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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: 340)

**MAJOR TRANSACTION
IN RELATION TO THE ACQUISITION OF 80% INTEREST IN
KING GOLD INVESTMENTS LIMITED**

THE ACQUISITION

The Board announces that the Company entered into the Agreement dated 22 December 2008 (which is supplemented by a supplemental agreement dated 2 January 2009) with the Vendors and the Guarantors, pursuant to which the Company has conditionally agreed to acquire and the Vendors conditionally agreed to sell the Sale Shares, being 80 shares in King Gold representing 80% of the issued capital of King Gold, for an aggregate consideration of HK\$640,000,000 (subject to adjustment).

King Gold is a special purpose vehicle and does not have any assets as at the date of the Agreement. As one of the conditions precedent to Completion, King Gold will implement the Reorganisation pursuant to which Desire Star (HK), Desire Star (China) and China Dahongpao Tea will become wholly-owned subsidiaries of King Gold. Members of the King Gold Group are principally engaged in the cultivation, research, production and sale of Chinese tea products.

The Consideration for the Acquisition shall be satisfied by the Company as to HK\$500,000,000 in cash and as to HK\$140,000,000 by the issue and allotment of the Consideration Shares at an issue price of HK\$0.212 per Share to the Vendors (or their nominees). The Consideration and the number of Consideration Shares to be issued are subject to downward adjustment as described in this announcement.

The Acquisition constitutes a major transaction for the Company under the Listing Rules. The Agreement and the transactions contemplated thereunder including the issue of the Consideration Shares are subject to the approval of the Shareholders at a special general meeting of the Company. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Mr. Ho Yat Sum and Mr. Ho Ho Wai hold 1,162,000 Shares and 800,000 Shares respectively as at the date of this announcement. The Guarantors and their respective associates are therefore required to abstain from voting on the resolution(s) to approve the Agreement and the transactions contemplated thereunder including the issue of the Consideration Shares.

A circular containing, among other things, details of the Agreement, an accountants' report on the King Gold Group, the financial information on the Group and other information as required under the Listing Rules will be despatched to the Shareholders as soon as practicable.

SUSPENSION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 22 December 2008 pending the release of an announcement relating to a very substantial acquisition and a very substantial disposal of the Company. The transaction contemplated under the Agreement is independent of the aforesaid very substantial acquisition and very substantial disposal as mentioned in the Company's suspension announcement dated 22 December 2008. Trading in the Shares will remain suspended until the release of the announcement in relation to the aforesaid very substantial acquisition and the very substantial disposal.

THE AGREEMENT

Date

22 December 2008 (signed after Stock Exchange trading hours and supplemented by a supplemental agreement dated 2 January 2009)

Parties

- (i) the Company, as purchaser;
- (ii) Joy Success, as one of the Vendors;
- (iii) Master Long, as one of the Vendors;
- (iv) Mr. Ho Yat Sum, as one of the Guarantors; and
- (v) Mr. Ho Ho Wai, as one of the Guarantors.

The Vendors are investment holding companies. Mr. Ho Yat Sum is the beneficial owner of the entire issued share capital of Joy Success and the founder of Desire Star (China). Mr. Ho Ho Wai is the beneficial owner of the entire issued share capital of Master Long and the son of Mr. Ho Yat Sum. To

the best of the Directors' knowledge, information and belief having made all reasonable enquiries and save as disclosed in this announcement, the Vendors and their respective beneficial owners (i.e. the Guarantors) are third parties independent of the Company and its connected persons. The Group has not entered into any previous transactions with the Vendors or their respective associates which would otherwise require aggregation pursuant to Rule 14.22 of the Listing Rules.

Assets to be acquired

Joy Success and Master Long each hold 60 shares and 40 shares of King Gold respectively, representing 60% and 40% respectively of the issued share capital of King Gold, as at the date of the Agreement. Pursuant to the Agreement, the Company agreed to acquire the Sale Shares (being a total of 80 shares in the capital of King Gold representing 80% of the issued share capital of King Gold), as to 60 shares from Joy Success and as to 20 shares from Master Long. Completion of all the Sale Shares shall take place simultaneously.

The Sales Shares shall be acquired free from liens and encumbrances and together with all rights attached thereto from the date of the Agreement.

