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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)

PROPOSED CAPITAL REORGANISATION

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The Company intends to put forward to the Shareholders for their approval of the proposed Capital Reorganisation involving the following:

- i) a cancellation of the entire amount standing to the credit of the share premium account of the Company and the credit arising from such cancellation be credited to the Contributed Surplus Account;
- ii) a reduction in the issued share capital of the Company by way of cancelling the paid-up capital to the extent of HK\$0.09 on each of the issued Shares, and the credit arising from the Capital Reduction be credited to the Contributed Surplus Account; and
- iii) forthwith upon the Capital Reduction taking effect, every authorised but unissued Share (including those arising from the Capital Reduction) be subdivided into 10 New Shares with a par value of HK\$0.01 each and every authorised but unissued Preference Share be subdivided into 10 New Preference Shares with a par value of HK\$0.01 each.

The application of the amount in the Contributed Surplus Account is to set off the accumulated losses of the Company in full and in any other manner as permitted under the bye-laws of the Company and all applicable laws of Bermuda.

GENERAL

The Capital Reorganisation is conditional upon, among other things, the passing by the Shareholders of the relevant special resolution(s) at the SGM, the compliance by the Company with the requirements under the Companies Act and the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares.

A Circular containing, among other things, further particulars of the Capital Reorganisation and the notice convening the SGM to approve the Capital Reorganisation, will be despatched to the Shareholders as soon as possible.

* *For identification purposes only*

PROPOSED CAPITAL REORGANISATION

The Company intends to put forward to the Shareholders for their approval of the proposed Capital Reorganisation comprising the Share Premium Cancellation, the Capital Reduction and the Share Subdivision, details of which are set out below.

Share Premium Cancellation

The entire amount standing to the credit of the share premium account of the Company will be cancelled and the credit arising from such cancellation will be transferred to the Contributed Surplus Account. As at the date of this announcement, the Company has a credit balance of approximately HK\$3.55 billion standing in its share premium account.

Capital Reduction

The issued share capital of the Company will be 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\$1.52 billion will arise from the Capital Reduction, and the credit arising from the Capital Reduction will be transferred to the Contributed Surplus Account.

Share Subdivision

Forthwith upon the Capital Reduction taking effect, every authorised but unissued Share (including those arising from the Capital Reduction) will be subdivided into 10 New Shares with a par value of HK\$0.01 each and every authorised but unissued Preference Share be subdivided into 10 New Preference Shares with a par value of HK\$0.01 each.

Application of Contributed Surplus Account

The amount standing to the credit of the Contributed Surplus Account will be applied to set off the accumulated losses of the Company as at 31 December 2015 of approximately HK\$4.66 billion as permitted by the bye-laws of the Company and all applicable laws in Bermuda.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon:

- (1) the passing of the necessary special resolution(s) by the Shareholders approving the Capital Reorganisation at the SGM;
- (2) the Stock Exchange granting the listing of, and permission to deal in, the New Shares in issue and to be issued upon the Capital Reorganisation becoming effective;
- (3) the compliance with the relevant procedures and requirements under the Companies Act and the Listing Rules to effect the Capital Reorganisation; and

- (4) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

Reasons for the Capital Reorganisation

The Board is of the opinion that the Capital Reorganisation will provide the Company with greater flexibility in possible fund raisings in the future. Further, the credit in the Contributed Surplus Account arising from the Capital Reduction and the Share Premium Cancellation will enable the Company to set off its accumulated losses in full and may be applied in any future distribution to the Shareholders or in any manner permitted by the laws of Bermuda and the bye-laws of the Company in effect from time to time.

The Board considers that the Capital Reorganisation is beneficial to and in the interests of the Company and the Shareholders as a whole.

Effects of the Capital Reorganisation

The implementation of the Capital Reorganisation will not, by itself, alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders, except for the payment of the related expenses. The Board believes that the Capital Reorganisation will not have any material adverse effect on the financial position of the Group and that on the date the Capital Reorganisation is to be effected, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due. No capital will be lost as a result of the Capital Reorganisation and, except for the expenses involved in relation to the Capital Reorganisation which are expected to be insignificant in the context of the net asset value of the Company, the net asset value of the Company will remain unchanged before and after the Capital Reorganisation becoming effective. The Capital Reorganisation does not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any paid-up capital of the Company nor will it result in any change in the relative rights of the Shareholders.

As at the date of this announcement, the authorised share capital of the Company is HK\$5,000,000,000 divided into 46,223,810,000 Shares and 3,776,190,000 Preference Shares of which 16,914,972,211 Shares are in issue and fully paid. Assuming that no further Shares will be issued or repurchased after the date of this announcement and upon the Share Subdivision becoming effective, the effect of the Share Subdivision is set out as follows:

	As at the date of this announcement	Immediately after the Capital Reorganisation becoming effective
Par value of each Share/Preference Share	HK\$0.10/HK\$0.10	HK\$0.01/HK\$0.01
Authorised:		
Number of Shares	46,223,810,000 Shares	462,238,100,000 New Shares
Share capital	HK\$4,622,381,000	HK\$4,622,381,000
Number of Preference shares	3,776,190,000 Preference Shares	37,761,900,000 New Preference Shares
Share capital of Preference Shares	HK\$377,619,000	HK\$377,619,000
Issued and fully paid:		
Number of Shares	16,914,972,211	16,914,972,211
Issued share capital of Shares	HK\$1,691,497,221.10	HK\$169,149,722.11
Unissued:		
Number of unissued Shares	29,308,837,789 Shares	445,323,127,789 New Shares
Unissued share capital of Shares	HK\$2,930,883,778.90	HK\$4,453,231,277.89
Number of unissued Preference Shares	3,776,190,000 Preference Shares	37,761,900,000 New Preference Shares
Unissued share capital of Preference Shares	HK\$377,619,000	HK\$377,619,000

Note: The above share capital structure of the Company is for illustration purpose only.

