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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
WIN POWER INVESTMENT LIMITED
AND
INCREASE IN AUTHORISED SHARE CAPITAL**

THE AGREEMENT

After the trading hours of the Stock Exchange on 19 January 2010, the Company entered into the Agreement with the Vendor and the Guarantor pursuant to which the Vendor conditionally agreed to sell and the Company conditionally agreed to acquire the Sale Shares, being 7,778 shares in Win Power (representing 77.78% of the existing issued share capital of Win Power and 70% of the enlarged issued share capital of Win Power upon Acquisition Completion and conversion of the Convertible Bonds into the Option Shares by the Grantees), for an aggregate consideration of HK\$700 million. The Consideration shall be satisfied by the Company as to HK\$120 million in cash and as to HK\$580 million by way of the allotment and issue of the Acquisition Consideration Shares at an issue price of HK\$0.255 per Share to the Vendor (or its nominees).

THE PUT OPTION DEED

After the trading hours of the Stock Exchange on 19 January 2010, the Company also entered into the Put Option Deed with the Grantees in consideration of the Grantees granting consent to the transactions contemplated under the Agreement. Pursuant to the Put Option Deed, the Company conditionally agreed to grant the Put Options to the Grantees whereby the Company is obliged to purchase, upon exercise of the Put Options by the Grantees, all the Option Shares (being 1,111 shares in Win Power) at the Exercise Price of RMB120 million, which shall be settled by the allotment and issue of the Option Consideration Shares to the Grantees (or their nominees).

* For identification purpose only.

In the event that the number of the Option Consideration Shares issued to the Grantees in aggregate exceeds (i) the number of Shares held by the largest Shareholder as at the Exercise Date; or (ii) the number of Shares representing 10% or more of the then issued share capital in the Company as enlarged by the issue of the Option Consideration Shares immediately after the Exercise Date, the Company shall allot and issue to the Grantees such number of Option Consideration Shares not exceeding the lower of the aforesaid two thresholds and pay to the Grantees the remaining balance of the Exercise Price in cash.

The grant of the Put Options is conditional on, and shall be effective only following, the Acquisition Completion.

Following the Acquisition Completion and the Option Completion, the Company will hold approximately 80% interest in Win Power.

INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the authorised share capital of the Company is HK\$1,000,000,000 comprising 10,000,000,000 Shares, of which 6,130,784,853 Shares are in issue. The Board proposes to increase the Company's authorised share capital from HK\$1,000,000,000 to HK\$2,000,000,000 by the creation of an additional 10,000,000,000 new Shares. The increase in the authorised share capital of the Company is conditional upon, among others, the passing of an ordinary resolution by the Shareholders at the SGM. The Board believes that the increase in the authorised share capital of the company is in the interest of the Company and the Shareholders as a whole.

GENERAL

The Acquisition, when aggregated with the Put Options, constitutes a major transaction for the Company under the Listing Rules. The Agreement, the Put Option Deed and the transactions contemplated thereunder including the issue of the Acquisition Consideration Shares and Option Consideration Shares are subject to the approval of the Shareholders by way of poll at the SGM. As the Vendor and the Grantees are third party independent of the Company and its connected persons and no Shareholder has a material interest in the Acquisition and the Put Options which is different from other Shareholders, no Shareholder is required to abstain from voting in respect of the proposed ordinary resolution(s) at the SGM.

A circular containing, among other things, details of the Agreement and the Put Option Deed, an accountants' report on the Win Power 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.

Shareholders and potential investors should note that the Acquisition and the grant of the Put Options are subject to the fulfillment of a number of conditions, and accordingly, the transactions contemplated under the Agreement and the Put Option Deed may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

THE AGREEMENT DATED 19 JANUARY 2010

Parties

- (i) Vendor : Supreme Wealthy International Holdings Limited;
- (ii) Purchaser : the Company; and
- (iii) Guarantor : Mr. Chen Yu.

The Vendor is an investment holding company incorporated in the BVI and is wholly owned by the Guarantor. Pursuant to the Agreement, the Guarantor irrevocably and unconditionally guarantees to the Company the due performance by the Vendor of all its obligations and liabilities under the Agreement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its beneficial owner (i.e. the Guarantor) are third parties independent of the Company and its connected persons and are not connected persons of the Company. Save for the Put Option Deed (details of which are set out in the paragraph headed "The Put Option Deed dated 19 January 2010"), the Group has not entered into any transactions with the Vendor or the Guarantor or their respective associates in the last 12 months prior to the date of the Agreement which may require aggregation under Rule 14.22 of the Listing Rules.

Assets to be acquired

Pursuant to the Agreement, assets to be acquired by the Company are the Sale Shares representing 7,778 shares of no par value in Win Power.

As at the date of the Agreement, Win Power was owned as to 77.78% by the Vendor, 12.22% by Mr. Chen Shuquan and 10.00% by Sequedge. Further information on the shareholding structure of Win Power is set out in the paragraph headed "Changes in the shareholding structure of Win Power" below.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Mr. Chen Shuquan and Sequedge are third parties independent of the Company and its connected persons and are not connected persons of the Company.

The Consideration

The Consideration shall be HK\$700 million which shall be satisfied in the following manner:

- (i) an amount of HK\$70 million shall be payable to the Vendor (or its nominees) in cash as refundable deposit within seven days from the date of the Agreement;
- (ii) an amount of HK\$50 million shall be payable to the Vendor (or its nominees) in cash on the Acquisition Completion Date; and
- (ii) the balance of HK\$580 million shall be satisfied by the allotment and issue of the Acquisition Consideration Shares to the Vendor (or its nominees) on the Acquisition Completion Date.

The Consideration was arrived at after arm's length negotiations between the Company and the Vendor and was determined taking into consideration (i) the unaudited consolidated net assets of the Win Power Group of approximately RMB44.5 million (equivalent to approximately HK\$50.5 million) and the carrying amount of the Convertible Bond as at 31 December 2009 amounted to RMB103.0 million (equivalent to approximately HK\$116.8 million), which will be fully converted upon Acquisition Completion; (ii) the growth potentials of the fisheries and aquatic product industry and processed aquatic product industry in the PRC as described in detail in the paragraph headed "Reasons for the Acquisition and the granting of the Put Options" below; and (iii) the advanced production lines, ice-making workshop and warehouse owned by Fujian Yuansheng as described in detail in the paragraph headed "Information on the Win Power Group" below.

