10 days upon signing of the Sale and Purchase Agreement; and
- (ii) the novation of the Debt from the Company to Mr. Zhou pursuant to the Deed of Novation.

As at the date of the Sale and Purchase Agreement, the Company is indebted to King Gold in the amount of the Debt. Following the settlement, the Company shall no longer be required to repay the Debt and Mr. Zhou shall assume the Debt.

The consideration for the Sale Share was determined after arm's length negotiation between Mr. Zhou and the Company after considering (i) the historical financial performance of King Gold Group; (ii) the reasons for the Disposal as discussed in the section headed "Reasons for the Disposal and intended use of proceeds" in this announcement; (iii) the audited carrying amount of the Sale Share of approximately HK\$44.8 million as at 31 December 2017 (being 80% of the net asset value of the King Gold Group); and (iv) Mr. Zhou's agreement in assuming or procuring to assume the obligation of repayment of the Debt.

### ***Completion***

Completion shall take place on the Completion Date.

Following Completion, the Company will no longer own any shares of King Gold and so King Gold shall cease to be a subsidiary of the Company and the financial results, assets and liabilities of King Gold shall cease to be consolidated into the consolidated financial statements of the Group.

### **INFORMATION OF KING GOLD**

The principal business activities of the King Gold Group include production and sale of tea products. The audited net asset value of the King Gold Group is approximately HK\$56.0 million as at 31 December 2017.

Set out below is the audited financial information of King Gold Group for the two years ended 31 December 2017 and 2016 respectively:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(audited)</b>	<b>(audited)</b>
Revenue	<b>91,688</b>	112,372
Loss before taxation	<b>(46,469)</b>	(9,860)
Loss after taxation	<b>(46,469)</b>	(9,860)

Based on the information available, the Group expects to record a gain of approximately HK\$109 million in relation to the Disposal, being the difference between (i) the consideration of the Sale Share, (ii) the audited net asset value and reserves of the King Gold Group as at 31 December 2017; and (iii) the estimated expenses to be incurred from the Disposal. The calculations are only estimates provided for illustrative purposes. Shareholders should note that the actual amount of gain on the Disposal to be recorded by the Company will be subject to review by the auditors of the Company.

## **REASONS FOR THE DISPOSAL AND INTENDED USE OF PROCEEDS**

The Group primarily operates in two business segments, gold mining operation and tea business. As mentioned in the annual report of the Company for year ended 31 December 2017, the tea business segment has been pressured with uncertain economic conditions and competitive market challenges. The Directors have been constantly reviewing the business and aiming to strive for the best interests for the Company and the Shareholders.

In view of the increasingly challenging and uncertain business environment in the tea business segment, the Board considers that the Disposal will enable the Company to focus on its profitable gold mining business and to optimize its financial structure. The proceeds from the Disposal is expected to improve the financial position of the Group and will be used as additional general working capital of the Group.

The Directors (including all independent non-executive Directors) are of the view that the terms and conditions of the Sale and Purchase Agreement are fair and reasonable and on normal commercial terms and that the entering into of the Sale and Purchase Agreement is in the interests of the Company and its Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable ratio (as defined under the Listing Rules) in respect of the Disposal is more than 5% but all of the applicable percentage ratio are less than 25%, the Sale and Purchase Agreement and the transactions contemplated thereunder constitute a discloseable transaction of the Company and are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“Board”	the board of Directors of the Company
“Business Day”	any day (except a Saturday, Sunday and public holiday) on which banks in Hong Kong are open to the general public for business
“Company” or “Vendor”	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

“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules
“Completion”	completion of the Disposal in accordance with the terms of the Sale and Purchase Agreement
“Completion Date”	the third Business Day after payment of HK\$70 million by Mr. Zhou to the Company pursuant to the Sale and Purchase Agreement or such other date as the parties may agree in writing
“Debt”	the unsecured interest-free debt due from the Company to King Gold in the amount of HK\$51,071,664 at the date of the Sale and Purchase Agreement, which shall be novated to Mr. Zhou on Completion pursuant to the Sale and Purchase Agreement
“Deed of Novation”	the deed of novation which shall be entered into between the Company, Mr. Zhou and King Gold on the Completion Date
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Share and the novation of the Debt pursuant to the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries, from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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
“King Gold”	King Gold Investments Limited, a company with limited liability incorporated in the British Virgin Islands whose issued shares are owed as to 80% by the Company and is a non-wholly owned subsidiary of the Company as at the date of this announcement. The remaining 20% issued shares are held by Master Long Limited, an Independent Third Party
“King Gold Group”	together, King Gold and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Zhou”	周學龍(Zhou Xue Long*), an Independent Third Party

“PRC” or “China”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Sale and Purchase Agreement”	the sale and purchase agreement dated 6 April 2018 entered into between the Company as vendor, Mr. Zhou as purchaser in relation to the Disposal
“Sale Share”	80 shares of King Gold being held by the Company as at the date of this announcement and at Completion, representing 80% of the issued shares of King Gold
“Shares”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By Order of the Board  
**China Mining Resources Group Limited**  
**Yeung Kwok Kuen**  
*Executive Director and Chief Financial Officer*

Hong Kong, 6 April 2018

*As at the date of this announcement, the board of directors of the Company comprises Mr. Fang Yi Quan, Mr. Yeung Kwok Kuen, Mr. Shi Xing Zhi and Mr. Shi Sheng Li as executive Directors, Mr. Chu Kang Nam, Mr. Ngai Sai Chuen, Mr. Liang Xu Shu and Mr. Leung Ka Wo as independent non-executive Directors.*

\* *For identification purpose only*