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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
ENGINEERING AND CONSTRUCTION CONTRACT FOR THE NEW
PROCESSING PLANT**

ENGINEERING AND CONSTRUCTION CONTRACT

On 27 September 2017, Xiangshun Mining, a 90% indirectly owned subsidiary of the Company, has entered into the ECC Contract with the Contractor, a large-scale China state-owned contractor. Pursuant to the ECC Contract, the Contractor will be the contractor of Xiangshun Mining for the engineering and construction works of the New Processing Plant at Tongguan County.

IMPLICATIONS OF THE LISTING RULES

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

Reference is made to the announcement of the Company dated 14 June 2017 in relation to the Company has formulated a plan to expand the scale of mining and processing capacities of our gold resources in Tongguan and Luonan Counties, by constructing a new processing plant (the “**New Processing Plant**”) with a daily processing capacity of 3,000 tonnes.

On 27 September 2017, Xiangshun Mining, a 90% indirectly owned subsidiary of the Company, has entered into the ECC Contract with the Contractor, a large-scale China state-owned contractor. Pursuant to the ECC Contract, the Contractor will be the contractor of Xiangshun Mining for the engineering and construction works of the New Processing Plant at Tongguan County.

The construction of the New Processing Plant is expected to be completed in two phases. The first phase is expected to be completed in or around June 2018 and upon completion of the first phase, the New Processing Plan is expected to have a processing capacity of 1,500 tonnes per day. The second phase of the construction work is expected to be completed in or around June 2019 and upon completion of the second phase, the New Processing Plant is expected to have an additional processing capacity of 1,500 tonnes per day.

The details of the ECC Contract are as follows:

ENGINEERING AND CONSTRUCTION CONTRACT

Date: 27 September 2017

Parties: (a) Xiangshun Mining
(b) 中國十五冶金建設集團有限公司 (China 15th Metallurgical Construction Group Co., Ltd.*) (the “**Contractor**”)

Subject matter: The Contractor shall provide engineering and construction services relating to the construction of the New Processing Plant, which shall include construction of the New Processing Plant, installation of relevant equipment and construction of tailings storage facility.

Term: The project shall be completed in/about seven months upon signing of the ECC Contract.

Consideration/
Service fee: In consideration for the engineering and construction services, Xiangshun Mining shall pay to the Contractor service fee determined based on works completed with reference to relevant proposed budgets. It is currently expected that the service fee payable by Xiangshun Mining will be approximately RMB 200 million.

The service fee is payable in installments in accordance with the work schedule as the project progresses. Details of payment instalments are as set out below:—

- (1) 80% of the consideration shall be payable upon the work-in-progress work has been confirmed with the supervising engineer on a monthly basis;
- (2) 5% of the total consideration shall be payable upon the completion of construction and engineering works of the project;

- (3) 10% of the total consideration shall be payable upon the clearance of the project confirmed by Xiangshun Mining, the Contractor and supervising party; and
- (4) 5% of the total consideration will be withheld by Xiangshun Mining as a quality assurance guarantee and is payable after 2 years from the date of acceptance of the completion of the project.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Contractor and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

It is the intention of the Company to finance the construction of the New Processing Plant by both the internal resources of the Group and the external resources, being the loans from banks or financial institutions or other fund-raising alternatives.

The consideration for the ECC Contract was arrived after arm's length negotiations with the Contractor.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Contractor is a large-scale state-owned construction services company in the PRC. It possesses extensive experience in carrying out construction projects under harsh environment. Xiangshun Mining has previously assessed and evaluated various construction and engineering services providers in preparation for the construction of the New Processing Plant.

Having considered the terms of the ECC Contract, which were determined after arm's length negotiation and on normal commercial terms, the Directors are of the view that the transactions contemplated under the ECC Contract are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL

The Group is principally engaged in the exploration, mining, processing and sale of gold and related products and the production and sale of tea products.

Xiangshun Mining holds (i) the mining licences in respect of a gold mine located in Tongguan County, Shaanxi Province in the PRC; and (ii) owns and operates an ore-processing plant. It has been primarily engaged in the exploration, mining, processing and sale of gold and related products and is ultimately controlled by the Company.

The Contractor is an independent third party and is a large-scale state-owned construction services company in the PRC. The company specializes in contracting engineering and construction; owns special class qualification for construction general contracting of smelting project; and also seven items of Grade-I construction general contracting qualification for mining, electric power, highway, housing, mechanical and electrical equipment installation, petrochemical and municipal public engineering and five items of professional contracting qualification.

IMPLICATIONS UNDER THE LISTING RULES

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

DEFINITIONS

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

“Board”	the board of directors of the Company
“Company”	China Mining Resources Group Limited (中國礦業資源集團有限公司*), a limited company incorporated in Bermuda with limited liability and the Shares of which are listed on the main board of the Stock Exchange
“Consideration”	the consideration in respect of the ECC Contract
“Director(s)”	the director(s) of the Company
“ECC Contract”	the engineering and construction contract entered into between Xiangshun Mining and the Contractor in relation to the provision of engineering and construction services for the New Processing Plant
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“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
“Xiangshun Mining”	潼關縣祥順礦業發展有限公司 (Tongguan County Xiangshun Mining Development Co., Ltd.*), a company established in the PRC with limited liability which is owned as to 90% by the Company as at the date of this announcement
“%”	per cent

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

Hong Kong, 27 September 2017

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*