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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 2012

The Board of Directors (the “Board”) of China Mining Resources Group Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively known as the “Group”) for the year ended 31 December 2012:

#### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 December 2012

	Notes	2012 HK\$'000	2011 HK\$'000
<b>Continuing operations</b>			
Revenue	4	221,646	241,649
Cost of sales		(126,623)	(136,190)
Gross profit		95,023	105,459
Other income	6	12,658	11,877
Other gains and losses	7	32,017	257,436
Selling and distribution expenses		(57,121)	(51,275)
Administrative expenses		(85,771)	(127,136)
Finance costs		(23,206)	(27,476)
Impairment losses recognised in respect of available-for-sale investments	12	(57,913)	(11,781)
Impairment losses recognised in respect of inventories		(13,018)	—
Impairment losses recognised in respect of property, plant and equipment		(16,832)	—
Impairment losses recognised in respect of other intangible assets		(7,874)	—
(Loss) profit before tax		(122,037)	157,104
Income tax credit	8	1,804	6,265
(Loss) profit for the year from continuing operations		(120,233)	163,369

\* For identification purpose only

	<i>Notes</i>	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>Discontinued operation</b>	<i>9</i>		
Profit for the year from discontinued operation, net of income tax		<u>—</u>	<u>11,548</u>
(Loss) profit for the year	<i>10</i>	<u><b>(120,233)</b></u>	<u>174,917</u>
<b>Other comprehensive income (expense)</b>			
Exchange differences arising on translation		<b>12,925</b>	(2,842)
Fair value loss on available-for-sale investments	<i>12</i>	<b>(39,819)</b>	(136,129)
Actuarial loss on defined benefit pension plans		<u><b>(4,109)</b></u>	<u>(1,479)</u>
Other comprehensive expense for the year, net of income tax		<u><b>(31,003)</b></u>	<u>(140,450)</u>
Total comprehensive (expense) income for the year		<u><b>(151,236)</b></u>	<u>34,467</u>
(Loss) profit for the year attributable to:			
Owners of the Company			
(Loss) profit for the year from continuing operations		<b>(110,858)</b>	70,561
Profit for the year from discontinued operation		<u>—</u>	<u>11,548</u>
(Loss) profit for the year attributable to owners of the Company		<b>(110,858)</b>	82,109
Non-controlling interests			
(Loss) profit for the year from continuing operations		<u><b>(9,375)</b></u>	<u>92,808</u>
(Loss) profit for the year		<u><b>(120,233)</b></u>	<u>174,917</u>
Total comprehensive (expense) income attributable to:			
Owners of the Company		<b>(143,892)</b>	(56,650)
Non-controlling interests		<u><b>(7,344)</b></u>	<u>91,117</u>
		<u><b>(151,236)</b></u>	<u>34,467</u>
(Loss) earnings per share	<i>11</i>		
From continuing and discontinued operations			
Basic (HK cents)		<u><b>(1.21) cents</b></u>	<u>0.90 cents</u>
Diluted (HK cents)		<u><b>(1.21) cents</b></u>	<u>0.70 cents</u>
From continuing operations			
Basic (HK cents)		<u><b>(1.21) cents</b></u>	<u>0.77 cents</u>
Diluted (HK cents)		<u><b>(1.21) cents</b></u>	<u>0.61 cents</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012

	<i>Notes</i>	<b>2012</b> <b>HK\$'000</b>	2011 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>119,237</b>	133,919
Prepaid lease payments		<b>31,104</b>	29,728
Exploration and evaluation assets		—	—
Goodwill		<b>88,295</b>	88,295
Other intangible assets		<b>154,017</b>	159,032
Biological assets		<b>8,043</b>	12,264
Available-for-sale investments	<i>12</i>	<b>128,149</b>	222,092
		<b>528,845</b>	645,330
<b>Current assets</b>			
Inventories		<b>172,731</b>	182,431
Trade and other receivables	<i>13</i>	<b>160,757</b>	135,033
Prepaid lease payments		<b>532</b>	3,562
Short-term loan and loan interest receivables		<b>17,084</b>	16,230
Bank balances and cash		<b>117,073</b>	152,829
		<b>468,177</b>	490,085
<b>Current liabilities</b>			
Trade and other payables	<i>14</i>	<b>281,887</b>	254,446
Tax liabilities		<b>59,543</b>	61,198
Bank borrowings		<b>67,496</b>	32,956
Other borrowings		<b>1,754</b>	1,221
Provisions		<b>5,924</b>	6,428
		<b>416,604</b>	356,249
<b>Net current assets</b>		<b>51,573</b>	133,836
<b>Total assets less current liabilities</b>		<b>580,418</b>	779,166

	<b>2012</b>	2011
<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Non-current liabilities</b>		
Deferred income	<b>61,533</b>	53,835
Other borrowings	<b>4,738</b>	5,238
Provisions	<b>73,746</b>	104,060
Deferred tax liabilities	<b>6,156</b>	8,303
Other long-term payables	<b>53,912</b>	76,525
Non-redeemable convertible preference shares	<b>52,702</b>	52,338
	<u><b>252,787</b></u>	<u>300,299</u>
	<u><b>327,631</b></u>	<u>478,867</u>
<b>Capital and reserves</b>		
Share capital	<b>913,878</b>	913,878
Share premium and reserves	<b>(774,165)</b>	(629,841)
	<u><b>139,713</b></u>	<u>284,037</u>
Equity attributable to owners of the Company	<b>139,713</b>	284,037
Non-controlling interests	<b>187,918</b>	194,830
	<u><b>327,631</b></u>	<u>478,867</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 “Stock Exchange”).