Information on the King Gold Group

King Gold is a special purpose vehicle incorporated in the BVI on 18 November 2008. It does not hold any assets and has not undertaken any operations since its date of incorporation.

Pursuant to the Agreement, as one of the conditions precedent to Completion, King Gold will implement the Reorganisation pursuant to which Desire Star (HK) will be incorporated as its wholly-owned subsidiary to acquire the entire issued share capital of Desire Star (China) (which in turn holds the entire issued share capital of China Dahongpao Tea) before Completion. Details of the Reorganisation are set out in the paragraph headed "Reorganisation" below.

Desire Star (China) was incorporated in the PRC in October 2001. It is one of the key enterprises of national agricultural industrialised producer and is principally engaged in the cultivation, production, sale, and research of oolong tea, green tea, jasmine tea, black tea and in particular, WuYi rock-essence tea. China Dahongpao Tea was incorporated in Hong Kong in July 2007 and is at present inactive.

Desire Star (China) was founded by Mr. Ho Yat Sum after his first try of the Da Hong Pao (大紅袍) tea in a leisure trip to Wu Yi Shan (武夷山) in 2000. He was impressed by the unique flowery aroma of the Da Hong Pao tea, tranquil environment of Wu Yi Shan and chaste character of the tea farmers therein. These factors motivated him to establish Desire Star (China) to produce high quality Da Hong Pao tea so that people in other provinces or overseas countries can have a chance to taste this unique tea from Wu Yi Shan.

The cultivation and production of tea products is located in Wu Yi Shan which is the natural cultural heritage in the PRC, famous not only for the good scenery, but also the tea. There are six Da Hong Pao mother tea plants growing on the Jiu Long Ke cliff of Wu Yi Shan which are over three hundred years old and the Da Hong Pao tea products were also regarded by many people as the best tribute during Ming and Qing Dynasty. The Da Hong Pao tea has the excellent characteristic that it has the pure and mellow taste and special lasting flowery aroma as it is being nourished by exiguous mountain spring and organic moss plants when it grows.

The six Da Hong Pao mother trees were cloned out successfully in the early 80s by the scientific researchers of the Wu Yi Shan Tea Research and Development Centre. The baby plants being cloned out share the same characteristic with the mother trees. The Da Hong Pao mother trees have been recorded to the Wu Yi Shan natural and cultural heritage and the Da Hong Pao tea-making craft has also been recorded to the first batch of the country's immaterial cultural heritage. The Wu Yi Shan Tea Research and Development Centre has the most important task of breeding and selecting the famous plants, especially for breeding non-seed Da Hong Pao plant. Desire Star (China) has been cooperating with the Wu Yi Shan Tea Research and Development Centre to develop and maintain conventional techniques for processing and producing Da Hong Pao tea.

In 2007, the aggregate tea planting area of Wu Yi Shan was approximately 100,000 mu. There was only a 7.2% growth in tea planting area from 2003 to 2007. Desire Star (China) has entered into sub-contracting arrangements with local farmers of the tea planting area by renting the tea farms from the farmers and Desire Star (China) has the right to operate the rented tea farms and sell all the produces from the tea farms. Under various sub-contracting arrangements with the farmers with terms ranging from 5 to 20 years, Desire Star (China) has at present secured the use of a total tea planting area of approximately 7,378 mu up to 2012, approximately 5,178 mu up to 2013, approximately 1,718 mu up to 2021 and approximately 468 mu up to 2023. In addition to the sub-contracting arrangements with farmers, many other local farmers have also been co-operating with Desire Star (China) by selling their produces to Desire Star (China). Through the sub-contracting arrangements and the co-operations with farmers, it is estimated that Desire Star (China) obtains supply of tea leaves from 29,500 mu tea production volume which represents approximately 28% of the total tea planting area of Wu Yi Shan.