The Acquisition Consideration Shares represent approximately (i) 37.1% of the existing issued share capital of the Company; and (ii) 27.1% of the share capital of the Company as enlarged by the allotment and issue of the Acquisition Consideration Shares.

The issue price of HK\$0.255 per each Acquisition Consideration Share represents:

- (i) a price equivalent to the closing price of HK\$0.255 per Share as quoted on the Stock Exchange on 18 January 2010, being the last trading day of the Shares prior to the date of the Agreement;
- (ii) a price equivalent to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five consecutive trading days up to and including 18 January 2010 of approximately HK\$0.255 per Share;
- (iii) a discount of approximately 1.35% to the average of the closing prices of the Shares as quoted on the Stock Exchange over the last 10 consecutive trading days up to and including 18 January 2010 of approximately HK\$0.2585 per Share; and
- (iv) a premium of approximately 15.9% over the unaudited consolidated net asset value per Share attributable to the Shareholders of approximately HK\$0.22 as at 30 June 2009.

The Acquisition Consideration Shares will be issued subject to a specific mandate to be sought from the Shareholders at the SGM. The Acquisition Consideration Shares shall rank *pari passu* with all other Shares in issue as at the date of their allotment and issue. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Acquisition Consideration Shares.

Lock-up arrangement for the Acquisition Consideration Shares

From the Acquisition Completion Date up to and including the date falling twelve months from the Acquisition Completion Date, without the prior written consent of the Company (such consent not to be unreasonably withheld or delayed), the Vendor and the Guarantor shall not, directly or indirectly, and shall procure that none of its associates or companies controlled by it shall, offer for sale, sell, transfer, contract to sell, or otherwise dispose of any of the Acquisition Consideration Shares.

Conditions Precedent

The Acquisition Completion shall be conditional upon the fulfillment or waiver of the following conditions:

- (i) (a) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Acquisition Consideration Shares and the Option Consideration Shares; and (b) no indication having been received by the Company from the Stock Exchange to the effect that the listing of the Shares will or may be withdrawn or objected as a result of the terms of the Agreement, the Acquisition Completion or any transaction contemplated thereunder, and that the Shares having remained listed and traded on the Stock Exchange as at the Acquisition Completion Date;
- (ii) the Company having obtained the approval by the Shareholders in the SGM of (a) the Agreement, the Put Option Deed and the transactions contemplated thereunder; (b) the issue of the Acquisition Consideration Shares and the Option Consideration Shares; and (c) the increase of the authorised share capital of the Company from HK\$1,000,000,000 to HK\$2,000,000,000 by the creation of an additional 10,000,000,000 new shares;
- (iii) confirmatory due diligence by the Company in relation to (a) title to all the properties owned by the Win Power Group; (b) the material assets of the Win Power Group; and (c) the key customers and the operations of the business and such confirmatory due diligence not making the Company aware of any new material fact or circumstance in relation to such matters that it was not aware of prior to the date of the Agreement, save for any new material fact or circumstance that does not prevent the Win Power Group from operating its business in substantially the same manner as it operates its business as at the date of the Agreement;

- (iv) the receipt to the satisfaction of the Company of the legal opinion issued by a reputable PRC law firm acceptable to the Company on issues, including but not limited to, the titles of the properties owned by the Win Power Group, the rights to use the properties leased by the Win Power Group, the validity and legality of the relevant PRC licenses or approvals as required for the conduct of business of the Win Power Group; the legality of ownership of assets and business operations of each of the companies in the Win Power Group which was established in the PRC and the validity of the transactions contemplated under the Agreement as specified by the Company in the agreed form;
- (v) the receipt to the satisfaction of the Company of the legal opinion issued by a reputable BVI law firm on issues, including but not limited to, the due establishment and valid existence of each of the companies in the Win Power Group which was incorporated in the BVI and the validity of the transactions under the Agreement in agreed form;
- (vi) the receipt to the satisfaction of the Company of the legal opinion issued by a reputable Hong Kong law firm on issues, including but not limited to, the due establishment and valid existence of each of the companies in the Win Power Group which was incorporated in Hong Kong and the validity of the transactions under the Agreement in the agreed form;
- (vii) the Vendor and the Guarantor having issued a confirmation substantially in the form as set out in the Agreement certifying that the warranties in the Agreement remaining true and accurate in all respects and not misleading in any respect at all times from the date of the Agreement up to and including the date of such confirmation, such confirmation letter shall be dated no more than five Business Days prior to the Acquisition Completion Date;
- (viii) the Vendor and the Guarantor having obtained all necessary consents, authorisations and approvals (or, as the case may be, the relevant waiver) in connection with the entering into and performance of the terms of the Agreement including but not limited to the pre-emptive rights of Sequedge and Mr. Chen Shuquan in the Sale Shares;
- (ix) the Vendor and the Guarantor having issued a confirmation substantially in the form as set out in the Agreement certifying that there has been no event, change in or effect on any member of the Win Power Group that, individually or in the aggregate, has had or is reasonably expected to have a material adverse effect on the business, condition (financial or otherwise), results of operations and assets of that member of the Win Power Group at any time from the date of the Agreement up to and including the date of such confirmation, such confirmation letter shall be dated no more than five Business Days prior to the Acquisition Completion Date;
- (x) the Vendor and the Guarantor having issued a confirmation substantially in the form as set out in the Agreement certifying that the Vendor and the Guarantor have fulfilled all their obligations and undertakings contained thereunder; and

(xi) (if applicable) Win Power having obtained all necessary consent or waiver from its creditors in relation to any change of its controlling shareholder constituting an event of default in any financing documents to which Win Power is a party or by which Win Power may be bound or affected as a result of the transactions contemplated under the Agreement.