The functional currency of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) is Renminbi (“RMB”). The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) for the convenience of the investors as its shares are listed on the Stock Exchange.

The principal activities of the Group are mining, processing and sales of molybdenum, sales of tea products and online video broadcasting. The Group was also engaged in mining, processing and sales of other minerals such as rutiles, silicon and iron which were discontinued during the year ended 31 December 2011 (Note 9).

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND HONG KONG ACCOUNTING STANDARDS (“HKASs”)

In the current year, the Group has applied the following new and revised HKFRSs and HKASs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Asset
Amendments to HKFRS 7	Financial Instruments: Disclosures — Transfers of Financial Assets

The application of the new and revised to HKFRSs and HKASs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs and HKASs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle <sup>2</sup>
Amendments to HKFRS 1	Government Loans <sup>2</sup>
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosure <sup>4</sup>
HKFRS 9	Financial Instruments <sup>4</sup>
HKFRS 10	Consolidated Financial Statements <sup>2</sup>
HKFRS 11	Joint Arrangements <sup>2</sup>
HKFRS 12	Disclosure of Interests in Other Entities <sup>2</sup>
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance <sup>2</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities <sup>3</sup>

HKFRS 13	Fair Value Measurement <sup>2</sup>
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income <sup>1</sup>
HKAS 19 (as revised in 2011)	Employee Benefits <sup>2</sup>
HKAS 27 (as revised in 2011)	Separate Financial Statements <sup>2</sup>
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures <sup>2</sup>
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities <sup>3</sup>
HK(IFRIC*) — Int 20	Stripping Costs in the Production Phase of a Surface Mine <sup>2</sup>

\* IFRIC represents the International Financial Reporting Interpretations Committee

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2012.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2013.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2014.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2015.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

### 4. REVENUE

Revenue represents turnover arising on sale of tea products and molybdenum and service income of online video business for the year. An analysis of the Group's revenue for the year from continuing operations is as follows:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Continuing operations		
Sales of tea products	170,870	147,645
Online video business ("iTV")	15	—
Sales of molybdenum	50,761	94,004
	<u>221,646</u>	<u>241,649</u>

### 5. SEGMENT INFORMATION

Information reported to the Company's chief executive officer, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on 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 CODM have been aggregated in arriving at the reporting segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

Tea products	—	production and sales of tea
Molybdenum	—	mining, processing and sales of molybdenum
iTV	—	online video broadcasting (a new division in 2010 and commenced business in 2012)

The operating segment of mining, processing and sales of other minerals such as rutile, silicon and iron was discontinued in 2011. The segment information does not include any amounts for this discontinued operation, which are described in more detail in Note 9.

### Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable and operating segments.

#### *For the year ended 31 December 2012*

##### *Continuing operations*

	Tea products <i>HK\$'000</i>	Molybdenum <i>HK\$'000</i>	iTV <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>REVENUE</b>				
Segment revenue — external sales	<u>170,870</u>	<u>50,761</u>	<u>15</u>	<u>221,646</u>
<b>RESULT</b>				
Segment (loss) profit	<u>(13,733)</u>	<u>6,362</u>	<u>(13,836)</u>	<u>(21,207)</u>
Unallocated income				
— Interest income on bank deposits				1,953
— Others				<u>1,806</u>
Total unallocated income				<u>3,759</u>
Unallocated expenses				
— Central administrative expenses				(75,972)
— Loss on disposal of property, plant and equipment and prepaid lease payments				(5,411)
Finance costs				<u>(23,206)</u>
Total unallocated expenses				<u>(104,589)</u>
Loss before tax				<u><u>(122,037)</u></u>

***For the year ended 31 December 2011***

*Continuing operations*

	Tea products <i>HK\$'000</i>	Molybdenum <i>HK\$'000</i> <i>(Restated)</i>	iTV <i>HK\$'000</i> <i>(Note)</i>	Total <i>HK\$'000</i> <i>(Restated)</i>
<b>REVENUE</b>				
Segment revenue — external sales	147,645	94,004	—	241,649
<b>RESULT</b>				
Segment profit	16,369	45,897	42,543	104,809
Unallocated income				
— Interest income on bank deposits				2,568
— Gain on disposal of subsidiaries				146,780
— Gain on disposal of property, plant and equipment and prepaid lease payments				38,447
— Interest income from available-for-sale investments				3,352
— Waived of debt of other payables				2,731
— Others				984
Total unallocated income				194,862
Unallocated expenses				
— Central administrative expenses				(115,091)
Finance costs				(27,476)
Total unallocated expenses				(142,567)
Profit before tax				<u>157,104</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment (loss) profit represent the result from each segment without allocation of central administration expenses, impairment losses recognised in respect of available-for-sale investments, directors' salaries, other income (mainly includes interest income on bank deposits and waived of loan interest), interest income from available-for-sale investments, waived of debts of other payables, gain on disposal of subsidiaries, (loss) gain on disposal of property, plant and equipment and prepaid lease payments, loss on disposal of held-for-trading investments and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

*Note:* In determining the segment result of Molybdenum for the year ended 31 December 2012, a "Gain on changes of estimation on land reclamation and cavity refill cost" of approximately HK\$41,121,000 (2011: HK\$42,493,000) has been included (Note 7).

Other receivables of approximately HK\$57,935,000 (equivalent to approximately RMB50,000,000) in relation to the acquisition of the iTV business had been impaired during the year ended 31 December 2010. During the year ended 31 December 2011, the Group had received the partial repayment of approximately HK\$50,449,000 (equivalent to approximately RMB41,950,000) and has recognised a reversal of impairment loss on such balances in determining the segment results of iTV.



## Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment.

*At 31 December 2012*

	Tea products <i>HK\$'000</i>	Molybdenum <i>HK\$'000</i>	iTV <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>ASSETS AND LIABILITIES</b>				
Segment assets	<u>450,216</u>	<u>318,130</u>	<u>25,055</u>	<u>793,401</u>
Unallocated assets				
— Available-for-sale investments				128,149
— Certain bank balances and cash				60,292
— Others				<u>15,180</u>
Total unallocated assets				<u>203,621</u>
Total assets				<u><u>997,022</u></u>
Segment liabilities	<u>141,518</u>	<u>458,350</u>	<u>3,344</u>	<u>603,212</u>
Unallocated liabilities				
— Certain other payables				11,559
— Certain tax liabilities				1,918
— Non-redeemable convertible preference shares				<u>52,702</u>
Total unallocated liabilities				<u>66,179</u>
Total liabilities				<u><u>669,391</u></u>

At 31 December 2011

	Tea products HK\$'000 (Restated)	Molybdenum HK\$'000 (Restated)	iTV HK\$'000	Total HK\$'000 (Restated)
<b>ASSETS AND LIABILITIES</b>				
Segment assets	<u>427,622</u>	<u>346,060</u>	<u>38,700</u>	<u>812,382</u>
Unallocated assets				
— Available-for-sale investments				222,092
— Certain bank balances and cash				85,924
— Others				<u>15,017</u>
Total unallocated assets				<u>323,033</u>
Total assets				<u><u>1,135,415</u></u>
Segment liabilities	<u>106,739</u>	<u>476,098</u>	<u>3,451</u>	<u>586,288</u>
Unallocated liabilities				
— Certain other payables				16,004
— Certain tax liabilities				1,918
— Non-redeemable convertible preference shares				<u>52,338</u>
Total unallocated liabilities				<u>70,260</u>
Total liabilities				<u><u>656,548</u></u>

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than available-for-sale investments, certain bank balances and cash and other assets that are not attributable to segments; and
- all liabilities are allocated to operating segments other than certain other payables, certain tax liabilities, and non-redeemable convertible preference shares.

## Other segment information

For the year ended 31 December 2012

### Continuing operations

	Tea products HK\$'000	Molybdenum HK\$'000	iTV HK\$'000	Sub-total HK\$'000	Unallocated HK\$'000	Total HK\$'000
<b>Amounts included in the measure of segment profit or loss or segment assets:</b>						
Additions to non-current assets excluding financial instruments	27,525	15,561	1,648	44,734	47	44,781
Depreciation and amortisation	6,741	10,905	745	18,391	690	19,081
Impairment losses recognised in respect of trade and other receivables	4,340	656	1,601	6,597	—	6,597
Reversal of impairment losses recognised in respect of trade and other receivables	(5,671)	(196)	—	(5,867)	—	(5,867)
Impairment losses recognised in respect of other intangible assets	—	—	7,874	7,874	—	7,874
Impairment losses recognised in respect of inventories	515	12,503	—	13,018	—	13,018
Impairment losses recognised in respect of property, plant and equipment	16,832	—	—	16,832	—	16,832
Written-off of inventories	5,337	—	—	5,337	—	5,337
Loss on disposal of property, plant and equipment and prepaid lease payments	—	—	—	—	5,411	5,411
Impairment loss recognised in respect of available-for-sale investments	—	—	—	—	57,913	57,913
Fair value loss on available-for-sale investments	—	—	—	—	39,819	39,819
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

For the year ended 31 December 2011

### Continuing operations

	Tea products HK\$'000	Molybdenum HK\$'000	iTV HK\$'000	Sub-total HK\$'000	Unallocated HK\$'000	Total HK\$'000
<b>Amounts included in the measure of segment profit or loss or segment assets:</b>						
Additions to non-current assets excluding financial instruments	35,506	22,732	2,632	60,870	40	60,910
Depreciation and amortisation	9,927	12,609	474	23,010	2,951	25,961
Impairment losses recognised in respect of trade and other receivables	1,369	2,762	—	4,131	—	4,131
Reversal of impairment losses recognised in respect of trade and other receivables	(2,501)	—	—	(2,501)	(1,148)	(3,649)
Gain on disposal of property, plant and equipment and prepaid lease payments	—	—	—	—	(38,447)	(38,447)
Impairment loss recognised in respect of available-for-sale investments	—	—	—	—	11,781	11,781
Fair value loss on available-for-sale investments	—	—	—	—	136,129	136,129
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## Geographical information

The Group's operations are mainly located in the PRC (country of domicile), Hong Kong, Europe and Macau.

