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# 中國礦業資源集團有限公司\*

## China Mining Resources Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00340)

### ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

The Board of Directors (the “Board”) of China Mining Resources Group Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2011:

#### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 December 2011

	Notes	2011 HK\$'000	2010 HK\$'000 (Restated)
<b>Continuing operations</b>			
Revenue	4	241,649	327,775
Cost of sales		<u>(136,190)</u>	<u>(208,816)</u>
Gross profit		105,459	118,959
Other income	6	11,877	14,573
Other gains and losses	7	257,436	(1,246,530)
Selling and distribution expenses		(51,275)	(24,523)
Administrative expenses		(127,136)	(115,481)
Finance costs		(27,476)	(25,353)
Impairment losses recognised in respect of available-for-sale investments		(11,781)	(46,729)
Impairment losses recognised in respect of goodwill		—	(423,086)
Impairment losses recognised in respect of property, plant and equipment and prepaid lease payments		—	(46,678)
Impairment losses recognised in respect of exploration and evaluation assets and other intangible assets		<u>—</u>	<u>(44,091)</u>
Profit (loss) before tax		157,104	(1,838,939)
Income tax credit (expense)	8	<u>6,265</u>	<u>(5,859)</u>
Profit (loss) for the year from continuing operations		163,369	(1,844,798)

\* For identification purpose only

	<i>Notes</i>	<b>2011</b> <b><i>HK\$'000</i></b>	2010 <i>HK\$'000</i> (Restated)
<b>Discontinued operations</b>	<i>9</i>		
Profit for the year from discontinued operations		<u>11,548</u>	<u>92,259</u>
Profit (loss) for the year	<i>10</i>	<u>174,917</u>	<u>(1,752,539)</u>
<b>Other comprehensive (expense) income</b>			
Exchange differences arising on translation		(2,842)	(3,541)
Fair value (loss) gain on available-for-sale investments		(136,129)	133,289
Actuarial (loss) gain on defined benefit pension plans		<u>(1,479)</u>	<u>621</u>
Other comprehensive (expense) income for the year, net of income tax		<u>(140,450)</u>	<u>130,369</u>
Total comprehensive income (expense) for the year		<u><u>34,467</u></u>	<u><u>(1,622,170)</u></u>
Profit (loss) for the year attributable to:			
Owners of the Company:			
Profit (loss) for the year from continuing operations		70,561	(1,841,935)
Profit for the year from discontinued operations		<u>11,548</u>	<u>92,259</u>
Profit (loss) for the year attributable to owners of the Company		<u>82,109</u>	<u>(1,749,676)</u>
Non-controlling interests			
Profit (loss) for the year from continuing operations		<u>92,808</u>	<u>(2,863)</u>
Profit (loss) for the year		<u><u>174,917</u></u>	<u><u>(1,752,539)</u></u>
Total comprehensive income (expense) attributable to:			
Owners of the Company		(56,650)	(1,618,250)
Non-controlling interests		<u>91,117</u>	<u>(3,920)</u>
		<u><u>34,467</u></u>	<u><u>(1,622,170)</u></u>
Earnings (loss) per share	<i>11</i>		
From continuing and discontinued operations			
Basic (HK cents)		<u>0.90 cents</u>	<u>(26.10) cents</u>
Diluted (HK cents)		<u>0.70 cents</u>	<u>(26.10) cents</u>
From continuing operations			
Basic (HK cents)		<u>0.77 cents</u>	<u>(27.48) cents</u>
Diluted (HK cents)		<u>0.61 cents</u>	<u>(27.48) cents</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	<i>Notes</i>	<b>2011</b> <b>HK\$'000</b>	2010 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		<b>133,919</b>	111,685
Prepaid lease payments		<b>29,728</b>	33,800
Goodwill		<b>88,295</b>	88,295
Other intangible assets		<b>159,032</b>	143,542
Biological assets		<b>12,264</b>	—
Available-for-sale investments		<b>222,092</b>	326,710
Deposit for acquisition of tea mountain		<b>—</b>	20,705
		<b>645,330</b>	724,737
<b>Current assets</b>			
Inventories		<b>182,431</b>	164,754
Trade and other receivables	<i>12</i>	<b>135,033</b>	96,446
Prepaid lease payments		<b>3,562</b>	3,873
Held-for-trading investments		<b>—</b>	34,353
Short term loan and loan interest receivables		<b>16,230</b>	—
Bank balances and cash		<b>152,829</b>	391,894
		<b>490,085</b>	691,320
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	<b>254,446</b>	260,593
Amounts due to non-controlling shareholders		<b>—</b>	150,500
Tax liabilities		<b>61,198</b>	62,454
Bank borrowings		<b>32,956</b>	82,645
Other borrowings		<b>1,221</b>	1,181
Provisions		<b>6,428</b>	64,540
		<b>356,249</b>	621,913
<b>Net current assets</b>		<b>133,836</b>	69,407
<b>Total assets less current liabilities</b>		<b>779,166</b>	794,144

