THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Mining Resources Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of China Mining Resources Group Limited.

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 70% EQUITY INTEREST IN YEAR JOY INVESTMENTS LIMITED AND INCREASE IN AUTHORISED SHARE CAPITAL

A notice convening the special general meeting of China Mining Resources Group Limited to be held at Room 1306, 13/F., Bank of America Tower, 12 Harcourt Road, Admiralty, Hong Kong on Monday, 6 December 2010 at 2:30 p.m. is set out on pages SGM-1 to SGM-7 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of China Mining Resources Group Limited in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not later than 48 hours before the time for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

19 November 2010

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

"Acquisition"	the proposed acquisition of the Sale Shares by the Purchaser for a total consideration of HK$1,386 million pursuant to terms and conditions of the Agreement
"Agreement"	the sale and purchase agreement dated 2 October 2010 entered into among the Purchaser, the Vendors and the Guarantor in relation to the Acquisition
"Announcement"	the announcement of the Company dated 3 October 2010 in relation to, among other things, the Acquisition
"associates"	has the meaning ascribed to it under the Listing Rules
"Beijing Nian Yue"	北京年悅科技有限公司 (Beijing Nian Yue Technology Co., Ltd.*), a wholly-foreign-owned company established in the PRC on 13 September 2010 with limited liability
"Board"	the board of Directors
"Business Agreement"	an exclusive business operation agreement dated 29 September 2010 entered into between Beijing Nian Yue and China iTV pursuant to which China iTV has granted a 20-year exclusive right to Beijing Nian Yue to provide technical support and consulting service to China iTV for managing the iTV Business
"Business Day"	any day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
"BVI"	British Virgin Islands
"China iTV"	九州時代數碼科技有限公司 (China iTV Network Co., Ltd.*), a company established in the PRC on 7 September 1998 with limited liability

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"Company"	China Mining Resources Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 340)
"Completion"	completion of the Agreement
"connected persons"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the consideration for the Sale Shares of HK$1,386 million payable by the Purchaser to the Vendors
"Consideration Shares"	2,347,620,000 new Shares to be issued by the Company to Vendor 2 and Vendor 3 at the Issue Price as part of the Consideration
"Conversion Shares"	up to 3,776,190,000 new Shares which may fall to be issued upon full conversion of the Convertible Preference Shares at the conversion ratio of one Convertible Preference Share to one Share (subject to adjustment)
"Convertible Preference Shares"	an aggregate of 3,776,190,000 non-voting convertible preference shares to be issued by the Company to Vendor 1 and Vendor 2 as part of the Consideration
"Director(s)"	director(s) of the Company
"Enlarged Group"	the Group upon Completion, which includes the Group, 70% equity interest in Year Joy, Top Delight, Beijing Nian Yue and China iTV
"Exclusive Option Agreement"	an exclusive option agreement dated 29 September 2010 entered into among Beijing Nian Yue, the owners of China iTV and China iTV pursuant to which the owners of China iTV irrevocably granted to Beijing Nian Yue an exclusive right to purchase the entire equity interest in China iTV
"Executive"	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission pursuant to the Takeovers Code

"Group"	the Company and its subsidiaries
"Guarantor"	Mr. Wong Chiu Fung
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Huishi (Hainan)"	匯視(海南)有限公司(Combined Television Networks Ltd.*), a company established in the PRC with limited liability
"Independent Third Party(ies)"	independent third party(ies) who is (are) not connected person(s) of the Company and is (are) independent of the Company and connected persons of the Company
"Issue Price"	the issue price of each Consideration Share and each Convertible Preference Share (i.e. HK$0.21 each)
"iTV"	online video
"iTV Business"	an online video platform offering various video contents including but not limited to various kinds of TV programmes, music videos, blockbusters and Japanese animations
"Latest Practicable Date"	17 November 2010, being the latest practicable date prior to the printing of this circular for ascertaining information referred to in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Media Strategic Framework Agreement"	an agreement dated 13 January 2009 entered into between Huishi (Hainan) and China iTV pursuant to which Huishi (Hainan) agrees to provide different TV contents to China iTV for an initial term of 10 years, which can be extended for another 10 years
"Power of Attorney(s)"	the power of attorney(s) entered into by the shareholders of China iTV on 29 September 2010

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"Purchaser"	Famous Class Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
"PRC" or "China"	the People's Republic of China excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan for the purpose of this circular
"Sale Shares"	an aggregate of 70 shares of Year Joy, representing 70% of the total issued share capital of Year Joy
"SFO"	Securities and Future Ordinance (Chapter 571 of the laws of Hong Kong)
"SGM"	the special general meeting of the Company to be convened and held on Monday, 6 December 2010 at 2:30 p.m. at Room 1306, 13/F., Bank of America Tower, 12 Harcourt Road, Admiralty, Hong Kong to approve, among other things, the Agreement 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 Pledge Agreement"	a share pledge agreement to be entered into by Vendor 2 upon Completion
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

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"Strategic Framework Agreement"	an agreement dated 27 October 2008 and as supplemented by a supplement agreement dated 10 December 2009 entered into among China iTV, Unicom Broadband and Huishi (Hainan) pursuant to which it was agreed that (i) China iTV is responsible for online video services, media dissemination platform, management, establishment of fee management system, operation and construction; (ii) Unicom Broadband agrees to provide machine room, broadband services, fee collection system, advertising and promotion, call centre services, SMS alert, repair and maintenance services, after sales services; and (iii) Huishi (Hainan), as established by the broadcasting stations of 36 provinces in the PRC including but limited to broadcasting stations in Guangdong, Beijing, Tianjin and Chongqing, agrees to provide various video contents such as TV dramas
"Takeovers Code"	Hong Kong Code on Takeovers and Mergers
"Top Delight"	Top Delight Investments Limited, a company incorporated in Hong Kong on 18 June 2010 with limited liability
"TV"	television
"Unicom Broadband"	聯通寬帶在線有限公司 (Unicom Broadband Online Ltd.*), a wholly-owned subsidiary of 中國聯合網絡通信股份有限公司(China United Network Communications Limited*)
"Valuation Report"	the valuation report on the iTV Business prepared by the Valuer as of 31 August 2010, the text of which is contained in Appendix V of this circular
"Valuer"	Roma Appraisals Limited, an independent valuer
"Vendor 1"	Ms. Ho Ping Tanya
"Vendor 2"	Double Joy Enterprise Limited, a company incorporated in the BVI with limited liability