Desire Star (China) possesses a production facility which occupies a site area of approximately 22,800 square meters in Wu Yi Shan. It contains a full set of senior processing machine, three junior process plants, and a tea research institute called "Products Development and Management Center". As the exclusive agent of the government of Wu Yi Shan City for managing and processing the mother tea trees of Da Hong Pao, Desire Star (China) has developed a strict management system concentrating in particular on the quality and sanitation of its products. It has passed the international standard of the European Union and obtained the certificate issued by the Institute for Marketecology in Switzerland, an international agency for inspection, certification and quality assurance of eco-friendly products. Desire Star (China) also has a team of highly experienced tea savants, tea critics and esteemed professionals. Besides these experts, Desire Star (China) has also developed a computer controlled tea processing system, built automated tea production and refinery line and improved the traditional tea processing technique through the collaboration with the Fujian Agricultural and Forestry University. At present, Desire Star (China) has over 30 trademarks registered in the PRC. The two brand names "Wuyi Star" ("武夷星") and "Wu Yi" ("武夷") owned by Desire Star (China) have obtained the accolade of "Famous brand of Fujian" and accredited as the most popular tea product countrywide by the Three Green Project Office of the State Department. In October 2006, "Wuyi Star" became the licensee as a special supplier to Diao Yu Tai State Guest Hotel and the tea products were the only products of Fujian to be named as one of the China's famous brand farm products.

Based on the audited financial statements of Desire Star (China) prepared using generally accepted accounting principles in the PRC for the year ended 31 December 2006, Desire Star (China) recorded a net loss (both before and after tax) of RMB63,335 (equivalent to approximately HK\$71,822). Based on the unaudited combined accounts of Desire Star (China) and China Dahongpao Tea prepared using generally accepted accounting principles in the PRC for the year ended 31 December 2007, the unaudited combined net profit (both before and after tax) was approximately RMB8.7 million

(equivalent to approximately HK\$9.9 million). For the eleven months ended 30 November 2008, the unaudited combined net profit (before and after tax) of Desire Star (China) and China Dahongpao Tea is approximately RMB23.0 million (equivalent to approximately HK\$26.1 million). The unaudited combined net assets of Desire Star (China) and China Dahongpao Tea as at 31 December 2007 and 30 November 2008 were approximately RMB75.1 million (equivalent to approximately HK\$85.2 million) and RMB101.8 million (equivalent to approximately HK\$115.4 million) respectively.

The Consideration

The Consideration for the Acquisition is HK\$640,000,000 (subject to adjustment as described in the paragraph headed “Adjustment to the Consideration” below) which shall be satisfied in the following manner:

- (i) within five Business Days from the signing of the Agreement, the Company was required to pay to the Vendors a refundable cash deposit in the amount of HK\$100,000,000 (as to HK\$92,000,000 to Joy Success and as to HK\$8,000,000 to Master Long);
- (ii) within five Business Days from the receipt of the legal opinions and due diligence report as referred to in condition (i)(b) under the paragraph headed “Conditions” below to the satisfaction of the Company, the Company shall pay a further refundable cash deposit in the amount of HK\$75,000,000 (as to HK\$69,000,000 to Joy Success and HK\$6,000,000 to Master Long);
- (iii) within five Business days from the receipt of the financial due diligence report of the King Gold Group as referred to in condition (i)(c) under the paragraph headed “Conditions” below to the satisfaction of the Company, the Company shall pay a further refundable cash deposit in the amount of HK\$75,000,000 (as to HK\$69,000,000 to Joy Success and HK\$6,000,000 to Master Long);
- (iv) within five Business Days from Completion, the Company shall pay HK\$250,000,000 in cash to Joy Success; and
- (v) within 10 Business Days from the receipt of the audited accounts of the King Gold Group for the year ending 31 December 2009 to the satisfaction of the Company, the Company shall issue and allot 660,377,358 Consideration Shares (subject to adjustment) to Master Long.

The Consideration was arrived at after arm’s length negotiations between the parties, taking into account the historical profitability of Desire Star (China) and China Dahongpao Tea as referred to in the paragraph headed “Information on the King Gold Group” above, the growth potential of the business of the King Gold Group, the possible future earnings contributable to the Group and the Guaranteed Profit described in the paragraph headed “Adjustment to the Consideration” below.

The Consideration Shares represent approximately (i) 10.96% of the existing issued share capital of the Company; and (ii) 9.87% of the share capital of the Company as enlarged by the issue of the Consideration Shares.

The issue price of HK\$0.212 per Consideration Share represents:

- (i) a discount of approximately 4.1% to the closing price of HK\$0.221 per Share as quoted on the Stock Exchange on 19 December 2008, being the last trading day of the Shares prior to the date of the Agreement;
- (ii) a discount of approximately 6.6% to the average of the closing prices of HK\$0.227 per Share as quoted on the Stock Exchange over the last five consecutive trading days up to and including 19 December 2008; and
- (iii) a discount of approximately 5.4% to the average of the closing prices of HK\$0.224 per Share as quoted on the Stock Exchange over the last 10 consecutive trading days up to and including 19 December 2008.

