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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)**

### **CLARIFICATION ANNOUNCEMENT AND RESUMPTION OF TRADING**

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

The Board refers to (a) an article which appeared in the 22nd June 2007 edition of Nanfang Daily regarding certain rumors relating to a dispute amongst the former shareholders of Top Rank, a subsidiary of the Company; and (b) the litigation instituted in the Shenzhen City Court between two former shareholders of Top Rank as referred to in the Article and wishes to make certain clarifications regarding the contents of the Article in this announcement.

The Company wishes to state that it takes any false or misleading allegations relating to the Company very seriously. The Company reserves the right to take legal action against any party making false or misleading allegations about the Company where appropriate.

#### **Resumption of trading**

Trading in the Shares was suspended at the request of the Company from 9:32 a.m. on 6 August 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 9 August 2007.

This announcement is issued pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board of directors (the “**Board**”) of China Mining Resources Group Limited (the “**Company**”), together with its subsidiaries, the “**Group**”) refers to (a) an article which appeared in the 22nd June 2007 edition of 南方都市報 (“**Nanfang Daily**”) regarding certain rumors relating to a dispute amongst the former shareholders of Top Rank International Group Limited (“**Top Rank**”), a subsidiary of the Company (the “**Article**”); and (b) the litigation instituted in 深圳市中級人民法院 (Shenzhen City Middle People’s Court) (the “**Shenzhen City Court**”) between two former shareholders of Top Rank (the “**Litigation**”) as referred to in the Article.

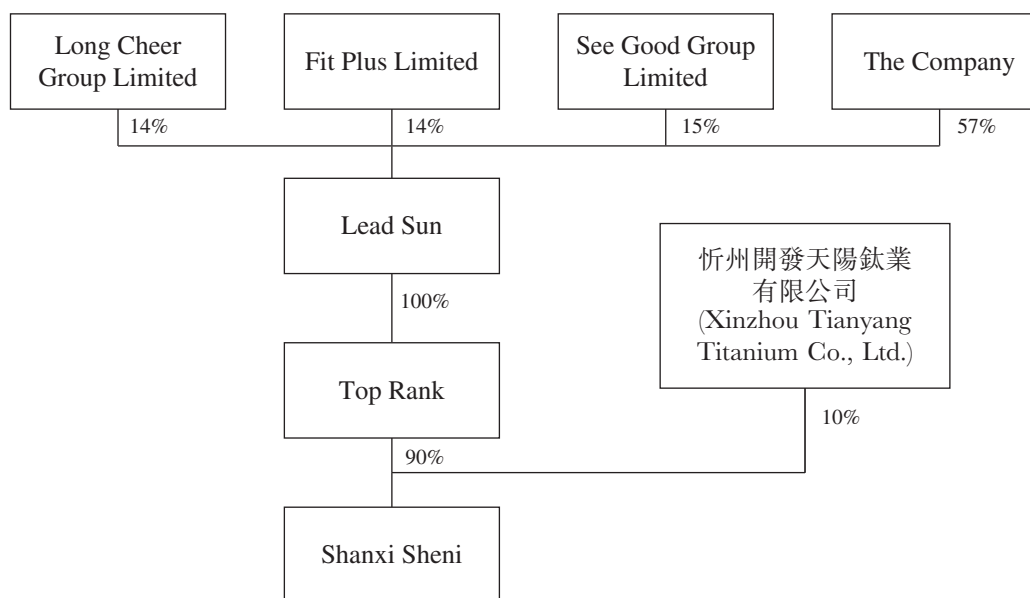
\* for the purpose of identification only

Pursuant to the Article, it was alleged that, amongst other things, the shares of Top Rank were sealed up (查封) and frozen (凍結) according to orders issued by the Shenzhen City Court (the “Orders”).