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"Vendor 3"	Skypro Holdings Limited, a company incorporated in the BVI with limited liability
"Vendors"	Vendor 1, Vendor 2 and Vendor 3
"Year Joy"	Year Joy Investments Limited, a company incorporated in the BVI with limited liability
"Year Joy Group"	Year Joy and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"%"	per cent.

For illustration purposes, figures in RMB in this circular have been translated into HK$ at the exchange rate of RMB1=HK$1.168. Such conversion shall not be construed as a representation that amounts in RMB were or may have been converted into HK$ using such exchange rate or any other exchange rate or at all.

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)

Executive Directors:
Dr. You Xian Sheng *(Chairman)*
Mr. Chen Shou Wu *(Deputy Chairman and Chief Executive Officer)*
Mr. Wang Hui
Mr. Yeung Kwok Kuen *(Chief Financial Officer)*

Non-executive Director:
Mr. Lam Ming Yung

Independent non-executive Directors:
Mr. Chan Sze Hon
Mr. Chu Kang Nam
Mr. Goh Choo Hwee
Mr. Lin Xiang Min

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
Room 1306, 13th Floor
Bank of America Tower
12 Harcourt Road, Admiralty
Hong Kong

19 November 2010

To the Shareholders,

Dear Sir or Madam,

MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF 70% EQUITY INTEREST IN YEAR JOY INVESTMENTS LIMITED AND INCREASE IN AUTHORISED SHARE CAPITAL

INTRODUCTION

On 3 October 2010, the Board announced that the Company entered into the Agreement with the Vendors and the Guarantor, pursuant to which the Company has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the Sale Shares, being

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70 shares in Year Joy (representing 70% of the issued share capital of Year Joy) for a consideration of HK$1,386 million. The Consideration will be satisfied by the Company as to (i) HK$100 million in cash; (ii) HK$493 million by way of the allotment and issue of an aggregate of 2,347,620,000 Consideration Shares at the Issue Price to Vendor 2 and Vendor 3 (or their respective nominees); and (iii) HK$793 million by way of the allotment and issue of an aggregate of 3,776,190,000 Convertible Preference Shares at the Issue Price to Vendor 1 and Vendor 2 (or their respective nominees).

The Acquisition constitutes a major transaction for the Company under the Listing Rules. The Agreement and the transactions contemplated thereunder including the issue of the Consideration Shares and the Convertible Preference Shares are subject to the approval of the Shareholders at the SGM. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder is required to abstain from voting in respect of the proposed ordinary resolutions at the SGM.

As at the Latest Practicable Date, the authorised share capital of the Company was HK$1,000,000,000 comprising 10,000,000,000 Shares, of which 6,791,162,211 Shares were in issue. In order to accommodate the future expansion and growth of the Group as well as the issue of the Consideration Shares, the Convertible Preference Shares and the Conversion Shares to be issued upon conversion of the Convertible Preference Shares, the Board proposes to increase the Company's authorised share capital from HK$1,000,000,000 to HK$5,000,000,000 by creating an additional 36,223,810,000 new Shares and 3,776,190,000 new Convertible Preference 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 purpose of this circular is to provide you with, among other things, (i) details of the Agreement; (ii) financial and other information on the Group; (iii) financial information on the Year Joy Group; (iv) financial information on China iTV; (v) unaudited pro forma financial information of the Enlarged Group; (vi) the Valuation Report; and (vii) the notice convening the SGM.

THE AGREEMENT

Date

2 October 2010

Parties

(i)	Vendors	:	Vendor 1 (Ms. Ho Ping Tanya); Vendor 2 (Double Joy Enterprise Limited); and Vendor 3 (Skypro Holdings Limited)
(ii)	Purchaser	:	Famous Class Limited, a wholly-owned subsidiary of the Company; and
(iii)	Guarantor	:	Mr. Wong Chiu Fung

Vendor 2 and Vendor 3 are both investment holding companies incorporated in the BVI. Pursuant to the Agreement, Mr. Wong Chiu Fung, who is the beneficial owner of Vendor 2, agrees to guarantee all the obligations and liabilities of Vendor 2 as required under the Agreement.

Save for being a party to the Agreement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendors and its beneficial owners are (i) independent of each other; (ii) third parties independent of the Company and the connected persons of the Company and is not a connected person of the Company.

Assets to be acquired

Pursuant to the Agreement, the assets to be acquired by the Purchaser are the Sale Shares representing a total of 70 shares in Year Joy or 70% equity interest of Year Joy.

As at the date of the Agreement, Year Joy was owned as to 35% by Vendor 1, 32% by Vendor 2, 3% by Vendor 3 and 30% by an Independent Third Party. Shareholding structure of Year Joy immediately before and after Completion is set out in the paragraph headed "Shareholding Structure of the Year Joy Group" below.