On the basis of 16,914,972,211 Shares in issue as at the date of this announcement (assuming no Shares are issued from the date hereof until the effective date of the Capital Reorganisation), and the Company is to cancel the entire amount standing to the credit of the share premium account of the Company and to transfer the credit arising from such cancellation to the Contributed Surplus Account, a total credit of approximately HK\$5.07 billion will arise as a result of the Capital Reorganisation and will be applied to set off the accumulated losses of the Company as at 31 December 2015 in full. The accumulated losses of the Company were approximately HK\$4.64 billion as shown in the audited financial statements of the Company as at 31 December 2014 and approximately HK\$4.66 billion as shown in the unaudited financial statements of the Company as at 31 December 2015.

Under the laws of Bermuda, the Directors may apply the contributed surplus in any manner permitted by the laws of Bermuda and the bye-laws of the Company in effect from time to time.

Free Exchange of Share Certificates

Subject to the Capital Reorganisation becoming effective, which is expected to be on 19 February 2016, Shareholders may, during the period to be specified in the Circular, submit certificates for the Shares to the Registrar, for exchange, at the expense of the Company, for certificates for the New Shares. Thereafter, certificates for the Shares will be accepted for exchange only on payment of a fee of the higher of HK\$2.50 or such other amount as may from time to time be specified by the Stock Exchange for each certificate issued or cancelled, whichever the number of certificates issued or cancelled is higher. Certificates for the Shares will continue to be good evidence of legal title and may be exchanged for certificates for New Shares at any time at the expense of the Shareholders.

The color of the new share certificates for the New Shares will be announced by the Company in due course.

EXPECTED TIMETABLE

2016

Expected despatch of circular, proxy form and notice of SGM	Monday, 25 January
Latest time for lodging transfers to be entitled to attend and vote at the SGM	4:30 p.m. Monday, 15 February
Closure of the register of members for registering transfer of Share	Tuesday, 16 February to Thursday, 18 February
Latest time for return of proxy form of SGM	2:30 p.m., Tuesday, 16 February
Expected time and date of SGM	2:30 p.m., Thursday, 18 February
Announcement of poll results of SGM	Thursday, 18 February
Effective date of Capital Reorganisation	9:00 a.m. Friday, 19 February
First day for free exchange of existing certificates for the Shares into new certificates for the New Shares	9:00 a.m. Friday, 19 February
Commencement of dealing in the New Shares	9:00 a.m. Friday, 19 February
Last day for free exchange of existing certificates for the Shares into new certificates for the New Shares	4:30 p.m. Friday, 18 March

GENERAL

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the New Shares to be issued following the completion of the Capital Reorganisation.

A Circular containing, among other things, further particulars of the Capital Reorganisation and the notice convening the SGM to approve the Capital Reorganisation, will be despatched to the Shareholders as soon as possible.

DEFINITIONS

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

“Board”	the board of Directors
“Capital Reduction”	the proposed reduction of the par value of each issued Share from HK\$0.10 to HK\$0.01 by cancelling the capital paid-up thereon to the extent of HK\$0.09 on each issued Shares
“Capital Reorganisation”	the proposed reorganisation of the share capital of the Company involving the Share Premium Cancellation, the Capital Reduction and the Share Subdivision
“Circular”	the circular to be despatched to the Shareholders giving the details of the Capital Reorganisation and the notice of the SGM
“Company”	China Mining Resources Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“Contributed Surplus Account”	an account designated as the contributed surplus account of the Company within the meaning of the Companies Act
“Director(s)”	director(s) of the Company
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Preference Share(s)”	new preference share(s) of par value of HK\$0.01 each following the Share Subdivision and the Capital Reduction becoming effective
“New Share(s)”	ordinary share(s) of HK\$0.01 each in the issued and unissued share capital of the Company immediately after the Capital Reorganisation becoming effective
“Preference Share(s)”	non-voting convertible preference share(s) of par value of HK\$0.10 each of the Company
“Registrar”	Union Registrars Limited of A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.10 each in the existing issued and unissued share capital of the Company prior to the Capital Reorganisation becoming effective
“Shareholder(s)”	holder(s) of Share(s) or New Share(s), as the case may be
“Share Premium Cancellation”	the proposed cancellation of the entire amount standing to the credit of the share premium account of the Company
“Share Subdivision”	the proposed subdivision of each of the authorised but unissued Shares of HK\$0.10 each into 10 New Shares of HK\$0.01 each immediately after the Capital Reduction (including those arising from the Capital Reduction)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board
China Mining Resources Group Limited
Wang Hui
Executive Director and Chief Executive Officer

Hong Kong, 8 January 2016

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