The Company may at its absolute discretion waive conditions (iii) to (xi) above at any time by notice in writing to the Vendor. In the event that the above conditions precedent cannot be fulfilled or waived by the Company (as the case may be) on or before the Long Stop Date, the Vendor shall within ten Business Days refund the deposit of HK\$70 million to the Company and the Agreement shall be automatically terminated forthwith and cease to be of any effect and the parties of the Agreement shall have no claim against each other arising out of or in connection with the Agreement, save for the claims arising out of any antecedent breach of the Agreement.

Acquisition Completion shall take place on the fifth Business Day following the date of fulfillment or waiver (as the case may be) of all the above conditions precedent.

Changes in shareholding structure of Win Power

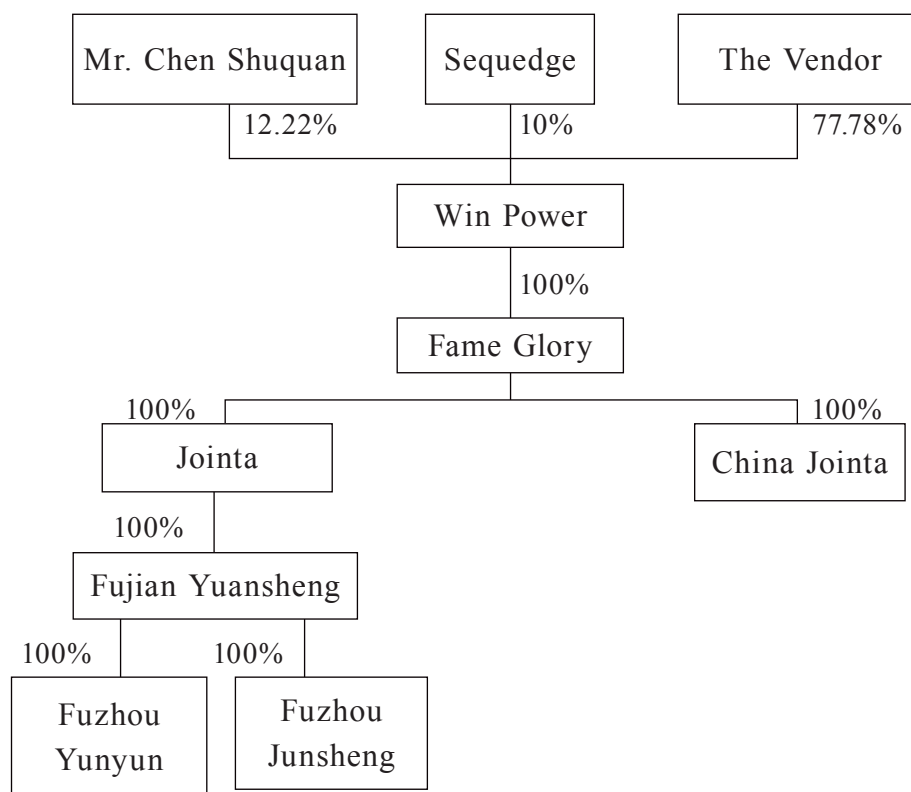
As at the date of the Agreement, Win Power was owned as to 77.78% by the Vendor, 12.22% by Mr. Chen Shuquan and 10% by Sequedge. As at the date of the Agreement, the Grantees are holding the Convertible Bonds which are convertible into the Option Shares and Sequedge is holding the Sequedge Call Option that entitles it to require Mr. Chen Shuquan to transfer such number of shares in Win Power to it such that its interest in Win Power will remain at 10% from time to time on a fully diluted basis. It is expected that, immediately prior to the Acquisition Completion, the Grantees will convert the Convertible Bonds into the Option Shares and therefore own approximately 10% of the issued share capital of Win Power as enlarged by the Option Shares and Sequedge will exercise the Sequedge Call Option to require Mr. Chen to transfer to it 111 shares in Win Power such that its interest in Win Power will remain at approximately 10%.

The issue of the Option Shares to the Grantees and the transfer of 111 shares in Win Power from Mr. Chen Shuquan to Sequedge pursuant to the Sequedge Call Option as described above will be completed simultaneously.

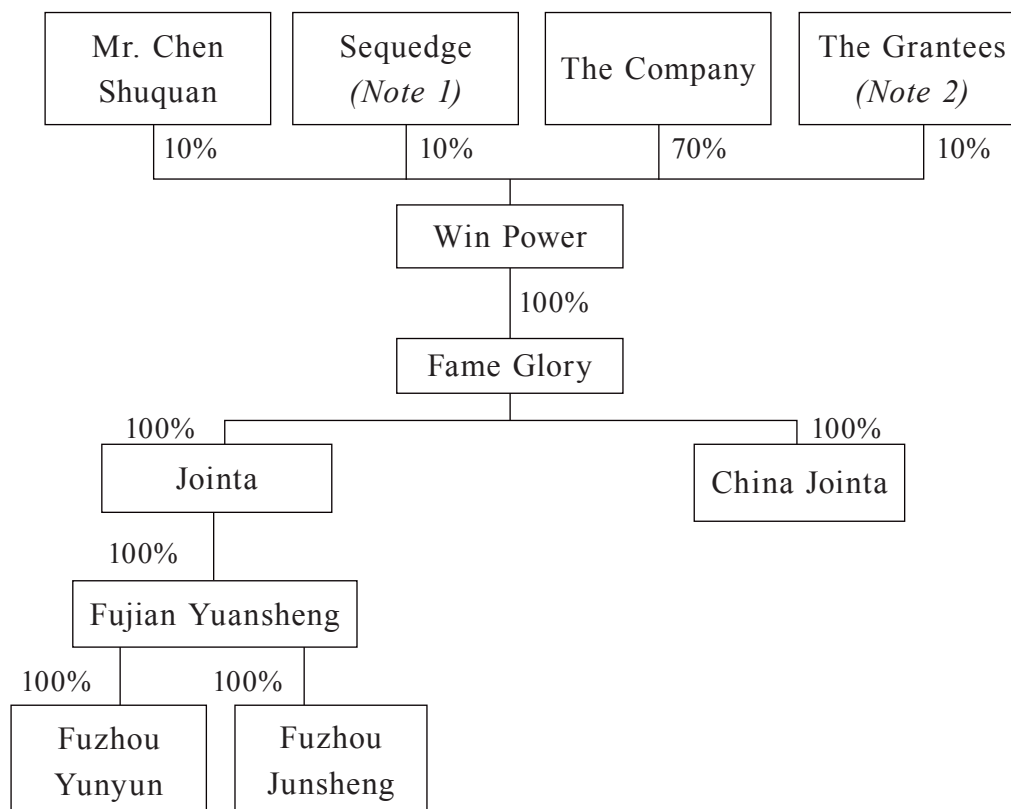
Accordingly, following the Acquisition Completion, conversion of the Convertible Bonds by the Grantees and exercise of the Sequedge Call Option by Sequedge, Win Power will be owned as to (i) approximately 70% by the Company; (ii) approximately 10% by the Grantees; (iii) approximately 10% by Sequedge; and (iv) approximately 10% by Mr. Chen Shuquan.