Year Joy is an investment holding company and its principal asset is its investment in Top Delight, which in turn holds the entire interest in Beijing Nian Yue. The principal activity of Top Delight is investment holding. Pursuant to the Business Agreement, China iTV has granted a 20-year exclusive right to Beijing Nian Yue to provide technical support and consulting service to China iTV for managing its iTV Business. On the same date, all the shareholders of China iTV have authorised, through the Power of Attorneys, Beijing Nian Yue to act as their exclusive agent and attorney with respect to the matters including but not limited to (i) attending shareholder's meeting of China iTV; (ii) exercising all the shareholder's rights and shareholder's voting rights; and (iii) designating and appointing the directors and other key management members of China iTV. By way of the Business Agreement and the Power of Attorneys, Beijing Nian Yue will enjoy 100% economic benefit from the iTV Business. Further information relating to the iTV Business is set out in the paragraph headed "Information on the Year Joy Group" below.

The Consideration

The consideration of HK$1,386 million is to be satisfied in the following manner:

(i) as to HK$40 million paid to Vendor 2 by the Purchaser in cash as a refundable deposit (the "Deposit") within five Business Days from the date of the Agreement;

(ii) as to HK$60 million payable to Vendor 2 by the Purchaser in cash within five Business Days upon Completion;

(iii) as to HK$693 million payable to Vendor 1 by way of the allotment and issue of 3,300,000,000 Convertible Preference Shares at the Issue Price upon Completion;

(iv) as to HK$533.6 million payable to Vendor 2 by way of the allotment and issue of 2,064,760,000 Consideration Shares and 476,190,000 Convertible Preference Shares at the Issue Price upon Completion; and

(v) as to HK$59.4 million payable to Vendor 3 by way of the allotment and issue of 282,860,000 Consideration Shares at the Issue Price upon Completion.

The Consideration was arrived at after arm's length negotiations between the Company and the Vendors and was determined after taking into consideration (i) the preliminary valuation of the Year Joy Group; and (ii) the growth potentials of the streaming media in the PRC as detailed in the paragraph headed "Reasons for the Acquisition" below. The valuation, prepared based on market approach, valued 100% equity interest of the Year Joy Group (including Beijing Nian Yue and China iTV) at RMB1,679 million (equivalent to approximately HK$1,961 million) as at 31 August 2010. The valuation of 70% equity interest of the Year Joy Group as at 31 August 2010 amounted to approximately HK$1,373 million, which is not materially deviated from the Consideration and such small deviation is mainly attributable to the exchange difference arising from the conversion from RMB to HK$. In view of the immateriality of the premium of less than 1% and the expected continuous appreciation of RMB, the Directors consider the Consideration is fair and reasonable. Details of the valuation are set out in the Valuation Report in Appendix V to this circular. The Company intends to fund the cash portion of the Consideration by internal resources.

The Consideration Shares

The Consideration Shares shall be allotted and issued at the Issue Price in the following manner:

(i) as to 2,064,760,000 Consideration Shares to be allotted and issued to Vendor 2 (or its nominees) upon Completion; and

(ii) as to 282,860,000 Consideration Shares to be allotted and issued to Vendor 3 (or its nominees) upon Completion.

The total of 2,347,620,000 Consideration Shares represent approximately (i) 34.6% of the existing issued share capital of the Company; and (ii) 25.7% of the share capital of the Company as enlarged by the allotment and issue of the Consideration Shares. The Consideration Shares shall rank pari passu with all other Shares in issue as at the date of the allotment. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The allotment and issue of the Consideration Shares is subject to the approval by the Shareholders at the SGM.

The Acquisition will not result in a change in control of the Company.

The Convertible Preference Shares

The Convertible Preference Shares shall be allotted and issued at the Issue Price in the following manner:

(i) as to 3,300,000,000 Convertible Preference Shares to be allotted and issued to Vendor 1 (or its nominees) upon Completion; and

(ii) as to 476,190,000 Convertible Preference Shares to be allotted and issued to Vendor 2 (or its nominees) upon Completion.

The principal terms of the Convertible Preference Shares to be issued by the Company are set out as follows:

Number of shares:	3,776,190,000 shares
Dividend, bonus issue, distribution and voting right:	Holders of the Convertible Preference Shares shall not be entitled to any dividend payment or any distribution (including the bonus issue) of the Company other than interest at the rate of 1% per annum on the Issue Price, payable on the last day of every six (6) months of the date of issue of the Convertible Preference Shares. The Convertible Preference Shares shall not carry any voting right.
Conversion and redemption:	The Convertible Preference Shares are not redeemable. Holders of the Convertible Preference Shares shall have the right to convert the Convertible Preference Shares into Shares at the conversion ratio of one Convertible Preference Share into one Share (subject to adjustment). The Company shall be responsible for payment of all taxes and stamp, issue and registration fees and duties (if any), and the levies and charges (if any) of the Stock Exchange arising on any such conversion.

If the issue of the Shares following the exercise of the conversion right by a holder of the Convertible Preference Shares would result in (a) a holder of the Convertible Preference Shares and parties acting in concert with it (as defined in the Takeovers Code), taken together, directly or indirectly controlling or being interested in 30% or more of the entire issued capital of the Company (or such other percentage may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) as at the date of conversion unless either (i) the holder and parties acting in concert with it comply with the Takeovers Code and make a general offer to acquire for all the Shares not already owned by them; or (ii) a whitewash waiver to waive the requirement for the holder and parties acting in concert with it to make the mandatory general offer is approved by the independent shareholders of the Company and is granted by the Executive before the date of completion of the conversion; and (b) the Company not meeting the requirement under the Listing Rules applicable to the Company that not less than 25% (or the minimum percentage as set out in the Listing Rules from time to time) shall be held by the public (the "Public Float Requirement") immediately after the conversion; then the number of Shares to be issued pursuant to such conversion shall be limited to the maximum number of Shares issuable by the Company which would not result in a breach of the Public Float Requirement or a mandatory general offer being triggered under the Takeovers Code (as the case may be), and the balance of the conversion right attached to the Convertible Preference Shares which the holder of the Convertible Preference Shares sought to convert shall be suspended until such time when the Company is able to issue new Shares in satisfaction of the exercise of the said balance of the conversion right in compliance with the Public Float Requirement or without triggering a mandatory general offer under the Takeovers Code or the general offer is made by the holder and parties acting in concert with it or a whitewash waiver is approved and granted as set out above.