Information about the Group's revenue from continuing operations 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 2012

	The PRC (Country of domicile) HK\$'000	Hong Kong HK\$'000	Europe HK\$'000	Macau HK\$'000	Others HK\$'000	Total HK\$'000
Revenue from external customers	<u>210,787</u>	<u>1,422</u>	<u>9,393</u>	<u>—</u>	<u>44</u>	<u>221,646</u>
Non-current assets excluding financial instruments	<u>388,137</u>	<u>12,559</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>400,696</u>

### For the year ended 31 December 2011

	The PRC (Country of domicile) HK\$'000	Hong Kong HK\$'000	Europe HK\$'000	Macau HK\$'000	Others HK\$'000	Total HK\$'000
Revenue from external customers	<u>225,066</u>	<u>175</u>	<u>14,322</u>	<u>2,086</u>	<u>—</u>	<u>241,649</u>
Non-current assets excluding financial instruments	<u>410,030</u>	<u>13,208</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>423,238</u>

## Information about major customers

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

	2012 HK\$'000	2011 HK\$'000
Customer A <sup>1</sup>	43,250	47,824
Customer B <sup>2</sup>	<u>25,370</u>	<u>79,682</u>

<sup>1</sup> Revenue from tea products

<sup>2</sup> Revenue from molybdenum products

## 6. OTHER INCOME

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>Continuing operations</b>		
Interest income on bank deposits	1,953	2,568
Net income from sale of scrap materials	—	51
Interest income from short-term loan	811	298
Interest income from prepayment on inventories ( <i>Note 13</i> )	3,193	—
Government grants ( <i>Note</i> )	5,264	4,211
Waived of loan interest	—	1,149
Interest income from available-for-sale investments	—	3,352
Others	1,437	248
	<u>12,658</u>	<u>11,877</u>

*Note:* In 2012, the Group received a grant of approximately HK\$4,569,000 (2011: HK\$3,230,000) from the government as a financial subsidy. The government grants are recognised directly as other income upon receipt.

## 7. OTHER GAINS AND LOSSES

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>Continuing operations</b>		
Waived of debt of other payables	—	2,731
Reversal of tax recoverable previously written-off	—	8,128
Gain on changes of estimation on land reclamation and cavity refill cost	41,121	42,493
Net foreign exchange gain	370	2,707
(Loss) gain on disposal of property, plant and equipment and prepaid lease payments	(5,411)	38,447
(Loss) gain from changes in fair value less costs to sell for biological assets	(4,063)	184
Loss on disposal of available-for-sale investments	—	(191)
Loss on disposal of held-for-trading investments	—	(34,292)
Gain on disposal of subsidiaries	—	146,780
Recognition of purchase costs as expense	—	50,449
	<u>32,017</u>	<u>257,436</u>

## 8. INCOME TAX CREDIT

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>Continuing operations</b>		
Current tax:		
Hong Kong	—	16
PRC Enterprise Income Tax	—	3,298
	<u>—</u>	<u>3,314</u>
Deferred tax:		
Current year	<u>(1,804)</u>	<u>(9,579)</u>
Income tax credit	<u><u>(1,804)</u></u>	<u><u>(6,265)</u></u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

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% from 1 January 2008 onwards.

Pursuant to the relevant laws and regulations in the PRC, Wuyi Star Tea Industrial Co., Ltd (“Wuyi Star”), a subsidiary of the Company acquired in 2009, is exempted from PRC income tax for two years starting from its first profit-making year, followed by a 50% reduction for the next three years. Wuyi Star was in its fifth profit-making year in 2011 and hence PRC income tax was calculated at 12.5% which is 50% of the standard tax rate, on the estimated assessable profit for 2011. For 2012, the PRC income tax of Wuyi Star was calculated at 25%.

The income tax credit for the years can be reconciled to the (loss) profit before tax from continuing operations per the consolidated statement of comprehensive income as follows:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
(Loss) profit before tax:		
(from continuing operations)	<u>(122,037)</u>	<u>157,104</u>
Tax at the domestic income tax rate of 25%	<b>(30,509)</b>	39,276
Tax effect of expenses not deductible for tax purposes	<b>3,082</b>	45,956
Tax effect of income not taxable for tax purposes	<b>(9,375)</b>	(137,243)
Tax effect of tax loss not recognised	<b>21,570</b>	59,428
Tax effect of deductible temporary differences not recognised	<b>14,752</b>	(9,741)
Income tax on concessionary rate	—	(3,367)
Effect of different tax rate of subsidiaries	<u>(1,324)</u>	<u>(574)</u>
Income tax credit for the year	<u><u>(1,804)</u></u>	<u><u>(6,265)</u></u>

The domestic income tax rate represents the tax rate in the jurisdiction where the operation of the Group is substantially based.

## 9. DISCONTINUED OPERATION

During the year ended 31 December 2011, the Group entered into a sale agreement to dispose of a subsidiary, Xinganmeng Songjiang Mining Co. Ltd. (“Xinganmeng”), which was engaged in the mining, processing and sales of other minerals such as rutile, silicon and iron operations. The disposal was effected in order to generate cash flows for the expansion of the Group’s other businesses. The disposal was completed on 26 April 2011, on which date control of Xinganmeng was passed to the acquirer.

The profit for the year ended 31 December 2011 from discontinued operation for Xinganmeng is analysed as follows:

2011  
HK\$’000

Gain on disposal of mining, processing and sales of other minerals such as rutile, silicon and iron operations	11,548
-------------------------------------------------------------------------------------------------------------------	--------

The results of the mining, processing and sales of other minerals such as rutile, silicon and iron operations, which have been included in the consolidated statement of comprehensive income, were as follows:

2011  
HK\$’000

Revenue	—
Cost of sales	—
	—
Gross profit	—
Other gains and losses	—
Administrative expenses	—
	—
Profit for the year	—

The discontinued operations contributed to the operating cash flow of the Group are stated as below:

2011  
HK\$’000

Contributed to operating cash flow:	
Net operating cash inflow from Xinganmeng	—
	—
	—

