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## **CHINA MINING RESOURCES GROUP LIMITED**

**中國礦業資源集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00340)**

### **CONNECTED TRANSACTION – SUBSCRIPTIONS OF NEW SHARES, AND POSSIBLE RELATED REPURCHASES OF SHARES**

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

#### **The Subscription**

On 13 July 2007, the Company entered into the Subscription Agreement with the Subscribers pursuant to which the Company has agreed to issue, and the Subscribers have agreed to subscribe as principal for, a total of 157,070,000 Shares at a price of HK\$1.10 per Subscription Share in cash, upon and subject to the terms and conditions of the Subscription Agreement.

Upon issue in full of the Total Subscription Shares, the Total Subscription Shares represent approximately 2.61% of the issued share capital of the Company as at the date of this announcement, or approximately 2.54% of the issued share capital of the Company as enlarged by the Subscription Shares.

Upon issue of new Shares to a Subscriber pursuant to the Subscriptions, such Subscriber has undertaken and covenanted to the Company that such Shares will be subject to lock-up as described under the section headed “Lock-Up Period” below.

As (i) Mr. Wu King Shiu Kelvin (胡景邵), Mr. Dong Wenxue (董文學), Mr. Wang Hui (王輝) and Mr. Yeung Kwok Kuen (楊國權) are executive Directors; (ii) Mr. Yin Guangyuan (尹光遠) and Mr. Qiao Hongbo (喬洪波) are directors of Harbin Songjiang, a subsidiary of the Company; and (iii) Mr. Su Qingyu (蘇慶玉) and Mr. Qu Yanchun (曲彥春) are chief executives (within the meaning of the Listing Rules) of Harbin Songjiang, a subsidiary of the Company, they are therefore connected persons of the Company. As such, the Subscription Agreement and the transactions contemplated

\* For identification purpose only

thereunder, the Subscriptions and the Share Repurchases constitute connected transactions for the Company under the Listing Rules and are subject to approval by the Independent Shareholders at a general meeting pursuant to the Listing Rules. The Company shall seek confirmation from the Executive as to whether the Share Repurchases are required to be approved by the Executive pursuant to the Share Repurchase Code.

The Subscription Agreement is conditional upon, amongst other things: (i) approval of the Subscription Agreement and the transactions contemplated thereby, the Subscriptions and the Share Repurchases by the Independent Shareholders on a poll at the SGM in accordance with the Listing Rules, and, if applicable, the Share Repurchase Code, and (ii) the approval by the Executive of the Share Repurchases or the Executive has confirmed that no approval by the Executive is required in relation to the Share Repurchases pursuant to the Share Repurchase Code.

The SGM will be convened at which resolution(s) will be proposed to seek the Independent Shareholders' approval of the Subscription Agreement and the transactions contemplated thereby, the Subscriptions and the Share Repurchases, including a specific mandate to allot and issue not more than 157,070,000 Shares in the authorised share capital of the Company. An independent committee of the Board comprising all the independent non-executive Directors, namely, Mr. Chan Siu Tat, Mr. Wong Hon Sum and Mr. Chu Kang Nam, has been established to advise the Independent Shareholders in relation to the Subscriptions and the Share Repurchases. An independent financial adviser will be appointed to advise the independent committee of the Board in this regard. To the best knowledge of the Directors, none of the Subscribers, their respective associates and concert parties hold any interest in the Company. As such, the Directors are not aware that any person is required to abstain from voting in respect of the resolution(s) in relation to the Subscriptions and the Share Repurchases.

A circular containing, amongst other things, details of the Subscriptions and the Share Repurchases, and letters from the independent committee of the Board and from an independent financial adviser to the independent committee of the Board, and a notice convening the SGM will be despatched to the Shareholders as soon as possible.

#### **Suspension and resumption of trading**

Trading in the Shares was suspended at the request of the Company from 9:30 a.m. on 13 July 2007 pending release of this announcement. The Company has applied for the resumption of trading in the Shares with effect from 9:30 a.m. on 18 July 2007.