If while any of the Convertible Preference Shares remain outstanding, the Company shall subdivide or consolidate the Shares, the conversion ratio applicable to any subsequent conversion shall in the case of a subdivision be increased or in the case of a consolidation be reduced proportionately.

Save as provided above, no adjustment will be made to the conversion ratio as a result of any other changes to the share capital of the Company, including without limitation to the generality of the foregoing, any bonus issue, scrip dividend or other distribution and any rights issue or other issue of shares, options to subscribe for or any other securities convertible into Shares.

Conversion Shares: On the basis of one Convertible Preference Share to be converted into one Share, a total of 3,776,190,000 Conversion Shares will be issued upon full conversion of the Convertible Preference Shares.

The Conversion Shares shall upon issue rank pari passu in all respects with the then issued Shares.

Listing: No application will be made for the listing of the Convertible Preference Shares on any stock exchange. Application will be made for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange.

Ranking: The Convertible Preference Shares shall rank equally among themselves.

On a return of capital in liquidation or otherwise the assets of the Company available for distribution among the members of the Company, holders of the Convertible Preference Shares and the Shares shall rank pari passu with each other.

Transferability: The Convertible Preference Shares are freely transferable. Any transfer shall be in compliance with the bye-laws of the Company, applicable laws and regulatory requirements including the rules of any stock exchange on which the securities of the Company are listed.

Up to 3,776,190,000 Conversion Shares to be issued upon full conversion of the Convertible Preference Shares represent approximately 55.6% of the existing share capital of the Company, and approximately 29.2% of the issued share capital of the company as enlarged by the issue of the Consideration Shares and Conversion Shares upon full conversion of the Convertible Preference Shares. The Conversion Shares will be issued subject to the approval by the Shareholders at the SGM.

The Issue Price

The Issue Price represents:

(i) a discount of approximately 13.6% to the closing price of HK$0.243 per Share as quoted on the Stock Exchange on 30 September 2010, being the last trading day of the Shares prior to the date of the Agreement;

(ii) a discount of approximately 11.0% 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 30 September 2010 of HK$0.236 per Share;

(iii) a discount of approximately 14.3% 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 30 September 2010 of HK$0.245 per Share;

(iv) a premium of approximately 158.3% over the unaudited consolidated net asset value per Share attributable to the Shareholders of approximately HK$0.0813 as at 30 June 2010; and

(v) a discount of approximately 1.4% to the closing price of HK$0.213 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Issue Price was determined with reference to the prevailing market price of the Shares after taking into account the unaudited consolidated net asset value per Share as at 30 June 2010.

Conditions precedent

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

(a) the Purchaser and the Company having been satisfied with the results of the due diligence review on the assets, operations, financial positions, prospects and other conditions of the Year Joy Group, including but not limited to (i) the Purchaser having been satisfied with, among other things, the due incorporation and subsistence of Year Joy, and legality and transferability of the Sale Shares; (ii) the receipt of a legal opinion (in such form and substance to the satisfaction of the Purchaser and the Company) issued by the PRC legal advisers covering matters on, among other things, the due establishment and subsistence, the legality of ownership of assets and business operations of China iTV which was established in the PRC and the legality of the Business Agreement, the Strategic Framework Agreement and the Media Strategic Framework Agreement; and (iii) the receipt of the audited accounts of each of the members of the Year Joy Group for the last three years or such other period of time as approved by the Purchaser (in such form and substance to the satisfaction of the Purchaser);

(b) the approval by the Shareholders in general meeting of (i) the increase of the Company's authorised share capital from HK$1,000,000,000 to HK$5,000,000,000 comprising 46,223,810,000 Shares and 3,776,190,000 Convertible Preference Shares; (ii) the Acquisition and the transactions contemplated under the Agreement (including the issue of new Shares by the Company to the Vendors) at the SGM of the Company in accordance with the Listing Rules;

(c) the execution of an undertaking of each of the members of the Year Joy Group and China iTV that each of them will not transfer any of its intellectual property rights and its qualifications for the business operation within 20 years from the date of Completion (in such form and substance to the satisfaction of the Purchaser);

(d) the execution of non-competition undertakings from each of the Vendors and the shareholders of China iTV;

(e) the licences required for the business operations of the Year Joy Group and China iTV having been granted and remaining legally valid and in force upon Completion, and the relevant fees having been duly settled or fully settled;

(f) the intellectual property rights related to the business operations of the Year Joy Group and China iTV or used by the members of the Year Joy Group and China iTV having been registered under the relevant members of the Year Joy Group and China iTV;

(g) all the representations and warranties contained in the Agreement remaining true, accurate and not misleading in all respects;

(h) the Purchaser having obtained the duly executed service contracts from the major members of the management and the core technical personnel of the Year Joy Group and China iTV covering a term of not less than three years from the date of Completion (in such form and substance to the satisfaction of the Purchaser);

(i) commencing from 31 August 2010 and ending on the date of Completion, there not being discovered or known any abnormal operations or any material adverse change in the business, assets or operations, or any undisclosed material potential risks in respect of the Year Joy Group or China iTV;

(j) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares;

(k) the Business Agreement, Strategic Framework Agreement and Media Strategic Framework Agreement remaining legally valid and in force as at the date of the Agreement and as at the date of Completion; and

(l) the execution by Vendor 2 of the Share Pledge Agreement.