## 10. (LOSS) PROFIT FOR THE YEAR

### Continuing operations

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
(Loss) profit for the year has been arrived at after charging (crediting):		
Directors' and chief executives' remuneration	7,119	16,503
Other staff's salaries, bonus and allowances	37,521	33,727
Other staff's contribution to retirement benefits schemes	1,163	718
Total staff costs	<u>45,803</u>	<u>50,948</u>
Impairment losses recognised in respect of trade and other receivables	6,597	4,131
Impairment losses recognised in respect of inventories	13,018	—
Reversal of impairment losses recognised in respect of trade and other receivables	(5,867)	(3,649)
Amortisation of other intangible assets	2,854	3,104
Amortisation of prepaid lease payments	1,848	5,831
Auditors' remuneration		
— Audit service	1,430	1,500
— Non-audit service	550	1,052
Costs of inventories recognised as an expense	126,623	136,190
Written-off of inventories	5,337	—
Depreciation of property, plant and equipment	<u>14,379</u>	<u>17,026</u>

## 11. (LOSS) EARNINGS PER SHARE

### From continuing and discontinued operations

The calculation of the basic and diluted (loss) earnings per share attributable to owners of the Company for the year from continuing and discontinued operations is based on the following data:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
(Loss) profit for the year attributable to owners of the Company for the purposes of basic (loss) earnings per share	(110,858)	82,109
Effect of dilutive potential ordinary shares:		
Interest on non-redeemable convertible preference shares ( <i>Note</i> )	<u>—</u>	<u>8,232</u>
(Loss) profit for the purposes of diluted (loss) earnings per share	<u>(110,858)</u>	<u>90,341</u>



	<b>Number of shares</b>	
	<b>2012</b>	2011
	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares for the purposes of basic (loss) earnings per share	<b>9,138,782</b>	9,138,782
Effect of dilutive potential ordinary shares:		
Non-redeemable convertible preference shares ( <i>Note</i> )	—	3,776,190
Weighted average number of ordinary shares for the purposes of diluted (loss) earnings per share	<b>9,138,782</b>	12,914,972

### **From continuing operations**

The calculation of the basic and diluted (loss) earnings per share from continuing operations attributable to the owners of the Company are based on the following data:

	<b>2012</b>	2011
	<b>HK\$ '000</b>	<b>HK\$ '000</b>
(Loss) profit for the year attributable to owners of the Company	<b>(110,858)</b>	82,109
<i>Less:</i> profit for the year from discontinued operation	—	(11,548)
(Loss) profit for the purpose of basic (loss) earnings per share from continuing operations	<b>(110,858)</b>	70,561
Effect of dilutive potential ordinary shares:		
Interest on non-redeemable convertible preference shares ( <i>Note</i> )	—	8,232
(Loss) profit for the purpose of diluted (loss) earnings per share from continuing operations	<b>(110,858)</b>	78,793

The denominators used are the same as those detailed above for basic and diluted (loss) earnings per share.

*Note:* The computation of diluted loss per share for the year ended 31 December 2012 does not assume the conversion of the Company's outstanding share options and non-redeemable convertible preference shares since their exercise would result in a decrease in loss per share for the year.

The computation of diluted earnings per share does not assume the exercise of the outstanding share options as their exercise price is higher than the average market price of the shares for the year ended 31 December 2011.

## From discontinued operation

Basic loss per share for the discontinued operation in 2012 is HK\$Nil (basic earnings per share for 2011: HK0.13 cents per share) and diluted loss per share for the discontinued operations in 2012 is HK\$Nil (diluted earnings per share for 2011: HK0.09 cents per share), based on the loss for the year from the discontinued operations of HK\$Nil (profit for 2011: HK\$11,548,000) and the denominators detailed above for both basic and diluted (loss) earnings per share.

## 12. AVAILABLE-FOR-SALE INVESTMENTS

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Available-for-sale investments listed in overseas stock exchange equity securities	<u>128,149</u>	<u>222,092</u>

The available-for-sale investments represent investments in the listed entities as at 31 December 2012 as details stated as follow:

Name of the investees	Place of incorporation	Carrying value as at 31 December 2012 <i>HK\$'000</i>	Investment revaluation reserve during 2012 <i>HK\$'000</i>	Impairment loss during 2012 <i>HK\$'000</i>	Equity interest attributable to the Group as at 31 December 2012
Selwyn Resources Ltd	Canada	29,014	(27,654)	(14,439)	11.14%
Fortune Minerals Ltd	Canada	59,548	(17,820)	(8,012)	12.63%
Majestic Gold Corporation	Canada	39,587	5,655	(35,462)	6.06%
<b>Total</b>		<u>128,149</u>	<u>(39,819)</u>	<u>(57,913)</u>	

The available-for-sale investments represent investments in the listed entities as at 31 December 2011 as details stated as follow:

Name of the investees	Place of incorporation	Carrying value as at 31 December 2011 <i>HK\$'000</i>	Investment revaluation reserve during 2011 <i>HK\$'000</i>	Impairment loss during 2011 <i>HK\$'000</i>	Equity interest attributable to the Group as at 31 December 2011
Selwyn Resources Ltd	Canada	70,222	(10,857)	—	11.24%
Fortune Minerals Ltd	Canada	84,004	(119,618)	—	13.08%
Majestic Gold Corporation	Canada	67,866	(5,654)	(11,781)	8.25%
<b>Total</b>		<u>222,092</u>	<u>(136,129)</u>	<u>(11,781)</u>	

During the year ended 31 December 2012, these available-for-sale investments decline in fair value amounting to approximately HK\$97,732,000, in which amounting to approximately HK\$39,819,000 is recognised in investment revaluation reserve under other comprehensive expense and amounting to approximately HK\$57,913,000 is recognised as impairment losses for the current year.