Set out below is the group structure of the Win Power Group:

As at the date of this announcement



Immediately after the Acquisition Completion, conversion of the Convertible Bonds into the Option Shares by the Grantees and the exercise of the Sequedge Call Option



Notes:

1. Immediately prior to the Acquisition Completion, Sequedge will exercise the Sequedge Call Option such that its interest in Win Power will remain at 10% (i.e. 1,111 shares in Win Power).
2. Immediately prior to the Acquisition Completion, the Grantees will fully convert their Convertible Bonds into the Option Shares (i.e. 1,111 shares in Win Power), representing approximately 10% of the issued share capital of Win Power as enlarged by the Option Shares.

THE PUT OPTION DEED DATED 19 JANUARY 2010

In consideration of the Grantees granting consent to the transactions contemplated under the Agreement, the Company entered into the Put Option Deed with the Grantees, pursuant to which the Company conditionally agreed to grant the First Option and the Second Option to Kun Peng I and Kun Peng II respectively whereby the Company is obliged to purchase, upon exercise of the Put Options by the Grantees, all the Option Shares (being 1,111 shares in Win Power) at the Exercise Price of RMB120 million (equivalent to approximately HK\$136.1 million). The Exercise Price shall be settled by the allotment and issue of the Option Consideration Shares to the Grantees (or their nominees) and with cash in Hong Kong dollars (if applicable).

Parties

- (i) Grantor : the Company; and
- (ii) Grantees : Kun Peng I and Kun Peng II.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Grantees and their respective beneficial owners are third parties independent of the Company and its connected persons and are not connected persons of the Company.

Principal terms of the Put Options

Exercise Price: RMB120 million (equivalent to approximately HK\$136.1 million) in aggregate, which was arrived at after arm's length negotiations between the Company and the Grantees and was determined with reference to the growth prospects of the Win Power Group.

The Exercise Price represents a premium of approximately 36.4% over the Consideration on a per share basis. Taking into account the Exercisable Period of the Put Options, the settlement method of the Exercise Price and the future prospects of the Win Power Group, the Directors (including the independent non-executive Directors) consider the Exercise Price fair and reasonable.

Exercise of the Put Options: The First Option and the Second Option held by Kun Peng I and Kun Peng II respectively must be exercised in whole (and not in part only) simultaneously.

Exerciseable period: The Put Options may be exercised by the Grantees at any time during the period commencing from and including the day falling 24 months after the date of the Put Option Deed and ending on and including the day falling 36 months after the date of the Put Option Deed.

The Grantees may also exercise the Put Options at any time during the period commencing from the date of the Put Option Deed and ending on the day falling 24 months after the date of the Put Option Deed if any of the following events occur:

- (i) a change of control of Win Power (i.e. the Company, its subsidiaries or their respective associates ceasing to be the controlling shareholder of Win Power);
- (ii) the liquidation, winding up or dissolution of Win Power, or the filing of bankruptcy or other similar proceedings;
- (iii) the announcement of a delisting or privatisation of the Company or other similar event;
- (iv) the announcement of a general, partial, tender or other type of offer including, without limitation, an acquisition, takeover or merger transaction (however effected), reverse takeover, scheme of arrangement or other court scheme in respect of the Company or other similar transactions; or
- (v) immediately prior to a listing of Win Power, provided that the value of the Grantees' aggregate shareholding in Win Power upon such listing (as determined on the basis of the lower of the offer price range published in the relevant listing document) is less than the Exercise Price.

The Put Options shall lapse upon the occurrence of the first of any of the following events:

- (i) the expiry of the of the aforesaid exerciseable period;

- (ii) the entering of a written agreement between the parties to the Put Option Deed that the Put Option Deed shall be terminated; and
- (iii) the listing of Win Power or its holding company (except the Company) on any recognised stock exchange.

Number of Option Shares: The aggregate number of shares in Win Power which will be held by the Grantees upon conversion of the Convertible Bonds (i.e. 1,111 shares in Win Power in aggregate).

Subscription Price: The volume weighted average of the closing prices of the Shares as quoted on the Stock Exchange over the last 20 consecutive trading days up to (but not including) the Exercise Date.

Settlement of the Exercise Price: The Exercise Price shall be settled by the Company allotting and issuing the Option Consideration Shares which shall be calculated by dividing the Exercise Price by the Subscription Price. In the event that the number of the Option Consideration Shares so calculated exceeds either (i) the number of shares held by the largest Shareholder as at the Exercise Date) or (ii) the number of Shares representing 10% or more of the issued share capital of the Company as enlarged by the issue of the Option Consideration Shares immediately after the Exercise Date, the Company shall allot and issue to the Grantees such number of Option Consideration Shares not exceeding the lower of the aforesaid two thresholds and pay the remaining balance of the Exercise Price to the Grantees in cash in Hong Kong dollars.