Pursuant to the terms of the Agreement, save for conditions (b) and (j), all the conditions above may be waived by the Purchaser. However, the Board has no intention to waive condition (a)(ii) above in respect of the legality of any of the Business Agreement, the Strategic Framework Agreement and the Media Strategic Framework Agreement. If the above conditions (except condition (g)) are not fulfilled or waived (as the case may be) on or before 31 March 2011 or such other date as the Purchaser and the Vendors may agree in writing, all rights and obligations of the parties under the Agreement will lapse and be of no effect except for the antecedent breach and the Deposit will be refunded to the Purchaser within one Business Day from the date of termination of the Agreement.

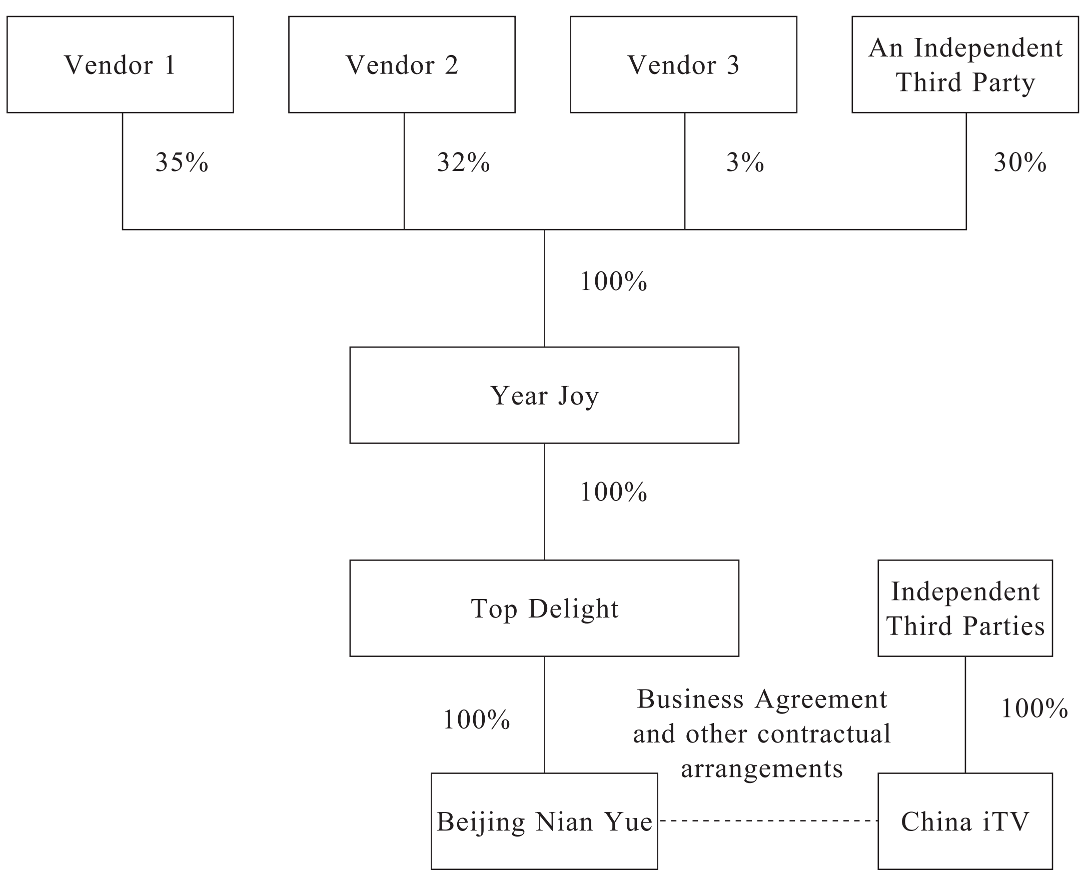
As Completion is subject to the fulfillment of a number of conditions precedent, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

Share Pledge Agreement

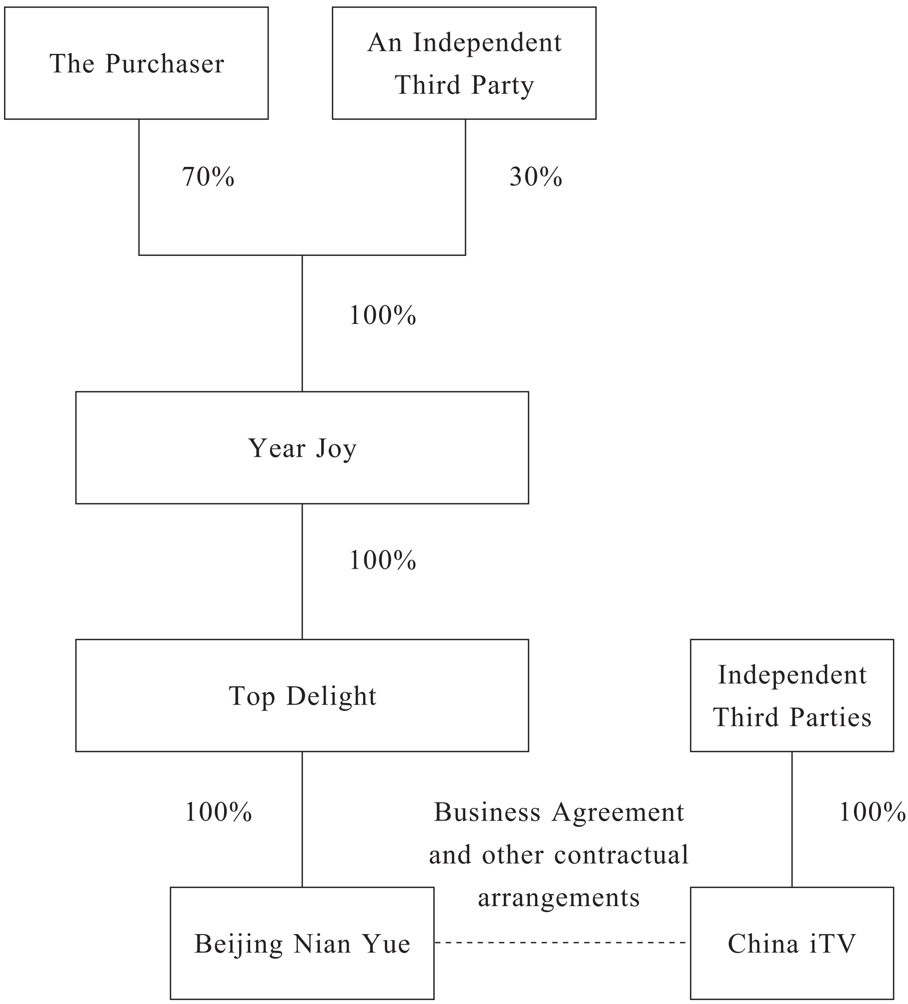
As at the date of the Agreement, other receivables of RMB50 million (approximately HK$58.4 million) were recorded on the accounts of China iTV. Pursuant to the Agreement, Vendor 2 has agreed to enter into the Share Pledge Agreement upon Completion pursuant to which Vendor 2 agrees to pledge to the Purchaser 476,190,000 Consideration Shares to be issued to it as security for procuring the repayment of the aforesaid other receivables. The pledge will be released upon receipt of the aforesaid outstanding other receivables by China iTV.