The Consideration Shares, when issued, will rank pari passu with all other Shares in issue as at the date of issue. An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Adjustment to the Consideration

Pursuant to the Agreement, the Vendors and the Guarantors undertook to procure King Gold to make available the management accounts of the King Gold Group for the year ending 31 December 2009 for audit by a certified public accounting firm appointed by the Vendors and agreed by the Company on or before 28 February 2010; and such audit shall be completed within 2 months after the provision of the management accounts of the King Gold Group. The Vendors and the Guarantors further undertook to the Company that the audited consolidated net profit after tax of the King Gold Group reported under generally accepted accounting principles in Hong Kong will not be less than HK\$80,000,000 for the year ending 31 December 2009 (the “Guaranteed Profit”). If the actual audited consolidated net profit after tax of the King Gold Group for the year ending 31 December 2009 (the “Actual Profit”) is equal to or more than the Guaranteed Profit, there shall be no adjustment to the Consideration. If the Actual Profit is less than the Guaranteed Profit, the aggregate amount of the Consideration shall be adjusted downwards in accordance with the formula set out below:

$$\text{Adjustment required} = \frac{\text{Guaranteed Profit} - \text{Actual Profit}}{\text{Guaranteed Profit}} \times \text{HK\$640,000,000}$$

$$\text{Adjusted Consideration} = \text{HK\$640,000,000 less the adjustment required}$$

$$\text{Adjusted amount of the Consideration Shares} = \text{Adjusted Consideration less HK\$500,000,000}$$

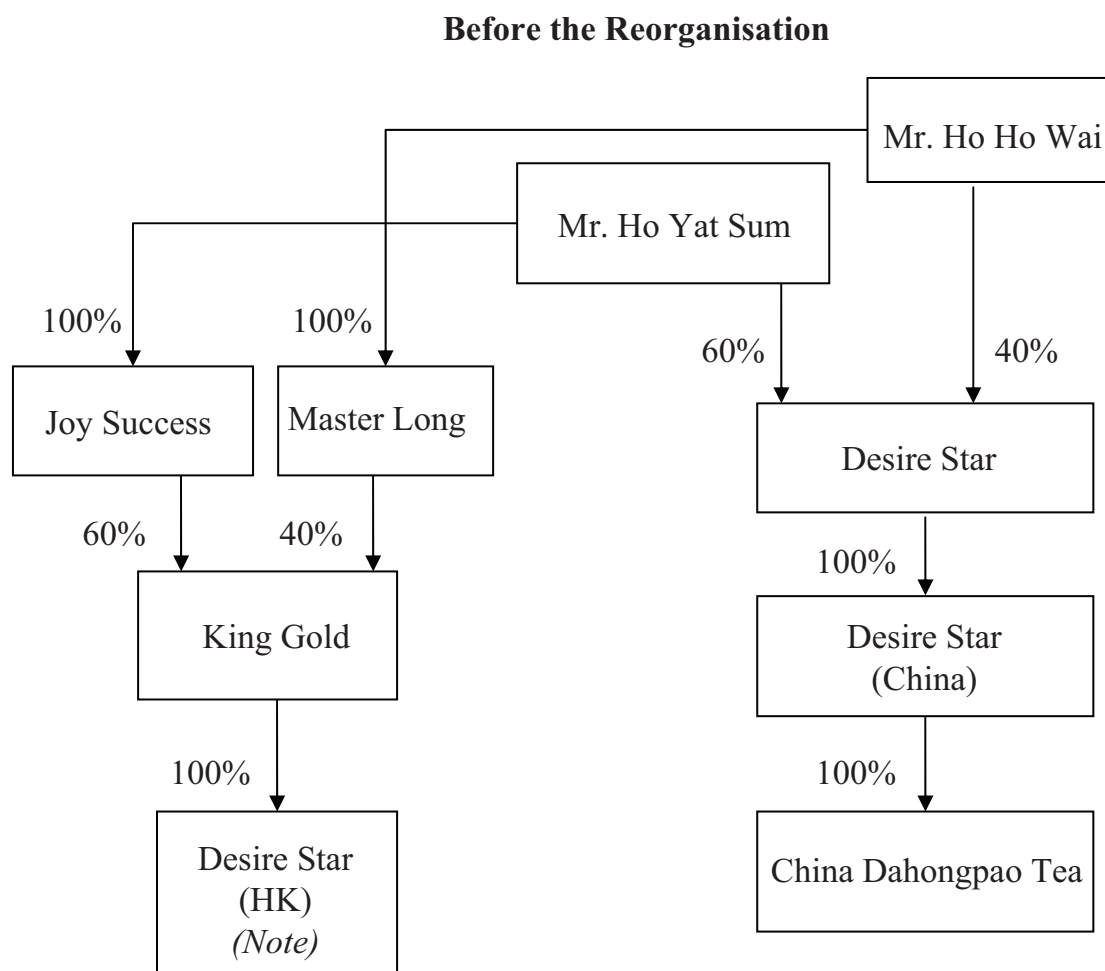
In the event the adjustment required as calculated above is equal to or less than HK\$140,000,000, the Consideration Shares to be issued by the Company to Master Long shall be the adjusted amount of the Consideration Shares divided by HK\$0.212.