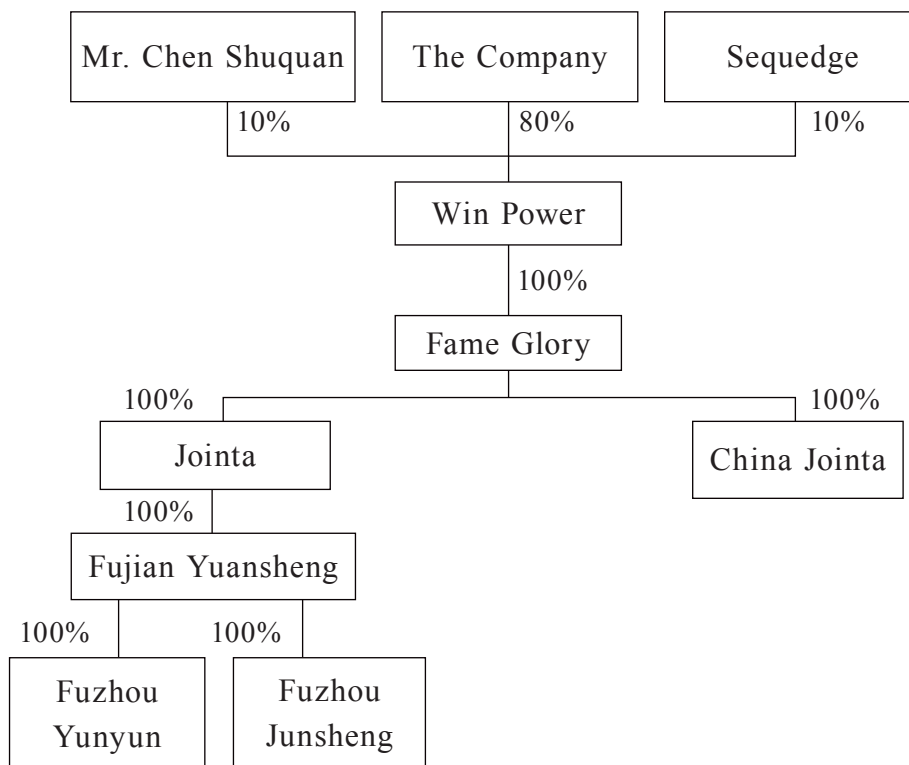
The Option Consideration Shares will be issued subject to a specific mandate to be sought from the Shareholders at the SGM and shall rank *pari passu* with all other Shares in issue as at the date of their allotment and issue.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Option Consideration Shares on the basis that (i) no more than 1,200,000,000 Option Consideration Shares will fall to be issued; and (ii) the actual number of Option Consideration Shares to be issued will not exceed the lower of the the aforesaid two thresholds.

Conditions precedent: The grant of the Put Options is conditional on and shall be effective only following the Acquisition Completion.

Option Completion: Option Completion shall take place on the third Business Day (or such other time as the parties may agree) following the receipt of the notice of exercise of the Put Options by the Company.

Set out below is the group structure of the Win Power Group immediately after the exercise of the Put Options by the Grantees:



SHAREHOLDING STRUCTURE OF THE COMPANY *Company Please Confirm The Figures*

Set out below is a summary of the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the issue of the Acquisition Consideration Shares; and (iii) immediately after the issue of the Acquisition Consideration Shares and the Option Consideration Shares (assuming (a) no other new Shares are issued after the allotment and issue of the Acquisition Consideration Shares; and (b) the number of Option Consideration Shares represents 9.9% of the enlarged issued share capital of the Company) for illustrative purposes only:

	As at the date of this announcement		Immediately after the issue of the Acquisition Consideration Shares		Immediately after the issue of the Acquisition Consideration Shares and the Option Consideration Shares (assuming (a) no other new Shares are issued after the allotment and issue of the Acquisition Consideration Shares; and (b) the number of Option Consideration Shares represents 9.9% of the enlarged issued share capital of the Company)	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
The Vendor	—	—	2,274,509,803	27.1	2,274,509,803	24.4
Kun Peng I & II (Note 1)	—	—	—	—	923,556,238	9.9
Mr. Yeh Tung-Ming (Note 2)	398,686,000	6.5	398,686,000	4.7	398,686,000	4.3
Other public Shareholders	5,732,098,853	93.5	5,732,098,853	68.2	5,732,098,853	61.4
Total	6,130,784,853	100.0	8,405,294,656	100.0	9,328,850,894	100.0

Notes:

- Pursuant to the Put Option Deed, the number of Option Consideration Shares to be issued to the Grantees shall not exceed the lower of the aforesaid two thresholds. For illustrative purposes, the number of Option Consideration Shares is assumed to represent 9.9% (i.e. less than 10.0%) of the total issued share capital of the Company as enlarged by the issue of the Acquisition Consideration Shares and the Option Consideration Shares assuming no other new Shares are issued after the issue of the Acquisition Consideration Shares.
- These Shares are held by Fit Plus Limited which is wholly and beneficially owned by Mr. Yeh Tung-Ming.

INFORMATION ON THE WIN POWER GROUP

Win Power, an investment holding company incorporated in the BVI on 13 October 2006, through its subsidiaries, is principally engaged in production, processing and distribution of processed seafood products. As at the date of this announcement, the principal operating entity in the Win Power Group is Fujian Yuansheng. Jointa was engaged in trading of processed seafood products previously and has ceased its trading activities in 2009. The remaining entities in the Win Power Group are engaged in investment holding or have not commenced operation.

Fujian Yuansheng, incorporated in the PRC on 12 July 2005, is principally engaged in production, processing and distribution of processed seafood products. Fujian Yuansheng owned one of the largest seafood processing plants in the PRC, namely Yuansheng Industrial Park, in the Changan Investment Zone of Fuzhou, which accommodates the advanced cold storage areas, automated processing production lines, automated terminal equipments and monitoring management systems. Such production facilities are designed for the processing and production of a large variety of products including fresh aquatic foods, frozen aquatic food, snack food, canned food, barbequed and smoked food, suirimi, breaded foods and dried goods, which cater the needs of different sectors in domestic and international markets. Some of Fujian Yuansheng's products are intended to be sold directly to fast-food chain whilst others to be distributed through supermarkets. With a warehouse of 60,000-tonne capacity for raw material and 18 advanced automatic production lines and professional ice-making workshop in the Yuansheng Industrial Park, the whole capacity thereof can reach 500,000 tonnes. Currently, Fujian Yuansheng primarily sources its raw materials from suppliers located in the United States, Taiwan, Indonesia and the PRC and then processes the raw materials to produce canned food and packaged frozen food.