During the year ended 31 December 2011, there are impairment losses of available-of-sale investments amounting to HK\$11,781,000 which is contributed from Majestic Gold Corporation (“Majestic Gold”). The Group had subscribed the convertible notes of Majestic Gold in July 2011 and subsequently converted into ordinary shares of Majestic Gold in October and November 2011. As the fair value of the ordinary shares of Majestic Gold at the dates of conversion were lower than the nominal value of the convertible notes, and the difference represented the significant and prolonged decline in fair value of an investment below its cost. Total decline in fair value is recognised as impairment losses 2011.

The listed available-for-sale investments represent investments in equity securities listed in Toronto Stock Exchange (“TSE”) for both years. They are measured at fair values determined with reference to quoted market bid prices at the end of the reporting period.

During the year ended 31 December 2011, the warrants which were listed in TSE were expired without execution. The loss amounting to approximately HK\$34,292,000 was recognised in profit or loss in the year ended 31 December 2011.

### 13. TRADE AND OTHER RECEIVABLES

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Trade receivables	84,195	102,840
<i>Less:</i> Allowance for doubtful debts	<u>(9,906)</u>	<u>(6,646)</u>
	<u>74,289</u>	<u>96,194</u>
Other receivables	70,087	78,879
<i>Less:</i> Allowance for doubtful debts	<u>(57,212)</u>	<u>(59,381)</u>
	<u>12,875</u>	<u>19,498</u>
Deposits and prepayments	<u>24,505</u>	<u>19,341</u>
Prepayment on inventories ( <i>Note</i> )	<u>49,088</u>	<u>—</u>
Total trade and other receivables	<u><u>160,757</u></u>	<u><u>135,033</u></u>

*Note:* The prepayment on inventories carries interest at 11.152% per annum. The balances are unsecured and matured within one year. During 2012, interest income from prepayment on inventories of approximately HK\$3,193,000 (RMB2,602,000) were received by Wuyi Star (*Note 6*).

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

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
0 — 30 days	<b>13,110</b>	34,432
31 — 60 days	<b>2,044</b>	3,954
61 — 90 days	<b>458</b>	16,964
Over 90 days	<b>58,677</b>	40,844
	<b>74,289</b>	96,194

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 2012, approximately 19% (2011: 39%) of the trade receivables that are neither past due nor impaired.

Included in the Group's trade receivables balance as at 31 December 2012 are debtors with aggregate carrying amount of approximately HK\$58,213,000 (2011: HK\$56,049,000) 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. The average age of these receivables is 150 days (2011: 105 days).

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

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
31 — 90 days	—	15,205
Over 90 days	<b>58,213</b>	40,844
	<b>58,213</b>	56,049

At 31 December 2012, included in the Group's trade receivables past due but not impaired is receivable from one of the major customers of mining, processing and sales of molybdenum segment with approximately HK\$54,852,000 (2011: HK\$39,627,000). This customer was a stated owned enterprise located in the PRC and has long term business relationship with the Group. The Group allows credit period of 30 days to this customer. In view of the past repayment records and the high credit rating of this customer, even though the repayment time was exceeded the credit period and the balance was unsecured, the Directors are in the opinion that no impairment on this customer is required.

Movement in the allowance for doubtful debts for trade receivables:

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
At beginning of the year	<b>6,646</b>	6,323
Exchange adjustments	<b>36</b>	216
Impairment losses reversed	<b>(1,116)</b>	(1,148)
Impairment losses recognised	<b>4,340</b>	1,255
At end of the year	<b>9,906</b>	6,646

Movement in the allowance for doubtful debts for other receivables:

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
At beginning of the year	<b>59,381</b>	61,478
Exchange adjustments	<b>325</b>	1,470
Disposal of subsidiaries	—	(3,942)
Impairment losses reversed	<b>(4,751)</b>	(2,501)
Impairment losses recognised	<b>2,257</b>	2,876
	<u>57,212</u>	<u>59,381</u>

Included in the Group's allowance for doubtful debts are individually impaired trade receivables and other receivables with an aggregate balances of approximately HK\$9,906,000 (2011: HK\$6,646,000) and HK\$57,212,000 (2011: HK\$59,381,000) respectively in which the Directors consider that the Group is unlikely to recover these debts as they are long outstanding over one year. The Group does not hold any collateral over these balances.

#### 14. TRADE AND OTHER PAYABLES

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Trade payables	<b>16,166</b>	17,759
Other payables and accruals ( <i>Note</i> )	<b>265,721</b>	236,687
	<u>281,887</u>	<u>254,446</u>

*Note:* The amount includes approximately HK\$60,444,000 (2011: HK\$37,216,000) mining right payables to be settled in the next twelve months from the end of the reporting period.

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

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
0 — 90 days	<b>10,560</b>	14,024
91 — 180 days	<b>1,983</b>	266
181 — 365 days	<b>98</b>	368
Over 1 year	<b>3,525</b>	3,101
	<u>16,166</u>	<u>17,759</u>

The average credit period on purchases of goods is 90 days (2011: 90 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timetable.

## **EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT**

The auditor expresses an unqualified opinion in the independent auditor's report, but wishes to draw attention to the readers of the consolidated financial statements by adding an other matters paragraph as follows:

### **“OTHER MATTERS**

*Without qualifying our opinion, we draw attention to Note 26 to the consolidated financial statements that Dongbei Special Steel Group Company Limited (“Dongbei Steel”) is the Group's major customer in Molybdenum segment who accounted for approximately HK\$25,370,000 or 11% of the consolidated revenue for the year ended 31 December 2012 and its respective trade receivable is approximately HK\$54,852,000 or 74% of the total trade receivables at 31 December 2012. Hence, the Group is exposed to operational risk and credit risk arising from dependency on Dongbei Steel.”*

### **FINAL DIVIDEND**

The Board does not recommend the payment of a dividend for the year ended 31 December 2012 (2011: Nil).