In the event the adjustment as calculated above exceeds HK\$140,000,000, then no Consideration Shares will be issued by the Company to Master Long and the Vendors shall be jointly and severally liable, and the Guarantors shall jointly and severally guarantee the performance of the Vendors thereunder, to make up the adjustment amount in excess of HK\$140,000,000 in cash to the Company within 10 Business Days from the receipt of the audited accounts of the King Gold Group for the year ending 31 December 2009 to the satisfaction of the Company.

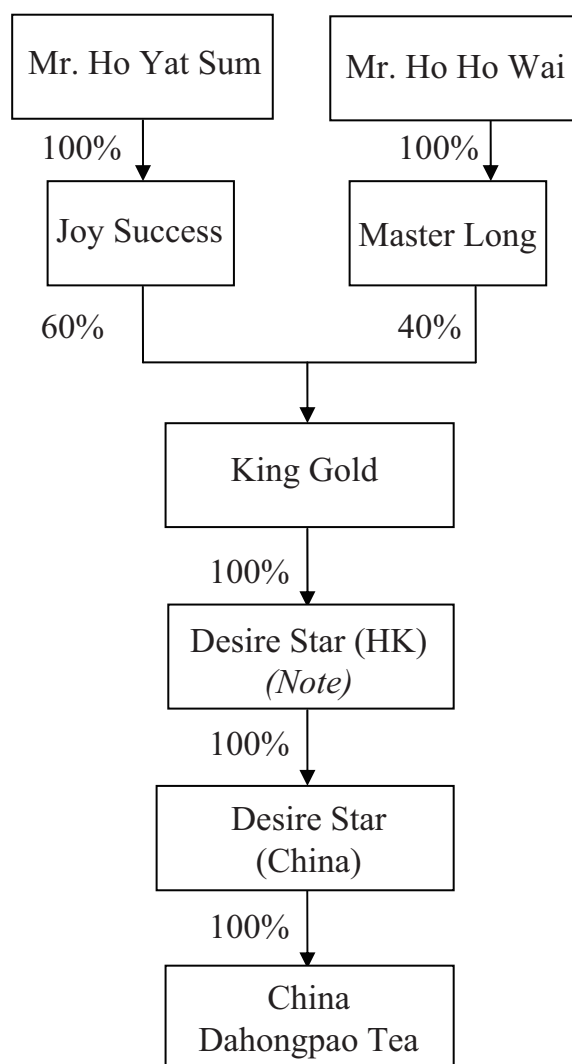
Reorganisation

As one of the conditions precedent to the Completion, King Gold will implement the Reorganisation, pursuant to which King Gold shall establish a special purpose vehicle, namely Desire Star (HK), as its wholly-owned subsidiary for the purpose of acquiring the entire issued share capital of Desire Star (China) from Desire Star. Desire Star is at present owned as to 60% by Mr. Ho Yat Sum and as to 40% by Mr. Ho Ho Wai; and is holding the entire issued share capital of Desire Star (China). Upon completion of the Reorganisation, Desire Star (China) and its wholly-owned subsidiary, China Dahongpao Tea, will become wholly-owned subsidiaries of King Gold.