Apart from processing and storage facilities, Fujian Yuansheng also has its own independent production and research and development centres which specialise in eco-farming, fine aquaculture seed cultivation, aquaculture feeding, fish processing technology, functional healthy food, marine bio-medicine, marine biological and chemical science research projects. To ensure the high quality of its products, Fujian Yuansheng has also established preservation and acquisition bases in PRC's coastal fishery production zones such as Dalian, Qingdao, Shantou and Beihai, and freshwater aquaculture bases in Aojiang, by which most of the fresh aquatic products can be exported to other countries by ships.

Starting from 2006, Fuzhou Yuansheng has commenced the establishment of a new production plant to cope with the expansion of the Win Power Group. In March 2009, the original production plant of Fujian Yuansheng ceased to operate in anticipation that a new production plant with a larger production capacity and advanced production lines located in the Yuansheng Industrial Park would have been established in time to commence production. However, due to the insufficiency in financial resources, the new production plant could not be established as scheduled. Therefore, during February to August 2009, Fujian Yuansheng had temporarily suspended its production. In September 2009, part of the new production plant was established and trial production of aquatic products has commenced. As at the date of this announcement, two out of 18 production lines are in operation and seven production lines are under installation which is expected to be completed by June 2010. Currently, there are 406 employees working in Yuansheng Industrial Park.

Set out below is the unaudited consolidated financial information of the Win Power Group for the two years ended 31 December 2009 prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the year ended 31 December 2008 <i>Unaudited</i> <i>RMB'000</i>	For the year ended 31 December 2009 <i>Unaudited</i> <i>RMB'000</i>
Turnover	552,432	73,005
Profit(loss) before taxation	(27,907)	(10,901)
Profit(loss) after taxation	(27,907)	(10,902)
	As at 31 December 2008 <i>Unaudited</i> <i>RMB'000</i>	As at 31 December 2009 <i>Unaudited</i> <i>RMB'000</i>
Total assets	321,404	293,907
Total liabilities	265,953	249,388
Net asset value	55,450	44,519

As at 31 December 2009, the unaudited consolidated net assets of Win Power Group amounted to RMB44.5 million (equivalent to approximately HK\$50.5 million). For the year ended 31 December 2009, Win Power Group recorded an unaudited consolidated turnover of approximately RMB73.0 million (equivalent to approximately HK\$82.8 million) and unaudited consolidated losses (both before and after taxation) of approximately RMB10.9 million (equivalent to approximately HK\$12.4 million). The substantial decline in the turnover for the year ended 31 December 2009 was mainly due to the temporary suspension of production of Fujian Yuansheng from February to August 2009 as described above while the unaudited consolidated losses was mainly attributable to the administrative costs of approximately RMB14.2 million (equivalent to approximately HK\$16.1 million) incurred during the period albeit the temporary suspension in production. For the year ended 31 December 2008, the Win Power Group recorded unaudited consolidated losses (both before and after taxation) of approximately RMB27.9 million (equivalent to approximately HK\$31.6 million) which was mainly attributable to the provisions made for finished goods, raw materials and account receivables during the period.

REASONS FOR THE ACQUISITION AND THE GRANTING OF THE PUT OPTIONS

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. Following the completion of the acquisition of 80% equity interest in King Gold Investments Limited in April 2009, the Group also commenced its tea business in the PRC.

The Group's mining business has been facing successive challenges in the past two years. Sale of molybdenum has been the largest source of the Group's revenue. However, the global financial crisis in the second half of 2008 adversely affected the production level of steel and thus significantly dragged down the selling price of molybdenum. Following the discovery of the subsidence of a small area of land above the hollow section of the molybdenum mine in December 2008, the mine was suspended from production for maintenance and improvement until August 2009. On the other hand, the copper, iron and zinc mines had become increasingly less productive due to aging of the mines. Subsequent to a safety inspection, the Group had terminated the operations of such mines at the end of 2009. The rutile mine could not survive the difficult market condition and had been suspended from development during 2008. In view of the above, the Group had made substantial impairment losses for mining rights and related assets in respect of the molybdenum mine, full impairment losses for the mining right and other related assets in respect of the copper, iron and zinc mine and full impairment loss for the mining right of the rutile mine.

As disclosed in the interim report of the Company for the six months ended 30 June 2009, the Group's revenue from continuing operations decreased by approximately 74% to approximately HK\$65.7 million, among which mining business revenue amounted to HK\$36.5 million, representing a decrease of approximately 87% compared to the corresponding period in 2008. With a view to better utilizing the cash resources of the Group and improving the profitability of the Group, the Group acquired 80% in King Gold Investments Limited and commenced its tea business in April 2009. The tea business generated revenue of approximately HK\$29.2 million, representing approximately 44.4% to the Group's revenue for the six months ended 30 June 2009, and profit of approximately HK\$13.7 million.

In light of the above factors and the long-term strategic plan of the Group to explore more investment opportunities across various business streams, the Directors consider that the Acquisition is a good opportunity for the Group to diversify its investments into other industry with strong growth prospects so as to broaden the revenue base of the Group and increase Shareholders' value.

The Directors consider that the fisheries and aquaculture industry possesses significant growth potential. According to a publication titled "The State of World Fisheries and Aquaculture 2008" (the "FAO Publication") issued by Food and Agriculture Organization of the United Nations ("FAO") in 2009, world fisheries and aquaculture production reached 143.6 million tonnes in 2006, of which 110.4 million tonnes was used for direct human consumption. FAO further reported that world fisheries and aquaculture production reached approximately 156.4 million tonnes in 2007, representing an approximate 8.9% growth from that of 2006. Due to the decline in wild capture production during 2004 to 2006, aquaculture production has grown rapidly to meet human consumption needs. According to the FAO Publication, China's enormous production accounted for 67% of global aquaculture production in terms of volume and China was the leading fish exporter with exports amounting to US\$9.0 billion in 2006.