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

#### **SUBSCRIPTION AGREEMENT**

**Date** 13 July 2007

**Parties** the Company and the Subscribers

#### **SUBSCRIPTIONS**

Pursuant to the Subscription Agreement, the Company has agreed to issue, and the Subscribers have agreed to subscribe for an aggregate of 157,070,000 Shares in cash upon and subject to the terms and conditions of the Subscription Agreement. Upon issue in full of the Total Subscription Shares, the Total Subscription Shares represent approximately 2.61% of the issued share capital of the Company as at the date of this announcement, or approximately 2.54% of the issued share capital of the Company as enlarged by the Subscription Shares.

Each of the Subscribers agrees to subscribe as principal, and the Company agrees to issue, such number of new Shares as set out opposite his name below at the Subscription Price upon and subject to the terms and conditions of the Subscription Agreement:–

<b>Subscribers</b>	<b>Number of new Shares</b>
Mr. Wu King Shiu Kelvin (胡景邵)	60,000,000
Mr. Dong Wenxue (董文學)	55,440,000
Mr. Wang Hui (王輝)	4,860,000
Mr. Yeung Kwok Kuen (楊國權)	20,000,000
Mr. Yin Guangyuan (尹光遠)	4,640,000
Mr. Qiao Hongbo (喬洪波)	5,820,000
Mr. Su Qingyu (蘇慶玉)	3,312,000
Mr. Qu Yanchun (曲彥春)	2,998,000
Total:	<u>157,070,000</u>

The new Shares to be subscribed by each of the Subscribers pursuant to the Subscriptions shall, when fully paid, rank pari passu in all respects with the other Shares in issue on the date of the allotment and issue thereof in accordance with the terms of the Subscription Agreement, including the rights to all dividends and distributions declared, made or paid on or after such date.

#### **LOCK-UP PERIOD**

Pursuant to the Subscription Agreement, each of the Subscribers has undertaken and covenanted with the Company that:–

- (i) during his Initial Lock-up Period, he shall not sell, transfer or dispose of or create any rights (including, but not limited to, the creation of any options, rights or interests or entering into any agreements or other arrangements that sell, transfers or disposes of, in whole or in part, any of the economic consequence of ownership) or pledge, charge, encumber or create any third party rights in any of his Initial Lock-up Shares and any further Shares subsequently acquired by him, or which he may become entitled to, in the event of a capitalisation issue, rights issue or the election of script dividend or otherwise by virtue of his ownership of the Initial Lock-up Shares;
- (ii) during the Intermediate Lock-up Period, he shall not sell, transfer or dispose of or create any rights (including, but not limited to, the creation of any options, rights or interests or entering into any agreements or other arrangements that sell, transfers or disposes of, in whole or in part, any of the economic consequence of ownership) or pledge, charge, encumber or create any third party rights in any of his Intermediate Lock-up Shares and any further Shares subsequently acquired by him, or which he may become entitled to, in the event of a capitalisation issue, rights issue or the election of script dividend or otherwise by virtue of his ownership of the Intermediate Lock-up Shares; and
- (iii) during the Final Lock-up Period, he shall not sell, transfer or dispose of or create any rights (including, but not limited to, the creation of any options, rights or interests or entering into any agreements or other arrangements that sell, transfers or disposes of, in whole or in part, any of the economic consequence of ownership) or pledge, charge, encumber or create any third party rights in any of his Final Lock-up Shares and any further Shares subsequently acquired by him, or which he may become entitled to, in the event of a capitalisation issue, rights issue or the election of script dividend or otherwise by virtue of his ownership of the Final Lock-up Shares.

## **SHARE REPURCHASES**

Pursuant to the terms of the Subscription Agreement, each of the Subscribers has undertaken and covenanted with the Company that:–