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
<b>Non-current liabilities</b>		
Deferred income	53,835	35,782
Other borrowings	5,238	19,233
Provisions	104,060	76,311
Deferred tax liabilities	8,303	18,747
Other long term payables	76,525	92,768
Non-redeemable convertible preference shares	52,338	52,036
	<u>300,299</u>	<u>294,877</u>
	<u><b>478,867</b></u>	<u><b>499,267</b></u>
<b>Capital and reserves</b>		
Share capital	913,878	913,878
Share premium and reserves	<u>(629,841)</u>	<u>(493,218)</u>
Equity attributable to owners of the Company	284,037	420,660
Non-controlling interests	<u>194,830</u>	<u>78,607</u>
	<u><b>478,867</b></u>	<u><b>499,267</b></u>

Notes:

## 1. GENERAL

China Mining Resources Group Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

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

The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are mining, processing and sales of molybdenum, sales of tea products and online video broadcasting. The Group was also engaged in (i) mining, processing and sales of copper and zinc which was discontinued during the year ended 31 December 2010; and (ii) mining, processing and sales of other minerals such as rutiles, silicon and iron which was discontinued during the year 31 December 2011 (see Note 9).

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

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

Amendments to HKFRSs Hong Kong Accounting Standard (“HKAS”) 24 (as revised in 2009)	Improvements to HKFRSs issued in 2010 Related Party Disclosures
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC) — Int 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments

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

HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets <sup>1</sup> Disclosures — Offsetting Financial Assets and Financial Liabilities <sup>2</sup> Mandatory Effective Date of HKFRS 9 and Transition Disclosures <sup>3</sup>
HKFRS 9	Financial Instruments <sup>3</sup>
HKFRS 10	Consolidated Financial Statements <sup>2</sup>
HKFRS 11	Joint Arrangements <sup>2</sup>
HKFRS 12	Disclosure of Interests in Other Entities <sup>2</sup>
HKFRS 13	Fair Value Measurement <sup>2</sup>
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income <sup>5</sup>
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets <sup>4</sup>
HKAS 19 (Revised in 2011)	Employee Benefits <sup>2</sup>
HKAS 27 (Revised in 2011)	Separate Financial Statements <sup>2</sup>
HKAS 28 (Revised in 2011)	Investments in Associates and Joint Ventures <sup>2</sup>
Amendments to HKAS 32	Presentation — Offsetting Financial Assets and Financial Liabilities <sup>6</sup>
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine <sup>2</sup>

- <sup>1</sup> Effective for annual periods beginning on or after 1 July 2011.  
<sup>2</sup> Effective for annual periods beginning on or after 1 January 2013.  
<sup>3</sup> Effective for annual periods beginning on or after 1 January 2015.  
<sup>4</sup> Effective for annual periods beginning on or after 1 January 2012.  
<sup>5</sup> Effective for annual periods beginning on or after 1 July 2012.  
<sup>6</sup> Effective for annual periods beginning on or after 1 January 2014.

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

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

### 4. REVENUE

An analysis of the Group's revenue for the year, from continuing operations is as follows:

	<b>2011</b> <i>HK\$'000</i>	2010 <i>HK\$'000</i> (Restated)
Continuing operations		
Sales of goods		
— tea products	<b>147,645</b>	140,532
— molybdenum	<b>94,004</b>	187,243
	<b>241,649</b>	327,775

### 5. SEGMENT INFORMATION

Information reported to the Company's chief executive officer, being the chief operating decision maker ("CODM") for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. This is also the basis upon which the Group is organised and specifically focuses on the Group's operating divisions.

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

Tea products	— production and sales of tea
Molybdenum	— mining, processing and sales of molybdenum
Online video business ("iTV")	— online video broadcasting (a new division in 2010 and not yet commence business)
Copper and zinc	— mining, processing and sales of copper and zinc
Others	— mining, processing and sales of other minerals such as rutile, silicon and iron

The operating segments of (i) mining, processing and sales of copper and zinc; and (ii) mining, processing and sales of other minerals such as rutile, silicon and iron was discontinued in 2010 and 2011 respectively. The segment information does not include any amounts for these discontinued operations, which are described in more detail in Note 9.

### Segment revenue and results

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

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

##### *Continuing operations*

	Tea products <i>HK\$'000</i>	Molybdenum <i>HK\$'000</i>	iTV <i>HK\$'000</i> <i>(Note)</i>	Total <i>HK\$'000</i>
<b>REVENUE</b>				
Segment revenue — external sales	<u>147,645</u>	<u>94,004</u>	<u>—</u>	<u>241,649</u>
<b>RESULT</b>				
Segment profit	<u>16,369</u>	<u>3,404</u>	<u>42,543</u>	<u>62,316</u>
Unallocated income				
— Interest income on bank deposits				2,568
— Gain on disposal of subsidiaries				146,780
— Gain on disposal of property, plant and equipment and prepaid lease payments				38,447
— Interest income from liability component of non-redeemable convertible preference shares				3,352
— Waived of debt of other payables				2,731
— Gain on changes of estimation on land refill cost				42,493
— Others				<u>984</u>
Total unallocated income				<u>237,355</u>
Unallocated expenses				
— Central administrative expenses				(115,091)
Finance costs				<u>(27,476)</u>
Profit before tax (continuing operations)				<u><u>157,104</u></u>