The following charts set forth the shareholding structures of King Gold and Desire Star before and after the Reorganisation.



After the Reorganisation



Note: Desire Star (HK) has not yet been incorporated as at the date hereof.

Conditions

The Agreement is subject to and conditional upon the fulfillment or waiver of the following conditions:

- (i) the Company being satisfied with the results of the due diligence review on the assets, operations, financial positions, sales, prospects and other affairs of the King Gold Group, including but not limited to (a) (if so required by the Company) the receipt by the Company of a legal opinion (in such form and substance to the satisfaction of the Company) issued by lawyers on BVI laws covering matters on, among other things, the due incorporation and subsistence of King Gold; (b) the receipt by the Company of a legal opinion (in such form and substance to the satisfaction of the Company) issued by PRC lawyers covering matters on, among other things, the due establishment and subsistence, the legality of ownership of assets and the business operations of members of the King Gold Group which are established and operating in the PRC such as the status of approvals

- and licences required; and (c) the receipt of the financial due diligence report on the members of the King Gold Group for the past three years or such other period of time as approved by the Company in such form and substance to the satisfaction of the Company;
- (ii) the Agreement and the transactions contemplated thereunder including the allotment and issue of the Consideration Shares having been approved by the Shareholders at a special general meeting of the Company;
 - (iii) if applicable, the approval of the Bermuda Monetary Authority of the issue of the Consideration Shares by the Company;
 - (iv) the Listing Committee of the Stock Exchange having granted the listing of and permission to deal in the Consideration Shares;
 - (v) Desire Star (HK) having been incorporated by King Gold and the Reorganisation having been completed to the satisfaction of the Company, including but not limited to (i) all approvals, consents, permissions and filings required by the relevant government authorities of the PRC or any interested third parties for the acquisition of Desire Star (China) by Desire Star (HK) having been obtained; (ii) the approval certificate of foreign investment enterprise which stipulates Desire Star (HK) as the sole investor of Desire Star (China) having been obtained by Desire Star (China); and (iii) the business license as a wholly foreign owned enterprise having been obtained by Desire Star (China) stipulating the permitted scope of business of Desire Star (China) to the satisfaction of the Company;
 - (vi) the Guarantors having procured Desire Star to fully pay up the outstanding registered capital of Desire Star (China);
 - (vii) the due execution by certain existing directors and senior management members of the King Gold Group of service contracts in the form and content satisfactory to the Company for a term of not less than five years;
 - (viii) the due execution of non-competition undertakings by the Guarantors and certain existing directors and senior management members of the King Gold Group in the form and substance satisfactory to the Company;
 - (ix) any other conditions precedent as may be imposed by the Company after its due diligence review on the King Gold Group;
 - (x) all the representations and warranties contained in the Agreement remaining true, accurate and not misleading in all respects; and
 - (xi) there being no material changes or adverse events on the operations, assets or business or material undisclosed risks of the King Gold Group since 31 December 2007.

The Company shall have the right to waive conditions (i), (vi), (vii), (viii) and (ix). If the above conditions (save for conditions (x) and (xi)) are not fulfilled or waived by 18 June 2009 (or such other later date as the parties may agree) and conditions (x) and (xi) are not fulfilled or waived when the last of the other conditions are fulfilled or waived, the Company is entitled to announce that the Agreement shall lapse and be of no further effect and the parties shall have no obligations to the others save for antecedent breaches. All the deposits which have been paid by the Company (together with interest thereon calculated based on the prime rate announced by The Hongkong and Shanghai Banking Corporation Limited) shall then be refunded to the Company.

Completion shall take place on the third Business Day after the fulfillment or waiver of all the above conditions.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is a summary of the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the issue of the Consideration Shares, which are prepared on the assumptions that there is no downward adjustment to the Consideration and there would be no changes in the issued share capital of the Company since the date hereof:

	As at the date of this announcement		Immediately after issue of the Consideration Shares	
	Shares	%	Shares	%
Greater Increase Investments Limited (Note)	500,000,000	8.30	500,000,000	7.48
Mr. Cai Yuan (Note)	8,650,000	0.14	8,650,000	0.13
	508,650,000	8.44	508,650,000	7.61
Mr. Ho Yat Sum	1,162,000	0.02	1,162,000	0.02
Mr. Ho Ho Wai	800,000	0.01	800,000	0.01
Master Long	—	—	660,377,358	9.87
	1,962,000	0.03	662,339,358	9.90
Other public Shareholders	5,516,040,853	91.53	5,516,040,853	82.49
	<u>6,026,652,853</u>	<u>100.00</u>	<u>6,687,030,211</u>	<u>100.00</u>

Note: Greater Increase Investments Limited is wholly and beneficially owned by Mr. Cai Yuan, the Chairman of the Company and an executive Director.