- (i) in the event that he ceases to be employed by a member of the Group for whatever reason during the Initial Lock-up Period, he shall immediately, upon request made by the Company (at its sole discretion) on or before the date being 7 Business Days after the date upon which he ceases to be so employed, tender his Initial Lock-up Shares to the Company for repurchasing at the Share Repurchase Price and cancellation by the Company together with such documents (if applicable, duly executed by him) as may be requested by the Company in order for the Company to effect such repurchase and cancellation;
- (ii) in the event that he ceases to be employed by a member of the Group for whatever reason during the Intermediate Lock-up Period, he shall immediately, upon request made by the Company (at its sole discretion) on or before the date being 7 Business Days after the date upon which he ceases to be so employed, tender his Intermediate Lock-up Shares to the Company for repurchasing at the Share Repurchase Price and cancellation by the Company together with such documents (if applicable, duly executed by him) as may be requested by the Company in order for the Company to effect such repurchase and cancellation; and
- (iii) in the event that he ceases to be employed by a member of the Group for whatever reason during the Final Lock-up Period, he shall forthwith immediately, upon request made by the Company (at its sole discretion) on or before the date being 7 Business Days after the date upon which he ceases to be so employed, tender his Final Lock-up Shares to the Company for repurchasing at the Share Repurchase Price and cancellation by the Company together with such documents (if applicable, duly executed by him) as may be requested by the Company in order for the Company to effect such repurchase and cancellation.

The maximum number of Shares which the Company may repurchase from the Subscribers pursuant to the Share Repurchases is 157,070,000 Shares, being equivalent to the number of new Shares to be subscribed by the Subscribers pursuant to the Subscriptions.

The maximum number of Shares which the Company may repurchase from a Subscriber pursuant to the Share Repurchases is equivalent to the number of new Shares to be subscribed by such Subscriber pursuant to the Subscriptions as described under the section headed “Subscriptions” above. However, the number of Shares which may be requested by the Company to be repurchased from a Subscriber will depend on the timing upon which such Subscriber ceases to be employed by a member of the Group as more particularly described above and, in the event that such Subscriber remains to be so employed up to but excluding the last day of the Final Lock-Up Period, no Shares could be repurchased by the Company from such Subscriber pursuant to the Share Repurchases.

## **SUBSCRIPTION PRICE**

The Subscription Price of HK\$1.10 per Subscription Share represents a discount of approximately 34.13% to the closing price of HK\$1.67 per Share as quoted on the Stock Exchange on 12 July 2007 (being the last day of trading in the Shares on the Stock Exchange before the release of this announcement), or a discount of approximately 37.50% to the average closing price of approximately HK\$1.76 per Share for the last 5 trading days up to and including 12 July 2007.

The total amount payable by the Subscribers pursuant to the Subscriptions amounts to HK\$172,777,000.00. In respect of each of the Subscriptions, the amount payable by the relevant Subscriber in connection therewith shall be paid on completion thereof which shall occur on the Completion Date or such earlier date which is a Business Day as may be notified by the relevant Subscriber in writing to the Company by 3 Business Days' prior notice.

Regarding the basis for determination of the Subscription Price of HK\$1.10, the Directors have taken into account of the average closing price of the Shares for the period from 6 July 2006 (being the date on which the Company first commenced the change of business to mining related business) to 11 March 2007 (being the date of the agreement in relation to acquisition of interests of Harbin Songjiang by the Company) of approximately HK\$1.397, which represents a period of approximately eight months. The Subscription Price of HK\$1.10 per Subscription Share represents a discount of approximately 21.3% to the aforementioned average closing price. The Directors consider that such reference period of approximately eight months is fair and reasonable.

## **SHARE REPURCHASE PRICE**

The Share Repurchase Price of HK\$1.10 was determined after arm's length negotiations between the Company and the Subscribers which is equivalent to the Subscription Price paid in respect of each new Share to be subscribed by the Subscribers pursuant to the Subscriptions. As the Directors have considered and confirmed that no sub-division or consolidation of Shares and, if any, other transactions having the same effect to such sub-division or consolidation, will be undertaken by the Company within the next three years or during the various lock-up periods as described in this announcement, the Company considers that it would not be necessary to provide for adjustment to be made to the Share Repurchase Price in such event.

The Share Repurchase Price represents a discount of approximately 34.13% to the closing price of HK\$1.67 per Share as quoted on the Stock Exchange on 12 July 2007 (being the last day of trading in the Shares on the Stock Exchange before the release of this announcement), or a discount of approximately 37.50% to the average closing price of approximately HK\$1.76 per Share for the last 5 trading days up to and including 12 July 2007.

Based on the latest audited financial statement of the Group for the year ended 31 December 2006, the net asset value of the Group was approximately HK\$1,932,420,000.00, equivalent to approximately HK\$0.41 per Share based on 4,720,780,853 Shares in issue as at 31 December 2006. The Share Repurchase Price represents a premium of approximately 168% to the aforesaid net asset value per Share.