***For the year ended 31 December 2010 (Restated)***

*Continuing operations*

	Tea products <i>HK\$'000</i>	Molybdenum <i>HK\$'000</i>	iTV <i>HK\$'000</i> <i>(Note)</i>	Total <i>HK\$'000</i>
<b>REVENUE</b>				
Segment revenue — external sales	<u>140,532</u>	<u>187,243</u>	<u>—</u>	<u>327,775</u>
<b>RESULT</b>				
Segment loss	<u>(435,687)</u>	<u>(2,328)</u>	<u>(1,300,238)</u>	<u>(1,738,253)</u>
Unallocated income				
— Interest income on bank deposits				1,895
— Gain on changes in fair value of held-for-trading investments				27,470
— Gain on disposal of property, plant and equipment and prepaid lease payments				10,783
— Others				<u>18,950</u>
Total unallocated income				<u>59,098</u>
Unallocated expenses				
— Central administrative expenses				(134,431)
Finance costs				<u>(25,353)</u>
Loss before tax (continuing operations)				<u><u>(1,838,939)</u></u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represent the result from each segment without allocation of central administration costs, directors' salaries, other income (mainly includes interest income on bank deposits and waived of loan interest), interest income from liability component of non-redeemable convertible preference shares, waived of debt of the payable, gain on changes of estimation on land refill cost, gain on disposal of subsidiaries, gain on disposal of property, plant and equipment and prepaid lease payment, changes in fair value of held-for-trading investments and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

*Note:* In determining the segment result of iTV for the year ended 31 December 2010, a “purchase costs recognised as expense” of approximately HK\$1,299,511,000 has been included, in which, one of the other receivables of approximately HK\$57,935,000 (equivalent to RMB50,000,000) has been provided impairment before calculating that “purchase costs recognised as expense”.

As the above-mentioned other receivables has been received by the Group during the year ended 31 December 2011, a reversal of impairment losses on the other receivables of approximately HK\$50,449,000 (equivalent to RMB41,950,000) have been included in determining the segment result of iTV for the year ended 31 December 2011.



## Segment assets and liabilities

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

At 31 December 2011

	Tea products <i>HK\$'000</i>	Molybdenum <i>HK\$'000</i>	iTV <i>HK\$'000</i>	Discontinued operations <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>ASSETS AND LIABILITIES</b>					
Segment assets	<u>427,622</u>	<u>346,060</u>	<u>38,700</u>	<u>—</u>	<u>812,382</u>
Unallocated assets					
— Available-for-sale investments					222,092
— Bank balances and cash					85,924
— Others					<u>15,017</u>
Total unallocated assets					<u>323,033</u>
Total assets					<u><u>1,135,415</u></u>
Segment liabilities	<u>74,300</u>	<u>440,954</u>	<u>3,451</u>	<u>—</u>	<u>518,705</u>
Unallocated liabilities					
— Other payables					16,004
— Tax liabilities					61,198
— Non-redeemable convertible preference shares					52,338
— Deferred tax liabilities					<u>8,303</u>
Total unallocated liabilities					<u>137,843</u>
Total liabilities					<u><u>656,548</u></u>

At 31 December 2010

	Tea products HK\$'000	Molybdenum HK\$'000	iTV HK\$'000	Discontinued operations HK\$'000	Total HK\$'000
<b>ASSETS AND LIABILITIES</b>					
Segment assets	<u>417,955</u>	<u>291,395</u>	<u>11,934</u>	<u>17</u>	<u>721,301</u>
Unallocated assets					
— Available-for-sale investments					326,710
— Held-for-trading investments					34,353
— Bank balances and cash					294,290
— Others					<u>39,403</u>
Total unallocated assets					<u>694,756</u>
Total assets					<u><u>1,416,057</u></u>
Segment liabilities	<u>41,512</u>	<u>449,694</u>	<u>21,555</u>	<u>3,602</u>	<u>516,363</u>
Unallocated liabilities					
— Other payables					116,690
— Amounts due to non- controlling shareholders					150,500
— Tax liabilities					62,454
— Non-redeemable convertible preference shares					52,036
— Deferred tax liabilities					<u>18,747</u>
Total unallocated liabilities					<u>400,427</u>
Total liabilities					<u><u>916,790</u></u>

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

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

## Other segment information

### For the year ended 31 December 2011

#### Continuing operations

	Tea products HK\$'000	Molybdenum HK\$'000	iTV HK\$'000	Sub-total HK\$'000	Unallocated HK\$'000	Total HK\$'000
<b>Amounts included in the measure of segment profit or loss or segment assets:</b>						
Additions to non-current assets excluding financial instruments	35,506	22,732	2,632	60,870	40	60,910
Depreciation and amortisation	9,927	12,609	474	23,010	2,951	25,961
Impairment losses recognised in respect of trade and other receivables	1,369	2,762	—	4,131	—	4,131
Reversal of impairment losses recognised in respect of trade and other receivables	(2,501)	—	—	(2,501)	(1,148)	(3,649)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### For the year ended 31 December 2010