SHAREHOLDING STRUCTURE OF THE YEAR JOY GROUP

Set out below is the shareholding structure of the Year Joy Group before Completion:



Set out below is the shareholding structure of the Year Joy Group immediately after Completion:



SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is a summary of the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the issue of the Consideration Shares; and (iii) immediately after the issue of the Consideration Shares and full conversion of the Convertible Preference Shares:

	As at the Latest Practicable Date		Immediately after the issue of the Consideration Shares		Immediately after the issue of the Consideration Shares and full conversion of the Convertible Preference Shares *(Note 2)*	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*
Vendor 1	—	—	—	—	3,300,000,000	25.5
Vendor 2	—	—	2,064,760,000	22.6	2,540,950,000	19.7
Vendor 3	—	—	282,860,000	3.1	282,860,000	2.2
The Vendors	—	—	2,347,620,000	25.7	6,123,810,000	47.4
Mr. Yeh Tung-Ming *(Note 1)*	398,686,000	5.87	398,686,000	4.4	398,686,000	3.1
Other public shareholders	6,392,476,211	94.13	6,392,476,211	69.9	6,392,476,211	49.5
Total public shareholders	6,791,162,211	100.0	6,791,162,211	74.3	6,791,162,211	52.6
Total	6,791,162,211	100.0	9,138,782,211	100.0	12,914,972,211	100.0

Notes:

1. These Shares are held by Fit Plus Limited which is wholly and beneficially owned by Mr. Yeh Tung Ming, being the single largest shareholder of the Company as at the Latest Practicable Date, and are treated as public float of the Company.

2. Under the terms of the Convertible Preference Shares, Conversion Shares will not be issued to the Vendors if they and parties acting in concert with them will hold, immediately after the issue of the Conversion Shares, 30% or more of the voting rights in the Company or such other percentages of voting rights that will incur an obligation to make a mandatory offer under the Takeovers Code unless either (i) they comply with the Takeovers Code to make a general offer to acquire all the Shares not already owned by them; or (ii) a whitewash waiver to waive the requirement for the Vendors and parties in concert with them to make a mandatory general offer is approved by the independent shareholders of the Company and is granted by the Executive before the date of completion of the conversion.

INFORMATION ON THE YEAR JOY GROUP

Year Joy, Top Delight and Beijing Nian Yue

Year Joy is an investment holding company incorporated in the BVI on 8 June 2010 and its principal asset is its investment in Top Delight, which in turn holds the entire interest in Beijing Nian Yue, a wholly-foreign-owned enterprise established in the PRC. The principal activity of Top Delight is investment holding while that of Beijing Nian Yue is its 100% economic benefit from the operation of the iTV Business of China iTV through the Business Agreement.

Based on the accountants' report of the Year Joy Group prepared in accordance with Hong Kong Financial Reporting Standards as set out in Appendix II to this circular, the Year Joy Group recorded an audited consolidated net loss (both before and after tax) of approximately HK$25,000 for the period from the date of incorporation to 31 August 2010. The audited consolidated net liabilities of the Year Joy Group as at 31 August 2010 was approximately HK$25,000.

Pursuant to the Business Agreement, China iTV, on 29 September 2010, has granted a 20-year exclusive right to Beijing Nian Yue to provide technical support and consulting service to China iTV for managing the iTV Business. The Business Agreement provides that without the written consent of Beijing Nian Yue, China iTV shall not directly or indirectly accept the same or any similar consultation and/or services provided by any third party. On the same date, all the shareholders of China iTV have authorised, through the Power of Attorneys, Beijing Nian Yue to act as their exclusive agent and attorney with respect to the matters including but not limited to (i) attending shareholder's meeting of China iTV; (ii) exercising all the shareholder's rights and shareholder's voting rights; and (iii) designating and appointing the directors and other key management members of China iTV. By way of the Business Agreement and the Power of Attorneys, Beijing Nian Yue will enjoy 100% economic benefit from the iTV Business.

On 29 September 2010, Beijing Nian Yue, the owners of China iTV and China iTV also entered into the Exclusive Option Agreement pursuant to which the owners of China iTV irrevocably granted Beijing Nian Yue an exclusive right to purchase the entire equity interest in China iTV (the "Option"). Pursuant to the Exclusive Option Agreement, the Option is exercisable at the sole and absolute discretion of Beijing Nian Yue, and the exercise price of the Option (i.e. the consideration for the acquisition of the equity interest in China iTV by Beijing Nian Yue) would be the lowest consideration as permitted under the PRC laws as at the time of exercise of the Option. Beijing Nian Yue did not pay any premium for the Option and has not exercised the Option as at the Latest Practicable Date. The Company will comply with the applicable requirements under the Listing Rules upon exercise of the Option by Beijing Nian Yue after Completion.