For the year ended 31 December 2005 and 31 December 2006, the audited consolidated loss of the Group before taxation and minority interests were approximately HK\$55,125,000.00 and HK\$9,608,000.00, respectively. For the same periods, the audited consolidated loss of the Group after taxation and minority interests were approximately HK\$55,200,000.00 and HK\$8,244,000.00 respectively.

The Company has appointed Watson Wyatt, an international human resources consulting firm and independent from the Company, to advise the Company on the Company's senior executive remuneration arrangements. Both the Company and Watson Wyatt believe that providing senior management with an opportunity to buy-into the Company, largely funded either through the roll-over from the proceeds of their prior holdings in Harbin Songjiang or their personal wealth, will enable the Company to motivate key executives to remain with the Company and align their interests with those of the Shareholders.

Pursuant to the Subscription Agreement, the Share Repurchase Price is equivalent to the Subscription Price. Taking into account of the future growth of the Company, the Board believed that it is unlikely that the market price of the Company will fall below HK\$1.10 per Share. However, in the event that the market price of the Shares drops below the Share Repurchase Price, the Company will take into account of the then circumstances (including the market conditions and business operations of the Group) and future growth of the Company to decide whether to request at its sole discretion to repurchase Shares from a Subscriber pursuant to the Share Repurchases in the event it is entitled to do so. The Directors are of the view that in the interest of the Company and the Shareholders as a whole, it is unlikely that the Company will request at its discretion to repurchase Shares from a Subscriber pursuant to the Share Repurchases in such circumstances. The Directors will consider as to whether the Company shall exercise its discretion to repurchase Shares from the Subscribers pursuant to the Share Repurchases at a meeting of the board of Directors, at which the interested Directors (if any) will abstain from voting from any resolution(s) in connection therewith. In the event that the Company has exercised its discretion to repurchase Shares from the Subscribers, the Company shall make an announcement in this regard.

The terms of the Subscription Agreement, including the Subscription Price and the Share Repurchase Price, were determined after arm's length negotiation between the Company and the Subscribers, taking into consideration of the market price per Share as set out in the section headed "Subscription Price" of this announcement and the net asset value per Share as set out in the section headed "Share Repurchase Price" of this announcement.

The Directors, having considered the factors as set out in the sections headed "Reasons for the Subscriptions and Use of Proceeds" and "Reasons for the Share Repurchases" in this announcement, are of the view that the terms of the Subscription Agreement, including the Subscription Price and the Share Repurchase Price, are fair and reasonable so far as the Shareholders are concerned and that the Subscriptions and the Share Repurchases are in the interests of the Company and the Shareholders as a whole.

## **CONDITIONS**

The Subscription Agreement is conditional upon:

- (a) the approval of the Subscription Agreement and the transactions contemplated thereunder, the Subscriptions and the Share Repurchases by the Independent Shareholders on a poll at a general meeting of the Company in accordance with the Listing Rules, and, if applicable, the Share Repurchase Code;
- (b) the approval by the Executive of the Share Repurchases or the Executive has confirmed that no approval by the Executive is required in relation to the Share Repurchases;
- (c) the granting of the listing of, and permission to deal in, the Total Subscription Shares by the Listing Committee of the Stock Exchange; and
- (d) (if any) such other consents and/or approvals as may be required by the Company in connection with the Subscriptions and the Share Repurchases.

None of the above conditions can be waived.

If the above conditions are not fulfilled on or prior to 30 November 2007 or such later date as may be agreed in writing between the parties to the Subscription Agreement, the Subscription Agreement shall terminate and none of the parties to the Subscription Agreement shall have any claims against any other parties thereto for costs, damages, compensation or otherwise save for any antecedent breaches.

Pursuant to the Subscription Agreement, each of the Subscribers has undertaken to the Company that he shall, and shall procure his associates and concert parties to abstain from voting in connection with any resolution(s) to be proposed in relation to any of the matters in respect of the Subscription Agreement at the SGM.

### **COMPLETION**

In respect of each of the Subscriptions, completion thereof shall take place on the Completion Date or such earlier date which is a Business Day after the fulfilment of the conditions as referred to in the section headed “Conditions” above as may be notified by the relevant Subscriber in writing to the Company by 3 Business Days prior notice.