#### Continuing operations

	Tea products HK\$'000	Molybdenum HK\$'000	iTV HK\$'000	Sub-total HK\$'000	Unallocated HK\$'000	Total HK\$'000
<b>Amounts included in the measure of segment profit or loss or segment assets:</b>						
Additions to non-current assets excluding financial instruments	25,955	35,838	4,802	66,595	87	66,682
Impairment losses recognised in respect of exploration and evaluation assets and other intangible assets	44,091	—	—	44,091	—	44,091
Impairment losses recognised in respect of goodwill	423,086	—	—	423,086	—	423,086
Depreciation and amortisation	6,827	1,825	31	8,683	2,998	11,681
Impairment losses recognised in respect of trade and other receivables	6,625	754	—	7,379	—	7,379
Impairment losses recognised in respect of property, plant and equipment and prepaid lease payments	—	46,678	—	46,678	—	46,678
Reversal of impairment losses recognised in respect of trade and other receivables	—	(9,422)	—	(9,422)	—	(9,422)
Reversal of allowance for inventories	(5)	(548)	—	(553)	—	(553)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## Geographical information

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

Information about the Group's revenue from continuing operations from external customers is presented based on the geographical location of customer. Information about the Group's non-current assets (excluding financial instruments) is presented based on the geographical location of the assets.

### For the year ended 31 December 2011

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

### For the year ended 31 December 2010 (Restated)

	The PRC (Country of domicile) <i>HK\$'000</i>	Hong Kong <i>HK\$'000</i>	Europe <i>HK\$'000</i>	Macau <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	150,007	2,230	147,649	24,565	3,324	327,775
Non-current assets excluding financial instruments	<u>384,143</u>	<u>13,884</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>398,027</u>

## Information about major customers

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

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Customer A <sup>2</sup>	79,682	36,271
Customer B <sup>1</sup>	47,824	38,815
Customer C <sup>2</sup>	N/A <sup>3</sup>	110,880

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

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

<sup>3</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group in the respective year.

## 6. OTHER INCOME

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i> (Restated)
<b>Continuing operations</b>		
Interest income on bank deposits	2,568	1,895
Net income from sale of scrap materials	51	23
Government grants ( <i>Note</i> )	4,211	12,257
Waived of loan interest	1,149	—
Interest income from available-for-sale investment	3,352	—
Others	546	398
	<u>11,877</u>	<u>14,573</u>

*Note:* In 2011, government grants received of approximately HK\$2,018,000 (2010: HK\$12,022,000) were received by the Group from the government as a financial subsidy to the Group. The government grants are recognised directly in other income upon receipt.

## 7. OTHER GAINS AND LOSSES

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i> (Restated)
<b>Continuing operations</b>		
Waived of debt of other payables	2,731	—
Reversal of tax recoverable previously written off	8,128	8,665
Gain on changes of estimation on land refill cost	42,493	—
Foreign exchange gain	2,707	2,391
Gain on disposal of property, plant and equipment and prepaid lease payments	38,447	10,783
Gain from changes in fair value of held-for-trading investments	—	27,470
Gain from changes in fair value of biological assets	184	—
Loss on disposal of available-for-sale investments	(191)	—
Loss on disposal of held-for-trading investments	(34,292)	—
Gain on disposal of subsidiaries	146,780	—
Reversal of (purchase costs) recognised as expense	50,449	(1,299,511)
Others	—	3,672
	<u>257,436</u>	<u>(1,246,530)</u>

## 8. INCOME TAX (CREDIT) EXPENSE

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i> (Restated)
<b>Continuing operations</b>		
Current tax:		
Hong Kong	16	—
PRC Enterprise Income Tax	<u>3,298</u>	<u>9,554</u>
	<u>3,314</u>	<u>9,554</u>
Overprovision in prior years:		
PRC Enterprise Income Tax	<u>—</u>	<u>(653)</u>
Deferred tax:		
Current year	<u>(9,579)</u>	<u>(3,042)</u>
Income tax (credit) expense	<u><u>(6,265)</u></u>	<u><u>5,859</u></u>

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

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

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

The tax (credit) expense for the year can be reconciled to the profit (loss) before tax per the consolidated statement of comprehensive income as follows:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i> (Restated)
Profit (loss) before tax: (from continuing operations)	<u>157,104</u>	<u>(1,838,939)</u>
Tax at the domestic income tax rate of 25%	39,276	(459,735)
Tax effect of expenses not deductible for tax purposes	45,956	467,487
Tax effect of income not taxable for tax purposes	(137,243)	(31,424)
Tax effect of tax loss not recognised	59,428	21,972
Tax effect of deductible temporary differences not recognised	(9,741)	12,627
Income tax on concessionary rate	(3,367)	(5,032)
Effect of different tax rate of subsidiaries	(574)	—
Others	<u>—</u>	<u>(36)</u>
Income tax (credit) expense for the year	<u><u>(6,265)</u></u>	<u><u>5,859</u></u>

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

## 9. DISCONTINUED OPERATIONS

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

On 22 November 2010, the Group entered into a sale agreement to dispose of a subsidiary, Harbin Songjiang Copper Enterprise Co. Ltd. (“HSC”), which was engaged in the Group’s mining, processing and sales of copper and zinc operation. The disposal was effected in order to generate cash flows for the expansion of the Group’s other businesses. The disposal was completed on 29 November 2010, on which date control of HSC was passed to the acquirer.