The PRC legal adviser of the Company advised that the iTV Business is a prohibited business for foreign invested enterprise in the PRC, and the Business Agreement and the other contractual arrangements between Beijing Nian Yue and China iTV do not violate the relevant PRC laws and regulations. The PRC legal advisers also advised that the current structure and contractual arrangements pursuant to the Acquisition are lawful and enforceable under the PRC laws, and that Beijing Nian Yue could exercise the right to acquire part of or the entire equity interest in China iTV if it is allowed by the relevant PRC rules and regulation in future.

China iTV

China iTV is wholly owned by the Independent Third Parties and was established in the PRC on 7 September 1998 with a scope of business involving network technology development, technology consulting, software development, system integration, development and application of logistics technology system. Since the date of establishment, China iTV has not commenced any business operation.

Based on the accountants' report of China iTV prepared in accordance with Hong Kong Financial Reporting Standards as set out in Appendix III to this circular, China iTV recorded a net loss (both before and after tax) of approximately RMB2,396,000 for the year ended 31 December 2007, approximately RMB2,427,000 for the year ended 31 December 2008 and approximately RMB1,346,000 for the year ended 31 December 2009. The audited net assets of China iTV as at 31 August 2010 were approximately RMB41,627,000.

China iTV will be engaged in the iTV Business which involves an online video platform offering various video contents including but not limited to various kinds of TV programmes, music videos, blockbusters and Japanese animations. Although the iTV Business is yet to be launched by the end of 2010, China iTV has entered into the Strategic Framework Agreement and the Media Strategic Framework Agreement in 2008 and 2009 respectively to secure the operational support from Unicom Broadband relating to system infrastructure, advertising and sales and the access to Unicom Broadband's customer base, and to obtain a variety of video and TV contents from Huishi (Hainan). Only after securing the required support and video and TV contents, China iTV could commence network and software development, website construction and contents editing. As advised by the PRC legal advisers of the Company, the operation of the iTV Business by China iTV requires three licences including (i) Licence for Telecom and Information Service (電信與信息服務業務經營許可證) issued by Beijing Communication Administration (北京市通信管理局); (ii) Broadcast of Audio-Video Program On Web Permit (信息網絡傳播視聽節目許可證) issued by State Administration of Radio, Film and Television (國家廣播電影電視總局); and (iii) the Network Cultural Business Permit (網絡文化經營許可證) issued by Beijing

Cultural Administration(北京市文化局). As at the Latest Practicable Date, China iTV has obtained the first two licences which are valid from 14 September 2010 to 12 February 2014 and from 28 March 2009 to 28 March 2012 respectively and is applying for the third licence for its iTV operation under the PRC laws. It is expected that China iTV will obtain such licence by the end of December 2010 before the running of the pilot program. As advised by the PRC legal advisers of the Company, there is no material legal impediment for China iTV to obtain the Network Cultural Business Permit(網絡文化經營許可證).

Pursuant to the Strategic Framework Agreement, (i) China iTV is responsible for online video services, media dissemination platform, management, establishment of fee management system, operation and construction; (ii) Unicom Broadband agrees to provide machine room, broadband services, fee collection system, advertising and promotion, call centre services, SMS alert, repair and maintenance services, after sales services; and (iii) Huishi (Hainan), as established by the broadcasting stations of 36 provinces in the PRC including but limited to broadcasting stations in Guangdong, Beijing, Tianjin and Chongqing, agrees to provide various video contents such as TV dramas. The Strategic Framework Agreement has an initial term of six years and can be extended for another five years. On 13 January 2009, China iTV also entered into the Media Strategic Framework Agreement with Huishi (Hainan), pursuant to which Huishi (Hainan) agrees to provide different TV contents to China iTV for an initial term of 10 years, which can be extended for another 10 years.

By way of the Strategic Framework Agreement, the Media Strategic Framework Agreement and the cooperation contracts with other content providers, China iTV is equipped to become an online video provider which provides streaming broadcasting of various video contents including but not limited to exclusive interviews of celebrities, Chinese TV dramas, Korean TV dramas and documentaries on its website with an aim to attract the existing broadband users of Unicom Broadband to subscribe for the watching of the online video contents at a monthly subscription fee. With a view to catering for the growing appetite for online video contents and other value-added services, China iTV also intends to provide online games and instant messengers on its website, and establish an extensive video library with, in addition to the aforesaid TV shows, international blockbusters, music videos and Japanese animations.

Unlike other streaming broadcasting websites generating their major revenue from advertisement and banners, China iTV is able to generate its revenue from the monthly subscription fee as it intends to bundle its online video services with the broadband services provided by Unicom Broadband, which in turn allows China iTV to collect the subscription fee of the subscribers through the existing fee collecting system of Unicom Broadband.

According to the existing business plan, China iTV aims at introducing its online video services to major cities in the PRC within five years. After entering into the Strategic Framework Agreement and Media Strategic Framework Agreement, China iTV has commenced its preparation works for the launch of the iTV Business including (i) recruitment of professional staff for the development of the website; (ii) appointment of independent professional party to carry out a feasibility study on the iTV Business in terms of the business model, operation system, budget, risk and etc thereby it concluded that the iTV Business is technically, economically and financially feasible; (iii) negotiation with other content providers; (iv) construction of the website and the iTV platform; (v) test-run of the website and the program of iTV platform; and (vi) coordination with Unicom Broadband in respect of the connection between two systems. As at the Latest Practicable Date, China iTV recruited 41 staff for the development of the website.