Each of the Subscribers has agreed with the Company that the Company shall not be bound or be required to complete the subscription of new Shares to be subscribed by him pursuant to the Subscriptions (the “**Relevant Subscription**”) in the event that (i) he ceases to be employed by a member of the Group or (ii) a notice has been served to terminate such employment, on or before the date of completion of the Relevant Subscription.

### **APPLICATION FOR LISTING**

Application will be made to the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

### **REASONS FOR THE SUBSCRIPTIONS AND USE OF PROCEEDS**

Each of the Subscribers is either a director of a member of the Group or a member of the senior management of the Group. The Company considers that they are very valuable to the Group and are crucial to the future growth of business of the Group. The Subscriptions serve to link up the interest of the Subscribers with the Shareholders and as an incentive for the Subscribers to continue to contribute to the growth of the Group.

The Directors also consider the Subscriptions to be in the best interest of the Company and the Shareholders as a whole since it will also raise new funds for the general working capital of the Group.

The net proceeds from the Subscriptions are estimated to be of approximately HK\$172 million which will be used for general working capital of the Group.

## **REASONS FOR THE SHARE REPURCHASES**

The Board believes that the proposed Share Repurchases encourages a long term and stable relationship between the Company and the Subscribers for the benefit of the growth of the Group's business.

After arm's length negotiations between the Company and the Subscribers, the Company has agreed to a Share Repurchase Price of HK\$1.10 per Share. The Share Repurchase Price is equivalent to the Subscription Price paid by the Subscribers in respect of each new Share to be subscribed pursuant to the Subscriptions which provides the benchmark for determining the Share Repurchase Price, bearing in mind that both the Subscriptions and the Share Repurchases are inherently linked together and the fact that the Share Repurchases from the Subscribers will only be made at the request of the Company in its sole discretion so that the relevant Subscriber cannot enjoy the benefit of the increase in price of the Shares in the event that he ceases to be employed by the Group. The Company has agreed to a Share Repurchase Price of HK\$1.10 per Share which is equivalent to the Subscription Price, as such, there is no premium to the Share Repurchase Price in comparison with the Subscription Price.

As the Company has arrived to an important stage of development of its mining projects, it is crucial for the Company to maintain a long-term and stable relationship with its senior management. As such, the Directors believed that a discount of approximately 35% of the Shares at its market price would be fair and reasonable in order to make an impact to incentivise the Subscribers to further contribute to the future growth of the Company and to allow the Company to pursue other future viable mining projects.

As such, the Directors consider that the Share Repurchases are in the best interests of the Company and the Shareholders as a whole. An independent financial advisor will be appointed by the Company to advise the independent committee of the Board and the Independent Shareholders in this regard.

## **SOURCE OF FUNDING**

The funds required for the Share Repurchases will be financed out of internal resources of the Company. The Company believes that the financing of the Share Repurchases will not have any adverse impact on the financial position of the Company.

## **LISTING RULES AND SHARE REPURCHASE CODE IMPLICATIONS**

As (i) Mr. Wu King Shiu Kelvin (胡景邵), Mr. Dong Wenxue (董文學), Mr. Wang Hui (王輝) and Mr. Yeung Kwok Kuen (楊國權) are executive Directors of the Company, (ii) Mr. Yin Guangyuan (尹光遠) and Mr. Qiao Hongbo (喬洪波) are directors of Harbin Songjiang, a subsidiary of the Company, and (iii) Mr. Su Qingyu (蘇慶玉) and Mr. Qu Yanchun (曲彥春) are chief executives (within the meaning of the Listing Rules) of Harbin Songjiang, a subsidiary of the Company, they are therefore connected persons of the Company. As such, the Subscription Agreement and transactions contemplated thereunder, the Subscriptions and the Share Repurchases constitute connected transactions for the Company under the Listing Rules and are subject to approval by the Independent Shareholders at a general meeting pursuant to the Listing Rules. The Company shall seek confirmation from the Executive as to whether the Share Repurchases are required to be approved by the Executive pursuant to the Share Repurchase Code.

In the event that the Company cannot obtain the confirmation from the Executive that no approval by the Executive is required in respect of the Share Repurchases, the Share Repurchases must be approved by the Executive pursuant to Rule 2 of the Share Repurchase Code.



## SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company as at the date of the Subscription Agreement and immediately following Completion:

Shareholders	As at the date of this announcement		Immediately following Completion of the Subscriptions		Immediately following Completion of the Subscriptions and exercise of rights attached to the share options	
	Share options	Shares	Share options	Shares (%)	Share options	Share (%)
<b>Subscribers</b>						
Mr. Wu King Shiu Kelvin (胡景邵)	60,000,000	–	60,000,000	60,000,000 (0.97%)	–	120,000,000 (1.88%)
Mr. Dong Wenxue (董文學)	60,000,000	–	60,000,000	55,440,000 (0.90%)	–	115,440,000 (1.81%)
Mr. Wang Hui (王輝)	15,000,000	–	15,000,000	4,860,000 (0.08%)	–	19,860,000 (0.31%)
Mr. Yeung Kwok Kuen (楊國權)	30,000,000	–	30,000,000	20,000,000 (0.32%)	–	50,000,000 (0.78%)
Mr. Yin Guangyuan (尹光遠)	10,000,000	–	10,000,000	4,640,000 (0.08%)	–	14,640,000 (0.23%)
Mr. Qiao Hongbo (喬洪波)	10,000,000	–	10,000,000	5,820,000 (0.09%)	–	15,820,000 (0.25%)
Mr. Su Qingyu (蘇慶玉)	10,000,000	–	10,000,000	3,312,000 (0.05%)	–	13,312,000 (0.21%)
Mr. Qu Yanchun (曲彥春)	10,000,000	–	10,000,000	2,998,000 (0.05%)	–	12,998,000 (0.20%)
Sub-total		–		157,070,000 (2.54%)		362,070,000 (5.67%)
<b>Other</b>						
Mr. Cai Yuan (蔡原) (Note 1)	2,000,000	508,650,000 (8.44%)	2,000,000	508,650,000 (8.23%)	–	510,650,000 (7.99%)
Mr. Luk Kin Peter Joseph (陸健) (Note 2)	–	235,234,000 (3.90%)	–	235,234,000 (3.80%)	–	235,234,000 (3.68%)
Public Shareholders	–	5,282,768,853 (87.66%)	–	5,282,768,853 (85.43%)	–	5,282,768,853 (82.66%)
<b>Total</b>		6,026,652,853 (100%)		6,183,722,853 (100%)		6,390,722,853 (100%)

*Note 1:* Mr. Cai Yuan, the chairman and executive Director, is the 100% beneficial owner of Greater Increase Investments Limited which holds 500,000,000 shares. Mr. Cai also holds 8,650,000 Shares under his name.

*Note 2:* Mr. Luk Kin Peter Joseph, was an executive Director until his resignation on 6 July 2007, is the 100% beneficial owner of Equity Valley Investments Limited which holds 226,584,000 Shares. Mr. Luk also holds 8,650,000 Shares under his name.

## **GENERAL**

The Group is principally engaged in mining business including exploration and exploitation of natural rutile and processing and trading of rutile and titanium related products, mining and processing of molybdenum, copper and zinc as well as provision of umbilical cord blood storage service.

Save for the First Placing pursuant to which an amount of approximately HK\$456,501,000.00 was raised to finance the acquisition of Lead Sun Group and further development of the related rutile mine, and the Second Placing pursuant to which an amount of approximately HK\$2,368,892,000.00 was raised to finance the acquisition of approximately 75.08% of equity interests in Harbin Songjiang and related expenses, the Company has not performed any other equity fund raising exercise in the past 12 months immediately before the date of this announcement. To the best knowledge of the Directors, the First Placing and the Second Placing have been completed and the intended use of the funds and reasons thereof have not been changed. The actual amount of net proceeds under each of the First Placing and the Second Placing which have been utilised as at the date hereof is approximately HK\$199 million and approximately HK\$1,946 million, respectively.