The profit for the year from discontinued operations for Xinganmeng and HSC is analysed as follows:

	<b>2011</b> <b>HK\$’000</b>	2010 HK\$’000 (Restated)
Profit of processing and sales of other minerals such as rutile, silicon and iron operations for the year	—	1,343
Gain on disposal of processing and sales of other minerals such as rutile, silicon and iron operations	<b>11,548</b>	—
Loss of mining, processing and sales of copper and zinc operation for the year	—	(9,733)
Gain on disposal of mining, processing and sales of copper and zinc operation	—	100,649
	<b>11,548</b>	92,259

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

	<b>2011</b> <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Revenue	—	9,957
Cost of sales	—	<u>(8,571)</u>
Gross profit	—	1,386
Other gains and losses	—	141
Administrative expenses	—	<u>(184)</u>
Profit for the year	<u>—</u>	<u>1,343</u>

The results of the mining, processing and sales of copper and zinc operations which have been included in the consolidated statement of comprehensive income, were as follows:

	2010 <i>HK\$'000</i>
Revenue	4,195
Cost of sales	<u>(3,058)</u>
Gross profit	1,137
Other income	230
Other gains and losses	654
Selling and distribution expenses	(30)
Administrative expenses	<u>(11,724)</u>
Loss for the period	<u>(9,733)</u>

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

	<b>2011</b> <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Contributed operating cash flow:		
Net operating cash inflow from Xinganmeng	—	1,343
Net operating cash outflow from HSC	—	<u>(7,365)</u>
	<u>—</u>	<u>(6,022)</u>



## 10. PROFIT (LOSS) FOR THE YEAR

### Continuing operations

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i> (Restated)
Profit (loss) for the year has been arrived at after charging (crediting):		
Directors' remuneration	16,503	31,150
Other staff's salaries, bonus and allowances	33,727	42,689
Other staff's contribution to retirement benefits schemes	718	4,709
Total staff costs	<u>50,948</u>	<u>78,548</u>
Impairment losses recognised in respect of trade and other receivables	4,131	7,379
Reversal of allowance for inventories (included in cost of sales)	—	(553)
Reversal of impairment losses on trade and other receivables	(3,649)	(9,422)
Amortisation of other intangible assets	3,104	1,143
Amortisation of prepaid lease payments	5,831	3,263
Auditors' remuneration	1,500	2,600
Costs of inventories recognised as an expense	136,190	208,816
Depreciation of property, plant and equipment	<u>17,026</u>	<u>7,275</u>

## 11. EARNINGS (LOSS) PER SHARE

### From continuing and discontinued operations

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

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i> (Restated)
Profit (loss) for the year attributable to owners of the Company and earnings (loss) for the purposes of basic earnings per share	82,109	(1,749,676)
Effect of dilutive potential ordinary shares: Interest on non-redeemable convertible preference shares	<u>8,232</u>	<u>—</u>
Profit (loss) for the purposes of diluted earnings per share	<u>90,341</u>	<u>(1,749,676)</u>

	<b>Number of shares</b>	
	<b>2011</b>	2010
	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares for the purposes of basic earnings (loss) per share	<b>9,138,782</b>	6,703,295
Effect of dilutive potential ordinary shares:		
Non-redeemable convertible preference shares ( <i>Note</i> )	<u><b>3,776,190</b></u>	<u>—</u>
Weighted average number of ordinary shares for the purposes of diluted earnings (loss) per share	<u><b>12,914,972</b></u>	<u>6,703,295</u>

### **From continuing operations**

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

	<b>2011</b>	2010
	<b>HK\$'000</b>	<b>HK\$'000</b>
		(Restated)
Profit (loss) for the year attributable to owners of the Company	<b>82,109</b>	(1,749,676)
<i>Less:</i> Profit for the year from discontinued operations	<u><b>(11,548)</b></u>	<u>(92,259)</u>
Profit (loss) for the purpose of basic earnings per share from continuing operations	<b>70,561</b>	(1,841,935)
Effect of dilutive potential ordinary shares:		
Interest on non-redeemable convertible preference shares	<u><b>8,232</b></u>	<u>—</u>
Profit (loss) for the purpose of diluted earnings (loss) per share from continuing operations	<u><b>78,793</b></u>	<u>(1,841,935)</u>

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

*Note:* The computation of diluted loss per share for the year ended 31 December 2010 does not assume the conversion of the Company's outstanding share options and non-redeemable convertible preference shares since their exercise would result in a decrease in loss per share for the year.

### **From discontinued operations**

Basic earnings per share for the discontinued operations in 2011 is HK0.13 cents (2010: HK1.38 cents per share) and diluted earnings per share for the discontinued operations in 2011 is HK\$0.09 cents (2010: HK\$1.38 cents per share), based on the profit for the year from the discontinued operations of approximately HK\$11,548,000 (2010: HK\$92,259,000) and the denominators detailed above for both basic and diluted earnings (loss) per share.

## 12. TRADE AND OTHER RECEIVABLES

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Trade receivables	102,840	71,789
<i>Less: Allowance for doubtful debts</i>	<u>(6,646)</u>	<u>(6,323)</u>
	<u>96,194</u>	<u>65,466</u>
Other receivables	78,879	79,651
<i>Less: Allowance for doubtful debts</i>	<u>(59,381)</u>	<u>(61,478)</u>
	<u>19,498</u>	<u>18,173</u>
Deposits and prepayments	<u>19,341</u>	<u>12,807</u>
Total trade and other receivables	<u><u>135,033</u></u>	<u><u>96,446</u></u>

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

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
0 — 30 days	34,432	24,194
31 — 60 days	3,954	267
61 — 90 days	16,964	36,586
Over 90 days	<u>40,844</u>	<u>4,419</u>
	<u><u>96,194</u></u>	<u><u>65,466</u></u>

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and credit quality attributed to customers are reviewed once a year. At 31 December 2011, approximately 58% (2010: 85%) of the trade receivables that are neither past due nor impaired have the best credit quality assessed by the Group.