### **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Wednesday, 22 May 2013 to Friday, 24 May 2013, 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 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong no later than 4:00 p.m. on Tuesday, 21 May 2013.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Results**

For the financial year ended 31 December 2012, the Group recorded a revenue of HK\$221,646,000 (2011: HK\$241,649,000) and gross profit of HK\$95,023,000 (2011: HK\$105,459,000) from continuing operations, representing a decrease of 8% and 10% respectively as compared with last year. The decrease in revenue was mainly due to the combined effect of a significant decrease of revenue generated from Harbin Songjiang Copper (Group) Company Limited (“Harbin Songjiang”) and its subsidiaries (together with Harbin Songjiang, “Harbin Songjiang Group”) and a moderate increase of revenue generated from King Gold Investment Limited (“King Gold”) and its subsidiaries (together with King Gold, “King Gold Group”).

The Group's loss attributable to owners of the Company amounted to HK\$110,858,000 (2011: profit of HK\$82,109,000). In particular, the significant increase in loss was mainly attributable to: 1) The impairment losses of HK\$57,913,000 on available-for-sale investments (HK\$57,913,000 attributable to equity owners), impairment losses on property, plant and equipment of HK\$16,832,000 (HK\$13,466,000 attributable to equity owners), impairment losses on inventories of HK\$13,018,000 (HK\$9,799,000 attributable to equity owners), and impairment losses on other intangible assets of HK\$7,874,000 (HK\$5,512,000 attributable to equity owners); and 2) significant decrease in other gains during the year ended 31 December 2012 compared to an one off other gains transaction in respect of a disposal of a number of subsidiaries of the Company in the amount of HK\$146,780,000 in the year ended 31 December 2011 whereas there was no such other gains recorded in the year ended 31 December 2012.

## **Review of Operations**

### ***Harbin Songjiang Group***

Harbin Songjiang is based in Harbin, Heilongjiang Province, the People's Republic of China (the "PRC") and specialises in the mining, processing and sale of molybdenum. Harbin Songjiang Group contributed HK\$50,761,000 (2011: HK\$94,004,000) and HK\$6,362,000 (2011: HK\$45,897,000) to the Group's revenue and profit respectively for the year ended 31 December 2012. Revenue in respect of the mining business for the year ended 31 December 2012 has decreased by 46% to HK\$50,761,000 in the year 2012 from HK\$94,004,000 in the year 2011. The decrease was mainly attributable to the decrease of sales volume of ferro molybdenum from 605 tonnes in the year 2011 to 385 tonnes in the year 2012 and the decrease in the selling prices of ferro molybdenum under the influence of the international market price. Considering the current relative lower market price of ferro molybdenum, the management of Harbin Songjiang Group strategically minimised its selling efforts until the market price recovers. The average selling price of ferro molybdenum fell to around HK\$131,847 per tonne during the year ended 31 December 2012 (2011: HK\$155,379 per tonne). The cost of sales of Harbin Songjiang Group decreased from HK\$72,019,000 in 2011 to HK\$40,445,000 in the year 2012. The average gross profit margin was 20% in the year 2012 (2011: 23%). The decrease in gross profit margin was mainly due to the higher unit production cost of ferro molybdenum due to the increase in labour cost in Mainland China during the year and the decrease in the selling prices of ferro molybdenum.

### ***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 HK\$170,870,000 (2011: HK\$147,645,000) and HK\$13,733,000 (2011: profit of HK\$16,369,000) to the Group's revenue and loss for the year ended 31 December 2012 respectively. For the financial year ended 31 December 2012, King Gold Group generated a revenue of HK\$170,870,000 (2011: HK\$147,645,000). This represented an increase of 16% in revenue when compared with last year. The increase in revenue was mainly attributable to the expansion of the



distribution network within the market in the PRC during the year 2012. The cost of sales of King Gold Group for the year was HK\$86,177,000 (2011: HK\$64,170,000). The increasing competition in the tea product market, coupled with rising labour costs and raw material costs (raw material being the tea leaves), led to a further shrinking profit margin in our tea business. The average gross profit margin was 50%, representing a decrease of 7% as compared with an average gross profit margin of 57% last year.

### ***Year Joy Group***

Year Joy Investments Limited (“Year Joy”) indirectly owns 100% of the economic benefit from the operation of the iTV business of China iTV Network Co., Ltd. (“China iTV”), a company established in the PRC on 7 September 1998 with limited liability, through an exclusive business operation agreement. China iTV is mainly engaged in providing online video service which involves an online video platform that offers various contents and delivers various value-added services to the customers of telecommunication operators in the PRC. For the financial year ended 31 December 2012, iTV business started generating revenue. It is expected that the revenue from iTV business will increase in the foreseeable future. Year Joy and its subsidiaries (“Year Joy Group”) contributed HK\$15,000 and HK\$13,836,000 (2011: profit of HK\$42,543,000) to the Group’s revenue and loss for the year ended 31 December 2012.

### ***Investments in Canada listed mining companies and other securities***

The Group invested in several Canada listed mining companies which were held for the purpose of long-term investments and capital gain and dividend income during the year ended 31 December 2012. The investment portfolio of the Group, including available-for-sale investments, recorded a depreciation during the year ended 31 December 2012. The net decrease in fair value of the investment portfolio during the year was HK\$97,732,000 (2011: HK\$182,393,000 including decrease in fair value and net losses on disposal).