REASONS FOR THE ACQUISITION

The Company is an investment holding company and its subsidiaries are principally engaged in mining and processing of molybdenum, copper and zinc in the PRC.

As disclosed in the 2008 interim report of the Company, the first half of 2008 had been a difficult period for the Group. The quality of mineral resources extracted from Nuoergai Copper Mine located in Inner Mongolia was not satisfactory and the exploration results in certain locations were not proved to be commercially viable. As a result, impairment provisions had been made on the related assets. In addition, the operations of the copper and zinc mine of Harbin Songjiang Group had been suspended as the mine is an aged mine which would require attention and care in terms of production safety. On the other hand, the development of the rutile mine located in Shanxi was temporarily suspended due to unfavourable market conditions. As a result, the Group recorded a substantial loss of HK\$869.9 million for the six months ended 30 June 2008.

With a view to better utilizing the cash resources and improve the profitability of the Group, the Company has been actively looking for attractive merger and acquisition opportunities in various industries including mining and other natural resources related businesses.

As described in the paragraph headed “Information on the King Gold Group” above, Desire Star (China) is one of the key enterprises of national agricultural producer in the PRC specialising in the cultivation, production, sale and research of Chinese tea products. Desire Star (China) has generated profits and has been exhibiting substantial growth in its business. Its products are recognised in the PRC as premium tea products and are widely distributed throughout the country.

Along with the changing lifestyle of people, the sale of tea bag begins to grow at an increasing rate around the world. The market share of tea bag in Europe, the United States and Canada also grew rapidly in recent years. However, tea bag market in the PRC has not yet been developed and only accounts for a small portion of total sales volume of tea in the PRC tea market. Such significant deviation from the degree of maturity of tea bag markets in other countries provides an opportunity for Desire Star (China) to build up its market share in the tea bag market for its prestigious Da Hong Pao and Wuyi rock-essence tea. Due to the aforesaid reasons, Desire Star (China) has started producing Da Hong Pao tea bag since February 2008 and will continue to devote effort in capturing more market share in the tea bag market. The Company, upon Completion, is capable of entering into the rapidly growing and lucrative tea market in the PRC with network, expertise and materials all in place.

After Completion, King Gold will become a 80%-subsidiary of the Company and the accounts of the King Gold Group shall be consolidated into the accounts of the Group. Master Long will remain a 20% shareholder of King Gold and the business of the King Gold Group will be managed and operated by the existing management of Desire Star (China) including Mr. Ho Yat Sum, who possesses strong expertise in and devotion to the tea business, under the control of the Board.

Having considered the profitability of Desire Star (China) and the prospects of the King Gold Group in the tea industry, the Directors consider that the Acquisition represents a good opportunity for the Group to diversify its investments into other natural resources related industry to broaden the revenue base of the Group. The Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement (including the issue price of the Consideration Shares) are fair and reasonable and the Acquisition is in the interests of the Company and its Shareholders as a whole.

GENERAL

The Acquisition constitutes a major transaction for the Company under the Listing Rules. The Agreement and the transactions contemplated thereunder including the issue of the Consideration Shares are subject to the approval of the Shareholders at a special general meeting of the Company. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Mr. Ho Yat Sum and Mr. Ho Ho Wai hold 1,162,000 Shares and 800,000 Shares respectively as at the date of this announcement. The Guarantors and their respective associates are therefore required to abstain from voting on the resolution(s) to approve the Agreement and the transactions contemplated thereunder including the issue and allotment of the Consideration Shares.

A circular containing, among other things, details of the Agreement, an accountants' report on the King Gold Group, the financial information of the Group and other information as required under the Listing Rules will be despatched to the Shareholders as soon as practicable.