Included in the Group's trade receivables balance as at 31 December 2011 are debtors with aggregate carrying amount of approximately HK\$56,049,000 (2010: HK\$4,419,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered to be recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 90 days (2010: 90 days).

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

	<b>2011</b> <i>HK\$'000</i>	2010 <i>HK\$'000</i>
31 — 90 days	<b>3,594</b>	—
Over 90 days	<b>52,455</b>	4,419
	<b><u>56,049</u></b>	<b><u>4,419</u></b>

Included in the Group's trade receivables past due over 90 days but not impaired are receivable from one of the major customers of mining, processing and sales of molybdenum segment with approximately HK\$39,627,000. The customer was a stated owned enterprise located in the PRC and has long term business relationship with the Group. In view of the past repayment records and the high credit rating of this customer, the directors of the Company are in the opinion that no impairment on these long overdue balances is required.

Movement in the allowance for doubtful debts for trade receivables:

	<b>2011</b> <i>HK\$'000</i>	2010 <i>HK\$'000</i>
At beginning of the year	<b>6,323</b>	4,612
Exchange adjustments	<b>216</b>	223
Impairment losses reversal	<b>(1,148)</b>	(128)
Impairment losses recognised	<b>1,255</b>	1,616
At the end of the year	<b><u>6,646</u></b>	<b><u>6,323</u></b>

Movement in the allowance for doubtful debts for other receivables:

	<b>2011</b> <i>HK\$'000</i>	2010 <i>HK\$'000</i>
At beginning of the year	<b>61,478</b>	64,257
Exchange adjustments	<b>1,470</b>	752
Disposal of subsidiaries	<b>(3,942)</b>	—
Impairment losses reversal	<b>(2,501)</b>	(9,294)
Impairment losses recognised	<b>2,876</b>	5,763
At the end of the year	<b><u>59,381</u></b>	<b><u>61,478</u></b>

Included in the Group's allowance for doubtful debts are individually impaired trade receivables and other receivables with an aggregate balance of approximately HK\$6,646,000 (2010: HK\$6,323,000) and HK\$59,381,000 (2010: HK\$61,478,000) respectively in which the directors of the Company consider that the Group is unlikely to recover these debts as they are long outstanding over one year. The Group does not hold any collateral over these balances.

### 13. TRADE AND OTHER PAYABLES

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Trade payables	17,759	17,610
Other payables and accruals ( <i>Note</i> )	<u>236,687</u>	<u>242,983</u>
	<u><b>254,446</b></u>	<u><b>260,593</b></u>

*Note:* The amount includes approximately HK\$37,216,000 (2010: HK\$27,710,000) mining right payables to be settled in the next twelve months from the end of the reporting period.

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

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
0 — 90 days	14,024	13,261
91 — 180 days	266	44
181 — 365 days	368	504
Over 1 year	<u>3,101</u>	<u>3,801</u>
	<u><b>17,759</b></u>	<u><b>17,610</b></u>

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

### FINAL DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 31 December 2011 (2010: Nil).

### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 23 May 2012 to Friday, 25 May 2012, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending the forthcoming annual general meeting of the Company, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited, at 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 22 May 2012.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Results

For the financial year ended 31 December 2011, the Group recorded a consolidated revenue of HK\$241,649,000 (2010: HK\$327,775,000) and gross profit of HK\$105,459,000 (2010: HK\$118,959,000) from continuing operations, representing a decrease of 26% and 11% respectively as compared with last year. The decrease in revenue was mainly due to decrease of revenue generated from Harbin Songjiang Copper (Group) Company Limited (“Harbin Songjiang”) and its subsidiaries (“Harbin Songjiang Group”).

The Group’s profit attributable to owners of the Company amounted to HK\$82,109,000 (2010: loss of HK\$1,749,676,000).

The staff costs of HK\$29,768,000 (2010: HK\$12,699,000) representing an increase that arises from granting of share options to directors, employees and consulting firms of the Group was recognised as expenses during the year.

### Review of Operations

#### Harbin Songjiang Group

Harbin Songjiang is based in Harbin, Heilongjiang Province, the People’s Republic of China (the “PRC”) and specialises in the mining, processing and sales of molybdenum. Harbin Songjiang Group contributed HK\$94,004,000 (2010: HK\$187,243,000) and HK\$3,404,000 (2010: loss of HK\$2,328,000) to the Group’s revenue and profit respectively for the year ended 31 December 2011. Despite the continuing moderate recovery of the ferro molybdenum market in the PRC, mining business revenue for the year ended 31 December 2011 decreased by HK\$93,239,000 or 50% to HK\$94,004,000 in 2011 from HK\$187,243,000 in 2010. The decrease was mainly attributable to the decrease of sales volume of ferro molybdenum from 1,194 tonnes in 2010 to 605 tonnes in 2011. Considering the current relative lower market price of ferro molybdenum in oversea market, the management of Harbin Songjiang Group strategically minimised its selling efforts and hold the ferro molybdenum inventory until the market price to be recovered. The cost of sales of Harbin Songjiang Group decreased from HK\$145,815,000 in 2010 to HK\$72,019,000 in 2011. The average gross profit margin was 23% in 2011 (2010: 22%).