### **Liquidity, Financial Resources and Capital Structure**

As at 31 December 2012, the Group had total assets and net assets amounted to HK\$997,022,000 (2011: HK\$1,135,415,000) and HK\$327,631,000 (2011: HK\$478,867,000), respectively. The current ratio was 1.12, as compared to 1.38 as of last year end.

As at 31 December 2012, the Group had bank balances and cash, of HK\$117,073,000 (2011: HK\$152,829,000), and most of which were denominated in Renminbi and Hong Kong dollars.

At the end of the reporting period, the Group had: (i) bank borrowings of HK\$67,496,000 (2011: HK\$32,956,000) which were dominated in Renminbi and interest-bearing at floating rates with reference to the prevailing borrowing rate quoted by the People’s Bank of China and (ii) other loans of HK\$6,492,000 (2011: HK\$6,459,000), which were dominated in Renminbi, of which HK\$1,227,000 was interest free and HK\$5,265,000 was interest-bearing at 2.55% per annum. The gearing ratio, as a ratio of total borrowings to shareholders’ fund was 53.0% (2011: 13.9%).



As at 31 December 2012, the Group has pledged a building and a prepaid lease payment with carrying values of approximately HK\$18,639,000 (2011: HK\$2,818,000) and HK\$19,711,000 (2011: HK\$20,117,000) respectively to secure general banking facilities grant to the Group.

### **Foreign Exchange Risk Management**

As part of the Group's assets and liabilities are denominated in Hong Kong Dollar and Canadian Dollar 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**

As at 31 December 2012, the Company had 9,138,782,211 ordinary shares and 3,776,190,000 non-redeemable convertible preference shares in issue with total shareholders' fund of the Group amounting to approximately HK\$1,291,497,000.

### **Material Acquisitions and Disposals of Subsidiaries and Associated Companies**

There were no material acquisitions or disposals of subsidiaries during the year ended 31 December 2012.

### **Contingent Liabilities**

As at 31 December 2012, the Group had no contingent liability (2011: 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 HKSAR 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 Yuanshen 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.

### **Employees and Remuneration Policies**

As at 31 December 2012, the Group had approximately 12 and 938 employees in Hong Kong and Mainland China respectively.

The staff cost of the Group (including directors' remuneration in form of salary and other benefits, share-based payments, performance related incentive payments and retirement benefit contributions) was approximately HK\$45,803,000 for the year ended 31 December 2012 (2011: HK\$50,948,000). There was no share-based payment for the year ended 31 December 2012 (2011: HK\$29,768,000).

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

Employees 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 26 June 2002 and 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.

## **Prospects**

The domestic and international ferro molybdenum markets in 2012 continued to grow slowly and the price of ferro molybdenum has remained at a relatively low level in recent years. Despite the challenging economic conditions, the Group has maintained a stable mining production for the year 2012 thereby positioning itself to grasp the opportunities that will come with the recovery of the market. In the meanwhile, the Group has strategically slowed down the sales of ferro molybdenum until the market price recovers sufficiently.

The tea business maintained a stable growth of revenue throughout the year and the Group increased the number of stores in a city or a region by opening new stores, including self-operated stores and franchise stores, to maintain regional dominance. Going forward, in order to improve the profitability and market share, the Group will continue to provide high quality tea products, develop new and exclusive tea products, and expand its market channels through the establishment of more chain stores.

For the online video business, the Group will continue to focus on the cooperation with the major telecommunication operators in the PRC and develop more value-added services, including, but not limited to, online video service, mobile value-added service to the customers of telecommunication operators. Moreover, the Group plans to purchase additional popular Japanese animations to enhance its content library and to redistribute to other online video companies. The ultimate goal for the online video business is to have a long-term and stable cooperative relationship with the PRC major telecommunications operators and to continue to develop relevant internet and mobile value-added service applications to the end-users of the telecommunications operators.

The future economic outlook is positive both in Mainland China and the US, the two world's largest economies. In addition, the commodity market stands to gain from the US QEs and the Japan monetary easing. We are confident that we can enhance the Group's economic benefits by strengthening our internal management process, promoting efficient cost control and improving capital utilization. We will continue with our active development strategies in 2013 so that the Group will be able to increase its competitiveness as well as gaining market share in all business segments so as to generate the best return to our shareholders.

#### **PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SHARES**

The Company has not redeemed any of its securities during the year ended 31 December 2012. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities during the year.

#### **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF THE LISTING RULES**

For the year ended 31 December 2012, the Company has applied the principles of the Corporate Governance Code and Corporate Governance Report (revised and took effect on 1 April 2012) as well as those of the former Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") (the "Code") and complied with all the applicable code provisions of the Code.

#### **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 during the year ended 31 December 2012, 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. Lin Xiang Min, all of them are independent non-executive directors. The consolidated financial results of the Group for the year ended 31 December 2012 have been reviewed by the audit committee of the Company.

#### **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

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

The 2012 annual report of the Company will be dispatched to the shareholders of the Company and available on the above websites in due course.

## 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**  
**Chen Shou Wu**  
*Deputy Chairman and Chief Executive Officer*

Hong Kong, 25 March 2013

*As at the date hereof, the board of directors of the Company comprises Dr. You Xian Sheng, Mr. Chen Shou Wu, Mr. Wang Hui, Mr. Yeung Kwok Kuen and Mr. Fang Yi Quan as executive directors and Mr. Chong Cha Hwa, Mr. Chu Kang Nam and Mr. Lin Xiang Min as independent non-executive directors.*