The SGM will be convened at which resolution(s) will be proposed to seek the Independent Shareholders' approval of the Subscription Agreement and the transactions contemplated thereby, the Subscriptions and the Share Repurchases, including a specific mandate to allot and issue not more than 157,070,000 Shares in the authorised share capital of the Company. An independent committee of the Board comprising all the independent non-executive Directors, namely, Mr. Chan Siu Tat, Mr. Wong Hon Sum and Mr. Chu Kang Nam, has been established to advise the Independent Shareholders in relation to the Subscriptions and the Share Repurchases. An independent financial adviser will be appointed to advise the independent committee of the Board in this regard. To the best knowledge of the Directors, none of the Subscribers, their respective associates and concert parties hold any interest in the Company. As such, the Directors are not aware that any person is required to abstain from voting in respect of the resolutions in relation to the Subscriptions and the Share Repurchases.

A circular containing, amongst other things, details of the Subscriptions and the Share Repurchases, and letters from the independent committee of the Board and from an independent financial adviser to the independent committee of the Board, and a notice convening the SGM will be despatched to the Shareholders as soon as possible.

## **RESPONSIBILITY STATEMENT**

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and that there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

## **SUSPENSION AND RESUMPTION OF TRADING**

Trading in the Shares was suspended at the request of the Company from 9:30 a.m. on 13 July 2007 pending release of this announcement. The Company has applied for the resumption of trading in the Shares with effect from 9:30 a.m. on 18 July 2007.

## DEFINITIONS

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

“acting in concert”	shall have the meaning as ascribed to it in the Takeovers Code;
“associates”	shall have the meaning ascribed thereto in the Listing Rules;
“Board”	the board of Directors;
“Business Day(s)”	any day (excluding Sunday and Saturday) on which banks are generally open for business in Hong Kong;
“Company”	China Mining Resources Group Limited, a company incorporated in Bermuda, whose shares are listed on the Stock Exchange (Stock Code: 00340);
“Completion Date”	the date being the first anniversary date of the Subscription Agreement or, if such date is not a Business Day, the immediately preceding day which is a Business Day;
“concert parties”	in relation to a person, person(s) acting in concert with such person;
“connected person(s)”	shall have the same meaning as ascribed to it in the Listing Rules;
“Director(s)”	director(s) of the Company;
“Eighth Subscriber”	Mr. Qu Yanchun (曲彥春), a chief executive of a subsidiary of the Company;
“Eighth Subscription”	the subscription of 2,998,000 new Shares by the Eighth Subscriber as subscriber upon and subject to terms and conditions as set out in the Subscription Agreement;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
“Fifth Subscriber”	Mr. Yin Guangyuan (尹光遠), a director of a subsidiary of the Company;
“Fifth Subscription”	the subscription of 4,640,000 new Shares by the Fifth Subscriber as subscriber upon and subject to terms and conditions as set out in the Subscription Agreement;
“First Placing”	the placing of new Shares as described in the announcement of the Company dated 10 July 2006;
“First Subscriber”	Mr. Wu King Shiu Kelvin (胡景邵), an executive Director of the Company;

“First Subscription”	the subscription of 60,000,000 new Shares by the First Subscriber as subscriber upon and subject to terms and conditions as set out in the Subscription Agreement;
“Final Lock-up Period”	the period commencing from and including the second anniversary date of the Subscription Agreement up to but excluding the third anniversary date of the Subscription Agreement;
“Final Lock-up Shares”	in relation to each of the Subscribers, such number of new Shares representing one-third of the number of new Shares (rounded upwards to the nearest whole number of Shares) subscribed by him pursuant to the Subscriptions;
“Fourth Subscriber”	Mr. Yeung Kwok Kuen (楊國權), an executive Director of the Company;
“Fourth Subscription”	the subscription of 20,000,000 new Shares by the Fourth Subscriber as subscriber upon and subject to terms and conditions as set out in the Subscription Agreement;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Harbin Songjiang”	Harbin Songjiang Copper (Group) Company Limited (哈爾濱松江銅業(集團)有限公司), a company which is established in the PRC and a subsidiary of the Company;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Shareholders”	the Shareholders other than the Subscribers, such Subscribers that are deemed by the Stock Exchange or the SFC to be interested in the Subscriptions and/or the Share Repurchases and their respective associates and concert parties;
“Initial Lock-up Period”	in relation to each of the Subscribers, the period commencing from and including the date of completion of the subscription of new Shares by him pursuant to the Subscriptions up to but excluding the date being the first anniversary date of the Subscription Agreement;
“Initial Lock-up Shares”	in relation to each of the Subscribers, all the new Shares subscribed by him pursuant to the Subscriptions;
“Intermediate Lock-up Period”	the period commencing from and including the first anniversary date of the Subscription Agreement up to but excluding the date being the second anniversary date of the Subscription Agreement;