## **King Gold Group**

King Gold (“King Gold”) and its subsidiaries (“King Gold Group”) is principally engaged in cultivation, research, production and sale of Chinese tea products, and its products selling under the brand names of “武夷” and “武夷星” are well-recognised in the PRC as premium tea products and widely distributed throughout the country. King Gold Group contributed HK\$147,645,000 (2010: HK\$140,532,000) and HK\$16,369,000 (2010: loss of HK\$435,687,000) to the Group’s revenue and profit for the year ended 31 December 2011 respectively. As there is no impairment loss recognised for goodwill and brand name for the year ended 31 December 2011, the tea business recorded a profit in the year of 2011 from its business operations. For the financial year ended 31 December 2011, King Gold Group generated a revenue of HK\$147,645,000 (2010: HK\$140,532,000). This represented an increase of HK\$7,113,000 or 5% in revenue when compared with last year as a result of tea market development. The cost of sales of King Gold Group for the year was HK\$64,170,000 (2010: HK\$63,001,000). The average gross profit margin was 57%, representing a slightly increase of 2% as compared with 55% in last year.

## **Year Joy Group**

Year Joy Investments Limited (“Year Joy”) indirectly holds the entire interest in Beijing Nian Yue Technology Co., Ltd. (“Beijing Nian Yue”), a wholly foreign-owned company established in the PRC with limited liability. Beijing Nian Yue owns 100% of the economic benefit from the operation of the iTV business of China iTV Network Co., Ltd. (“China iTV”), a company established in the PRC on 7 September 1998 with limited liability, through an exclusive business operation agreement. China iTV is mainly engaged in online video service which involves an online video platform that offers various contents and delivers various value-added services to the customers of telecommunication operators in the PRC. In July 2011, the pilot program was run on the “WO” platform (“沃門戶”) of Unicom Broadband Online Ltd, an internet provider in the PRC. It is expected that the iTV business will start generating revenue in the foreseeable future. Year Joy Group contributed HK\$42,543,000 (2010: loss of HK\$1,300,238,000) to the Group’s profit for the year ended 31 December 2011, which was mainly attributable to the net off effect of the reversal of purchase costs recognised as expenses of approximately HK\$50,449,000 and recognition of operating expenses, e.g. staff costs, office expenses etc, of the iTV business of approximately HK\$8,996,000 during the year ended 31 December 2011.

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

The Group invested in several Canada listed mining companies which were held for the purpose of long-term investments and capital gain and dividend income during the year ended 31 December 2011. The investment portfolio of the Group, including available-for-sale investments and held-for-trading investments, had a depreciation during the year ended 31 December 2011. The net decrease in fair value of the investment portfolio during the year was HK\$182,393,000 (2010: increase of HK\$133,630,000) including decrease in fair value and net loss on disposal.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 31 December 2011, the Group had total assets and net assets amounted to HK\$1,135,415,000 (2010: HK\$1,416,057,000) and HK\$478,867,000 (2010: HK\$499,267,000), respectively. The current ratio was 1.38, as compared to 1.11 as of last year end.

As at 31 December 2011, the Group had bank balances and cash, of HK\$152,829,000 (2010: HK\$391,894,000), and most of which were denominated in Renminbi and Hong Kong dollars. At the end of the reporting period, the Group had: (i) bank borrowings of HK\$32,956,000 (2010: HK\$82,645,000) which were interest-bearing at floating rates with reference to the prevailing borrowing rate quoted by the People's Bank of China and (ii) other loans of HK\$6,459,000 (2010: HK\$20,414,000), of which HK\$1,221,000 was interest free and HK\$5,238,000 was interest-bearing at 2.55% per annum. The gearing ratio, as a ratio of total borrowings to shareholders' fund was 13.9% (2010: 60.3%).

## **FOREIGN EXCHANGE RISK MANAGEMENT**

As part of the Group's assets and liabilities are denominated in Hong Kong Dollar, Canadian Dollar and United States Dollar in order to minimise the foreign currency risk, the Group aims to utilise the fund for transactions that are denominated in the same currency.

## **SHARE CAPITAL**

As at 31 December 2011, the Company had 9,318,782,211 ordinary shares and 3,776,190,000 non-redeemable convertible preference shares in issue with total shareholders' fund of the Group amounting to approximately HK\$1,291,497,000.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES**

There were no material acquisitions or disposals of subsidiaries during the year ended 31 December 2011.

## **CONTINGENT LIABILITIES**

As at 31 December 2011, the Group had no contingent liability (2010: Nil).

As disclosed in the announcement of the Company dated 8 November 2011, the Company has received a writ of summons issued by the High Court of HKSAR on 8 November 2011 (the "Writ") pursuant to which Mr. Lin Min and Fujian Yuansheng Foods Industry Co. Ltd. ("Fujian Yuansheng") (named as the plaintiffs in the writ) alleged that, amongst other things, the Company and 27 other co-defendants and/or certain PRC government officials had acted in conspiracy in obtaining ownership and control of certain assets of the plaintiffs and they were claiming for, amongst other things, damages from all 28 defendants jointly and severally in the total amount of RMB1,589,000,000.