The Board wishes to announce and clarify that:

- (a) Based on legal advice obtained from the Company’s PRC legal adviser, the Litigation involves a dispute between two individuals, both of whom are third parties independent of the Company and its connected persons (as defined in the Listing Rules), and none of the Company, Top Rank, or any other subsidiaries of the Company or their respective directors and employees is a party to the Litigation. In addition, the Litigation does not involve any allegation against the Company, any of its subsidiaries, or their respective directors and employees. The Company confirms that no legal action has been taken against the Company, any of its subsidiaries, or their respective directors and employees in connection with the shares of Top Rank.
- (b) As advised by the PRC legal adviser of the Company, insofar as Top Rank is concerned, the Shenzhen City Court has made an order for the former handling agent of Top Rank to (i) preserve the records relating to registration, annual audit and transfer of shares; and (ii) prohibit from arranging for or assisting in the transfer of shares in Top Rank. Based on legal advice sought by the Company from its PRC legal adviser and based on information available, the shares of Top Rank are not sealed up (查封) or frozen (凍結) pursuant to the Orders. Hence, as advised by the PRC legal adviser, the Company is of the view the statement that the Shenzhen City Court has proceeded with sealing up and freezing of (進行查封、凍結) the shares of Top Rank as referred to in the Article is inaccurate. The Company further confirms that none of the assets or shares of any member of the Group were sealed up or frozen pursuant to any court orders.
- (c) The business licence of 山西神利航天鈦業有限公司 (“**Shanxi Shenli**”), a subsidiary of Top Rank, is valid and subsisting, and the current directors of Shanxi Shenli representing Top Rank’s interest are all being directors nominated by Lead Sun through Top Rank. Shanxi Shenli directly holds a mining licence in a natural rutile mine known as 代縣金紅石礦 (Dai County Rutile Mine) (the “**Mine**”) located at Dai County, Shanxi Province, the People’s Republic of China (the “**PRC**”).
- (d) The Company has performed due diligence in Lead Sun and Top Rank prior to completion of acquisition of its direct interest in the issued share capital of Lead Sun and its indirect interest in the issued share capital of Top Rank. According to legal advice obtained by the Company from its BVI legal adviser and based on the statutory records of Top Rank, Lead Sun has since 1 June 2006 been the legal owner of the entire issued share capital of Top Rank. As such, according to the Company’s PRC legal adviser, the Orders do not have any effect on the ownership of Top Rank by Lead Sun as such Orders were made after Lead Sun has become the owner of Top Rank. For the reasons above and based on legal advice obtained from the Company’s BVI legal adviser and the PRC legal adviser, the directors (including independent non-executive directors) of the Company are of the view that the Company has proper and valid title in Top Rank, Shanxi Shenli and the Mine.

The existing shareholding structure of Lead Sun, Top Rank and Shanxi Shenli is as follows:



- (e) The Company has received a letter of clarification from Nanfang Daily dated 6th August 2007 stating that the contents of the Article were inconsistent with the relevant facts. As far as the Company is aware, Nanfang Daily has not made any public notice in this regard to date.

The Company wishes to state that it takes any false or misleading allegations relating to the Company very seriously and reserves the right to take legal action against any party making false or misleading allegations about the Company where appropriate. In addition, the Company has engaged PRC legal advisers to advise as to whether it is appropriate to take legal action against any party who has made false or misleading allegations about the Company.

The Company first became aware of the Litigation between the two former shareholders of Top Rank on 25 April 2007 upon receiving a letter addressed from the spokespersons as referred to in the Article, enclosing various court documents relating to the Litigation. The Company has sought legal advice at the relevant time and based on the reasons as set out in paragraphs (a), (b), (c) and (d) above, the Company was of the view that the contents of the letter and the Litigation were not price-sensitive in nature at the relevant time and therefore, determined not to issue an announcement thereon at that time.

On 5 August, 2007, a number of shareholders and investors informed the Company that they have received a press article which appeared in Nanfang Daily regarding the Litigation. It was alleged that the Company was a party to the Litigation. Based on the legal advice sought by the Company, the Company has considered such allegation to be groundless. Hence, the Company considered that it was necessary to issue this announcement to clarify the matters to the public. The Company wishes to emphasize that the directors (including independent non-executive directors) of the Company believe that the Litigation itself is not price-sensitive in nature but the action of certain persons dispatching an untrue and biased press article to shareholders and investors of the Company with an unfounded allegation is of a price-sensitive nature.

**Shareholders and investors are advised to exercise caution in dealing in the shares of the Company.**

**Resumption of trading**

Trading in the shares in the Company (the “**Shares**”) was suspended at the request of the Company from 9:32 a.m. on 6 August 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 9 August 2007.

Made by the order of the Board the members of which individually and jointly accept responsibility for the accuracy of this announcement.

*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.*

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

Hong Kong, 8 August 2007