“Intermediate Lock-up Shares”	in relation to each of the Subscribers, such number of new Shares representing two-third of the number of new Shares (rounded upwards to the nearest whole number of Shares) subscribed by him pursuant to the Subscriptions;
“Lead Sun Group”	Lead Sun Investments Limited, a company which is incorporated in the British Virgin Islands and a subsidiary of the Company, together with its subsidiaries;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“SGM”	the special general meeting of the Company to be convened and held to consider and approve, if thought fit, amongst other things, the Subscriptions and the Share Repurchases;
“Second Placing”	the placing of new Shares as described in the announcement of the Company dated 21 June 2007;
“Second Subscriber”	Mr. Dong Wenxue (董文學), an executive Director of the Company;
“Second Subscription”	the subscription of 55,440,000 new Shares by the Second Subscriber as subscriber upon and subject to terms and conditions as set out in the Subscription Agreement;
“Seventh Subscriber”	Mr. Su Qingyu (蘇慶玉), a chief executive of a subsidiary of the Company;
“Seventh Subscription”	the subscription of 3,312,000 new Shares by the Seventh Subscriber as subscriber upon and subject to terms and conditions as set out in the Subscription Agreement;
“SFC”	the Securities and Futures Commission of Hong Kong;
“Shares”	ordinary shares of HK\$0.10 each in the capital of the Company;
“Shareholders”	holders of Shares;
“Share Repurchases”	in relation to each of the Subscribers, the repurchase by the Company of his Initial Lock-up Shares or Intermediate Lock-up Shares or Final Lock-up Shares (as the case may be) pursuant to the Subscription Agreement;
“Share Repurchase Code”	the Hong Kong Code on Share Repurchases;
“Share Repurchase Price”	HK\$1.10 per Share;
“Sixth Subscriber”	Mr. Qiao Hongbo (喬洪波), a director of a subsidiary of the Company;

“Sixth Subscription”	the subscription of 5,820,000 new Shares by the Sixth Subscriber as subscriber upon and subject to terms and conditions as set out in the Subscription Agreement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscribers”	the First Subscriber, the Second Subscriber, the Third Subscriber, the Fourth Subscriber, the Fifth Subscriber, the Sixth Subscriber, the Seventh Subscriber and the Eighth Subscriber;
“Subscriptions”	the First Subscription, the Second Subscription, the Third Subscription, the Fourth Subscription, the Fifth Subscription, the Sixth Subscription, the Seventh Subscription and the Eighth Subscription;
“Subscription Agreement”	the subscription agreement dated 13 July 2007 entered into between the Company and the Subscribers relating to, amongst other things, the Subscriptions and the Share Repurchases;
“Subscription Price”	HK\$1.10 per new Share;
“subsidiary”	as defined in the Companies Ordinance (Chapter 32 of the laws of Hong Kong);
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Repurchases;
“Third Subscriber”	Mr. Wang Hui (王輝), an executive Director of the Company;
“Third Subscription”	the subscription of 4,860,000 new Shares by the Third Subscriber as subscriber upon and subject to terms and conditions as set out in the Subscription Agreement;
“Total Subscription Shares”	a total of 157,070,000 new Shares to be subscribed by the Subscribers pursuant to the Subscriptions; and
“Watson Wyatt”	Watson Wyatt Hong Kong Limited, an international human resources consulting firm.

By Order of the Board  
**China Mining Resources Group Limited**  
**Cai Yuan**  
*Chairman*

17 July 2007, Hong Kong

*As at the date of this announcement, the board of directors of the Company comprises Mr. Cai Yuan, Mr. Dong Wenxue, Mr. Wang Hui, Mr. Wu King Shiu Kelvin and Mr. Yeung Kwok Kuen as executive Directors, Mr. Lam Ming Yung as non-executive Director, Mr. Chan Siu Tat, Mr. Chu Kang Nam and Mr. Wong Hon Sum as independent non-executive Directors.*