As the Company has not obtained any interests in Fujian Yuanshen and is seeking legal advice in response the Writ, in the opinion of the directors, the possible of an outflow of resources embodying economic benefit is remote.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2011, the Group had approximately 13 and 1,026 employees in Hong Kong and Mainland China respectively.

Employees are remunerated at a competitive level and are rewarded according to their performance. Our Group's remuneration packages include medical scheme, group insurance, mandatory provident fund for Hong Kong employees, social insurance packages for Mainland China employees, performance bonus and share option scheme.

According to the share option scheme adopted by the Company on 26 June 2002, share options may be granted to directors, employees and other eligible participants of the Group to subscribe for shares in the Company in accordance with the terms and conditions stipulated therein.

## **PROSPECTS**

The Group has maintained a stable mining production for the year 2011. In view of the relatively low market price of ferro molybdenum in 2011, the sales of ferro molybdenum is strategically slowdown until the market price has recovered. In October 2011, Harbin Songjiang was awarded by the Ministry of Land and Resources of the PRC and the Ministry of Finance as one of top forty consolidated utilisation of mining resources model base (礦產資源綜合利用示範基地).

The tea business maintained stable throughout the year. Under the fierce tea market environment in the PRC, we believe continuous brand-building and retail market development will enlarge our market share and enhance our competitive strengths. Since August 2011, the Group has been promoting its brand national-wide through advertisements on various channels. In addition, the Group is cooperating with a famous PRC literature and art company to launch a new tea brand "Impression Dahongpao tea" ("印象大紅袍茶"). In November 2011, the brand name of "武夷星 WUYI STAR 及圖" has obtained the accolade of "Famous brand of China" (中國馳名商標) from National Industry and Commerce Bureau Trademark Bureau (國家工商總局商標局). Meanwhile, the Group plans to expand its marketing channels through the establishment of more chain stores in 2012 including flagship stores, own-operated stores and franchised stores, and building the online sale platform, e.g. the Taobao shop etc. Furthermore, the Group will develop new and exclusive tea products, including products under the Impression Dahongpao series, some exclusive types of products for "Diao Yu Tai" ("釣魚臺") boutiques and some new types of products for online sale.

For the online video business, the Group will continue to focus on the cooperation with the major telecommunication operators in the PRC and develop more value-added services, including, but not limited to, online video service, mobile value-added service to the telecommunication operators customers. Moreover, the Group plans to purchase more popular Japanese animations to enhance its

content library and redistribute to other online video companies. The ultimate goal for the online video business is to have a long-term and stable cooperative relationship with the PRC major telecommunication operators and continue to develop relevant internet and mobile value-added service applications to the end-users of the telecommunication operators.

On 7 February 2012, the Company announced that the Independent Commission Against Corruption was conducting an investigation which relates to allegations relating to certain previous transactions of the Company. Trading of the shares of the Company has been suspended since 10:42 a.m. on 11 October 2011. As disclosed in the announcement of the Company dated 7 February 2012, the Board took the view that the aforementioned investigation has no material impact on the Group's operations, assets or financial position. For further details, please refer to the said announcement.

During the current year, the global economy is still fluctuating and the PRC inflation pressure was further intensified. Under the ever-changing market environment, we overcome all difficulties with concerted efforts through strengthening our internal management process and promoting efficient cost control and capital utilization so as to enhance economic benefit. Looking ahead, we will continue our active development strategies, deepen market penetration, increase product innovation, develop new profit growth spots, in order to promote sales growth, increase market share and enhance our competitiveness in our business sectors, so that to generate the greatest return for shareholders.

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

The Company has not redeemed any of its securities during the year ended 31 December 2011. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities during the year.

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

Throughout the year ended 31 December 2011, the Company has applied the principles of the Code on Corporate Governance Practices (the "Code") as set out in the Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and complied with all the applicable code provisions of the Code.

#### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the year ended 31 December 2011, and they all confirmed that they had fully complied with the required standards set out in the Model Code.

## **AUDIT COMMITTEE**

As at the date of this announcement, the audit committee of the Company comprises Mr. Chong Cha Hwa, Mr. Chu Kang Nam and Mr. Lin Xiang Min, all of them are independent non-executive directors. The consolidated financial results of the Group for the year ended 31 December 2011 have been reviewed by the audit committee of the Company.

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

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

The 2011 annual report of the Company will be dispatched to the shareholders of the Company and available on the above websites in due course.

## **SCOPE OF WORK OF ZHONGLEI (HK) CPA COMPANY LIMITED**

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2011 have been agreed by the Group's auditor, ZHONGLEI (HK) CPA Company Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by ZHONGLEI (HK) CPA Company Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGLEI (HK) CPA Company Limited on the preliminary announcement.

## **APPRECIATION**

On behalf of the Board, I would like to take this opportunity to express my appreciation to the continuous support of our shareholders and hard work and dedication of all our staff over the past year.

By Order of the Board  
**China Mining Resources Group Limited**  
**Chen Shou Wu**  
*Deputy Chairman and Chief Executive Officer*

Hong Kong, 30 March 2012

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