The FAO Publication also reported that in 2006, 54% of the world's fish production underwent some form of processing. In China, consumption of processed aquatic products has become a growing trend. In 1996, China's total human consumption of processed aquatic products only accounted for 20% of its total domestic aquatic production, while in 2006 this share reached 33%. Both the global demand and domestic demand for processed aquatic products have driven the growth of the fish processing industry in China. Now China processes not only domestic production but also imported fish into an array of fish products, including salted, dried, smoked and various preserved fish products for both domestic and export markets. China has consolidated its position as the largest aquaculture producer and exporter by its growing fishery production as well as the expansion of its fish-processing industry.

The statistics of Liaison Office of the Central People's Government in the Hong Kong S.A.R. show that the per capita aquatic product consumption in China was 19.56 kilograms in 2007, representing an increase of approximately 8.9% as compared with that of 2006. With China's economy continues flourishing, the general purchasing power of the Chinese will keep increasing. The increasing purchasing power of the Chinese, coupled with their rising health consciousness on food consumption, is likely to boost domestic aquatic product consumption. Having considered the global demand for fish and aquaculture products, the expected growth of domestic seafood consumption in China and a sizeable market for processed aquatic products in existence, the Directors are positive towards the prospects of the aquatic product industry. With one of the largest seafood processing plants in the PRC equipped with advanced processing, research and development facilities, the Directors consider that Fujian Yuansheng is well-positioned to capture a significant market share in China.

In view of the above, the Directors (including the independent non-executive Directors) consider that the Acquisition represents a good opportunity for the Group ride on the growth potential of the aquatic product industry and the Put Options provides a further opportunity for the Group to consolidate additional interest in Win Power. Therefore, the Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement (including the issue price of the Acquisition Consideration Shares) and the Put Option Deed (including the Subscription Price) are fair and reasonable and the Acquisition and the granting of the Put Options are in the interests of the Company and its Shareholders as a whole.

INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the authorised share capital of the Company is HK\$1,000,000,000 comprising 10,000,000,000 shares of HK\$0.10 each, of which 6,130,784,853 Shares are in issue. The Board proposes to increase the Company's authorised share capital from HK\$1,000,000,000 to HK\$2,000,000,000 by the creation of an additional 10,000,000,000 new shares of HK\$0.10 each. Such new Shares, upon issued and fully paid, shall rank *pari passu* in all respects with the Shares.

As at the date of this announcement, there are 3,869,215,147 Shares in the authorised share capital which may be issued. After the allotment and issue of the Acquisition Consideration Shares (i.e. 2,274,509,803 Shares), the number of Shares remaining issuable in the authorised share capital will be reduced to 1,594,705,344 Shares. Having considered that the number of Option Consideration Shares cannot be determined at the outset, the Directors consider that it is beneficial to the Company to increase its authorised share capital to ensure that it has sufficient authorised share capital to issue the Option Consideration Shares. The Directors are also of the view that the proposed increase in authorised share capital will provide the Company with flexibility to issue new Shares for future expansion and growth. In view of the above, the Board is of the view that the proposed increase in authorised share capital of the Company is in the interest of the Company and the Shareholders as a whole. An ordinary resolution will be put forward at the SGM for the proposed increase in the Company's authorised share capital.

The proposed increase in authorised share capital of the Company is conditional upon, among others, the passing of an ordinary resolution by the Shareholders at the SGM. No Shareholder is required to abstain from voting on the ordinary resolution to be proposed at the SGM regarding the proposed increase in authorised share capital of the Company.

GENERAL

The Acquisition, when aggregated with the grant of Put Options, constitutes a major transaction for the Company under the Listing Rules. The Agreement, the Put Option Deed and the transactions contemplated thereunder including the issue of the Acquisition Consideration Shares and the Option Consideration Shares are subject to the approval of the Shareholders by way of poll at the SGM. As the Vendor and the Grantees are third party independent of the Company and its connected persons and no Shareholder has material interest in the Acquisition and the Put Options which is different from other Shareholders, no Shareholder is required to abstain from voting in respect of the proposed ordinary resolution(s) at the SGM.

A circular containing, among other things, details of the Agreement and the Put Option Deed, an accountants' report on the Win Power 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.

Shareholders and potential investors should note that the Acquisition and the grant of the Put Options are subject to the fulfillment of a number of conditions, and accordingly, the transactions contemplated under the Agreement and the Put Option Deed may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Sale Shares by the Company for a total consideration of HK\$700 million pursuant to terms and conditions of the Agreement
“Acquisition Completion”	completion of the Acquisition pursuant to the terms and conditions of the Agreement
“Acquisition Completion Date”	the fifth Business Day following the date of fulfillment or waiver of the conditions precedent (as the case may be) or such other date as the parties to the Agreement shall agree in writing pursuant to the Agreement
“Acquisition Consideration Shares”	2,274,509,803 new Shares credited as fully paid to be issued at an issue price of HK\$0.255 per Share as part of the consideration for the Sale Shares under the Agreement
“Agreement”	the share sale agreement dated 19 January 2010 entered into among the Company, the Vendor and the Guarantor in relation to the Acquisition
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, a Sunday, a public holiday in Hong Kong, the Cayman Islands or Bermuda or a day on which typhoon signal no. 8 or above or a “black” rainstorm warning is hoisted in Hong Kong) on which banks in Hong Kong, the Cayman Islands and Bermuda are open for business
“BVI”	the British Virgin Islands
“China Jointa”	China Jointa Group Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of Fame Glory
“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)
“connected persons”	has the meaning ascribed to it under the Listing Rules