As Completion is subject to the fulfillment of a number of conditions precedent, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

SUSPENSION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 22 December 2008 pending the release of an announcement in relation to a very substantial acquisition and a very substantial disposal. The transaction contemplated under the Agreement is independent of the aforesaid very substantial acquisition and very substantial disposal as mentioned in the Company's suspension announcement dated 22 December 2008. Trading in the Shares will remain suspended until the release of the announcement in relation to the aforesaid very substantial acquisition and the very substantial disposal.

DEFINITIONS

In this announcement, the following terms have the following meanings:

“Acquisition”	the proposed acquisition of the Sale Shares by the Company for a total consideration of HK\$640,000,000 (subject to adjustment) pursuant to the Agreement
“Agreement”	the sale and purchase agreement dated 22 December 2008 (which is supplemented by a supplemental agreement dated on 2 January 2009) entered into between the Company, the Vendors and the Guarantors in relation to the Acquisition
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors

“Business Day”	a day (other than a Saturday or a Sunday) on which banks are open for general business in Hong Kong
“BVI”	British Virgin Islands
“China Dahongpao Tea”	China Dahongpao Tea Industrial Company, a company incorporated in Hong Kong and a wholly-owned subsidiary of Desire Star (China)
“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 (stock code: 340)
“Completion”	completion of the Agreement
“Completion Date”	the date on which Completion takes place
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of HK\$640,000,000 (subject to adjustment) payable by the Company for the Acquisition and to be satisfied in the manner as described in this announcement
“Consideration Shares”	up to 660,377,358 new Shares (subject to adjustment) to be issued at an issue price of HK\$0.212 per Share
“Desire Star”	Desire Star Limited, a company incorporated in Hong Kong which is owned as to 60% by Mr. Ho Yat Sum and as to 40% by Mr. Ho Ho Wai as at the date of the Agreement
“Desire Star (China)”	星願(中國)茶業有限公司 (Desire Star (China) Tea Industrial Co., Ltd [*]), a wholly-owned subsidiary of Desire Star prior to the Reorganisation
“Desire Star (HK)”	a company to be incorporated by King Gold in Hong Kong as a special purpose vehicle and proposed to be named as Desire Star Hong Kong Limited for the purpose of acquiring the entire equity interest of Desire Star (China) from Desire Star as part of the Reorganisation
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Guaranteed Profit”	has the meaning ascribed thereto in the paragraph headed “Adjustment to the Consideration” in the section headed “The Agreement” in this announcement

“Guarantors”	Mr. Ho Yat Sum and Mr. Ho Ho Wai, being the beneficial owners of Joy Success and Master Long respectively
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Joy Success”	Joy Success Limited, a company incorporated in the BVI with limited liability which is wholly and beneficially owned by Mr. Ho Yat Sum
“King Gold”	King Gold Investments Limited, a company incorporated in the BVI with limited liability
“King Gold Group”	King Gold and its subsidiaries upon completion of the Reorganisation
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Long”	Master Long Limited, a company incorporated in the BVI with limited liability which is wholly and beneficially owned by Mr. Ho Ho Wai
“PRC”	the People’s Republic of China
“Reorganisation”	the reorganisation to be implemented before Completion whereby Desire Star (HK), Desire Star (China) and China Dahongpao Tea will become wholly-owned subsidiaries of King Gold
“Sale Shares”	80 shares of US\$1.00 each in the capital of King Gold
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	Joy Success and Master Long
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

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

Hong Kong, 7 January 2009

* *The translation of the name is for identification purpose only.*

As at the date of this announcement, the Board comprises 5 executive Directors, namely Mr. Cai Yuan (Chairman), Dr. You Xian Sheng (Deputy Chairman and Chief Executive Officer), Mr. Wang Hui, Mr. Yeung Kwok Kuen (Chief Financial Officer) and Mr. Chen Shou Wu (Chief Investment Officer); one non-executive Director, namely Mr. Lam Ming Yung; and four independent non-executive Directors, namely Mr. Chan Sze Hon, Mr. Chu Kang Nam, Mr. Goh Choo Hwee and Mr. Lin Xiang Min.

For illustration purposes, figures in RMB in this announcement have been translated into HK\$ at the exchange rate of RMB1 = HK\$1.134. Such conversion shall not be construed as a representation that amounts in RMB were or may have been converted into HK\$ using such exchange rate or any other exchange rate or at all.