“Consideration”	the consideration for the Sale Shares of HK\$700 million payable by the Company to the Vendor
“Convertible Bonds”	the convertible bonds with principal amount of US\$15 million with a coupon rate of 2.5% due 2011 issued by Win Power to the Grantees pursuant to a subscription and investment agreement dated 7 March 2007 (as amended) entered into between Win Power and the Grantees
“Director(s)”	director(s) of the Company
“Exercise Date”	the date of exercise of the Put Options
“Exercise Price”	RMB120 million in aggregate
“Fame Glory”	Fame Glory Holding Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of Win Power
“Fame Glory Share Charge”	the share charge dated 16 March 2007 entered into among Win Power as chargor, and Kun Peng I and Kun Peng II as chargees, pursuant to which Win Power created a charge over the entire issued shares in Fame Glory in favour of Kun Peng I and Kun Peng II
“First Option”	the option granted to Kun Peng I whereby the Company shall purchase, on exercise of such option, all the shares in Win Power held by Kun Peng I (i.e. 1,094 shares in Win Power upon conversion of its relevant Convertible Bonds) pursuant to the terms and conditions of the Put Option Deed
“Fujian Yuansheng”	Fujian Yuansheng Foods Industry Co. Ltd (福建元盛食品工業有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Jointa
“Fujian Yuansheng Share Charge”	the share charge dated 16 March 2007 entered into among Jointa as chargor, and Kun Peng I and Kun Peng II as charges, pursuant to which Jointa created a charge over the entire equity interest in Fujian Yuansheng in favour of Kun Peng I and Kun Peng II
“Fuzhou Junsheng”	Fuzhou Junsheng Import and Export Co., Ltd (福州駿生進出口有限公司*), a company incorporated in the PRC and a wholly-owned subsidiary of Fuzhou Yuansheng

“Fuzhou Yunyun”	Fuzhou Yunyun Trading Co., Ltd (福州昀昀貿易有限公司*), a company incorporated in the PRC and a wholly-owned subsidiary of Fuzhou Yuansheng
“Grantees”	Kun Peng I and Kun Peng II, being the grantees under the Put Option Deed
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Chen Yu, the Vendor’s guarantor and the sole beneficial owner thereof
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jointa”	Jointa Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Fame Glory
“Jointa Share Charge”	the share charge dated 16 March 2007 entered into among Fame Glory as chargor, and Kun Peng I and Kun Peng II as chargees, pursuant to which Fame Glory created a charge over the entire issued shares in Jointa in favour of Kun Peng I and Kun Peng II
“Kun Peng I”	Kun Peng I Limited, a company incorporated in the Cayman Islands with limited liability
“Kun Peng II”	Kun Peng II Limited, a company incorporated in the Cayman Islands with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 September 2010, or such other date as the parties of the Agreement may agree in writing
“Option Completion”	completion of exercise of the Put Options pursuant to the Put Option Deed
“Option Consideration Shares”	the new Shares to be issued to the Grantees upon exercise of the Put Options, the number of which shall be calculated by dividing the Exercise Price by the Subscription Price
“Option Shares”	the shares in Win Power which will be held by Kun Peng I and Kun Peng II upon conversion of the Convertible Bonds, being 1,111 Shares in Win Power

“PRC”	the People’s Republic of China excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
“Put Options”	the First Option and the Second Option
“Put Option Deed”	the deed dated 19 January 2010 entered into between the Company and the Grantees in relation to the grant of the Put Options by the Company to the Grantees
“Sale Shares”	7,778 shares of no par value in Win Power, representing 77.78% of the total issued share capital of Win Power as at the date of this announcement
“Second Option”	the option granted to Kun Peng II whereby the Company shall purchase, on exercise of such option, all the shares in Win Power held by Kun Peng II (i.e. 17 shares in Win Power upon conversion of its relevant Convertible Bonds) pursuant to the terms and conditions of the Put Option Deed
“Sequedge”	Sequedge ASA Capital (Cayman) Limited, a company incorporated in the Cayman Islands with limited liability
“Sequedge Call Option”	a call option granted by Mr. Chen Shuquan to Sequedge pursuant to the terms of the transfer agreement dated 15 January 2010 entered into between Mr. Chen Shuquan and Sequedge pursuant to which, inter alia, Sequedge is entitled to require Mr. Chen Shuquan to transfer, free of all encumbrances, to Sequedge or its nominee such number of shares in Win Power, which together with the existing shares in Win Power held by Sequedge, shall constitute in aggregate 10% of the issued share capital of Win Power on a fully diluted basis from time to time at an exercise price of US\$1.00
“SGM”	the special general meeting to be convened to approve, among other things, the Agreement, the Put Option Deed and the transactions contemplated thereunder, and the increase in authorised share capital of the Company
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Charges”	Fame Glory Share Charge, Jointa Share Charge, Win Power Share Charge and Fujian Yuansheng Share Charge

“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the volume weighted average of the closing prices of the Shares as quoted on the Stock Exchange over the last 20 consecutive trading days up to (but not including) the Exercise Date
“Win Power”	Win Power Investment Limited, a company incorporated in the BVI with limited liability
“Win Power Group”	Win Power and its subsidiaries
“Win Power Share Charge”	the share charge dated 16 March 2007 entered into among Mr. Lin Ming as chargor, and Kun Peng I and Kun Peng II as chargees, pursuant to which Mr. Lin Ming created a charge over the entire issued shares in Win Power in favour of Kun Peng I and Kun Peng II
“Vendor”	Supreme Wealthy International Holdings Limited, a company incorporated in the BVI with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent.

For and on behalf of the Board
China Mining Resources Group Limited
Chen Shou Wu
Deputy Chairman and Chief Executive Officer

* *For identification purpose only*

Hong Kong, 19 January 2010

As at the date of this announcement, the Board comprises four executive Directors, namely Dr. You Xian Sheng (Chairman), Mr. Chen Shou Wu (Deputy Chairman and Chief Executive Officer), Mr. Wang Hui and Mr. Yeung Kwok Kuen (Chief Financial 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 the purpose of this announcement, the exchange rate of RMB1 = HK\$1.134 has been used for currency translation. Such exchange rate is for illustration purposes and does not constitute representations that any amount in RMB or HK\$ has been or could have been or may be converted into HK\$ or RMB using such exchange rate or any other exchange rate or at all.