China iTV and other content providers also entered into contracts including (i) a non-exclusive purchase agreement dated 20 September 2010 entered into between China iTV and Zhejiang Dong Yang Media Limited ("Zhejiang Dong Yang") relating to provision of TV contents from Zhejiang Dong Yang for a term of three years; (ii) an exclusive agreement dated 28 September 2010 entered into between China iTV and Hua Wen Television Centre ("Hua Wen") relating to provision of documentary films from Hua Wen for a term of three years; (iii) a strategic cooperation agreement dated 28 September 2010 entered into between China iTV and People's Daily China News Hua Wen Television Centre ("People's Daily") relating to provision of articles, pictures and video from People's Daily with a valid period from date of the agreement to 30 December 2015; and (iv) a non-exclusive purchase agreement dated 30 September 2010 entered into between China iTV and Beijing Da Lu Qiao Culture Development Company Limited ("Beijing Da Lu Qiao") relating to provision of TV contents from Beijing Da Lu Qiao for a term of three years.

The integration between the systems of Unicom Broadband and China iTV also completed and is currently under testing. It is expected that China iTV will commence the iTV Business by the end of 2010 by gathering all the video contents from Huishi (Hainan) in the production centre in Beijing and setting up the distribution centre to distribute the selected video contents to the metropolitan area network ("MAN") to be established in the trial cities in Fujian, Hebei, Shanxi and Heilongjiang provinces. By means of MAN, only the subscribers located in the city where MAN is established have access to the online video contents on the website, eliminating the latency of the network and ensuring the transmission quality of the online video broadcasting. It is expected that the pilot program will be first run in Qingdao or other preferred cities in Fujian, Hebei, Shanxi and Heilongjiang provinces selected by Unicom Broadband and that China iTV is able to start its iTV Business in the selected cities and generate turnover from first quarter of 2011 once there are subscribers for China iTV's online video services. The long-term intention of China iTV is to provide its online video services to those cities which Unicom Broadband currently covers.

REASONS FOR THE ACQUISITION

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

As disclosed in the interim report of the Group for the six months ended 30 June 2010, the Group's mining business has been facing successive challenges in the past few years whilst the tea business recorded loss in the first half 2010 due to the unexpected natural disasters of ice storm and flood which took place in the period in the Group's Wuyishan production sites.

With a view to better utilising the cash resources and improve the profitability of the Group, the Group will actively look for attractive merger and acquisition opportunities domestically and internationally and strive to extend its business reach and enhance profitability to maximise its shareholder's value.

As described in the paragraph headed "Information on the Year Joy Group" above, the major asset of the Year Joy Group is its investment in Beijing Nian Yue, which enjoys 100% economic benefit from the iTV Business to be carried out by China iTV. China iTV is an operator of an online video website which provides a great variety of video contents to the subscribers at a monthly subscription fee. Leveraging on the subscriber base of more than 40 million subscribers and the fee collecting system of Unicom Broadband, China iTV is capable of generating its revenue not only from the advertisement and banners on the website, but also from the subscription fee of the online video subscribers. The Group will also enter into service contracts with the major members of the management and the core technical personnel of the Year Joy Group and China iTV, by which the Enlarged Group will be equipped with the expertise of the senior management and will be well positioned to launch the iTV Business.

At present, there is no intention to change the composition of the Board upon Completion. Mr. You Xian Sheng, the Chairman and executive Director of the Company, has prior experience in the information technology industry. Mr. You, as the Chairman of Department of Electronic Industry and the chairman of Department of Information Industry of Fujian Province during February 1998 to November 2000, was responsible for supporting the development and growth of the information technology industry (including TV and broadband industries), especially in managing and solving issues and problems encountered by the relevant enterprises. In addition, Mr. You was responsible for the formulation of relevant rules and regulations for the development of the information technology industry in Fujian Province. As such, Mr. You has in-depth knowledge and expertise to operate and oversee the iTV Business. Meanwhile, the Group will retain the key members of the management and the core technical personnel of the Year Joy Group and China iTV to manage the daily operations of the iTV Business.

Set out below are the biographies of the key members of management and the core technical personnel of China iTV:

Zhang Xuan Wei (張軒巍)

Mr. Zhang Xuan Wei, aged 30, was appointed as a Vice President of the Research and Development Centre of China iTV on 1 August 2010. Mr. Zhang graduated from Jilin University with a bachelor degree in Computer Science and Technology in 2002.

Prior to joining China iTV, Mr. Zhang was a department head of Leadtone Wireless (無線立通) during 2009 and he was mainly responsible for the mobile phone mail platform development and company mailbox platform development. From 2007 to 2009, Mr. Zhang was appointed as the director of the communication department of Yahoo. From 2004 to 2007, Mr. Zhang was appointed as the Technical Director of the Entertainment department (Sohu broadband).

Liu Wei (劉威)

Mr. Liu Wei, aged 29, was appointed as a Chief Editor of the Development Centre of the Company on 7 September 2010. Mr. Liu graduated from Northeast Normal University with a bachelor degree in Media Sciences in 2003.

Prior to joining China iTV, Mr. Liu was a Chief Editor of Jidongwang (激動網) from October 2009 and he was mainly responsible for the development, content design, and preparation of the launch of this website. During the period from December 2004 to October 2009, he was the Executive Chief Editor of the travel channels of CCTV.com. He has been the journalist since October 2003 for a TV program broadcasting in various TV stations in the PRC.

Wu Rui (伍蕊)

Ms. Wu Rui, aged 31, was appointed as a Vice Content Controller of China iTV on 30 August 2010. Ms. Wu graduated from Tianjin Foreign Studies University majoring in English Language in 2000 and obtained a Bachelor of law degree in Chinese University of Political Science and Law in 2002.

From May 2009 to August 2010, Ms. Wu was the Vice Chief Editor of Jidongwang (激動網) and prior to this, she worked as an Executive Editor in a weekly automobile magazine of International Business Daily, and a Vice Editor in the automobile channels of Tom.com, 163.com (網易) and Sohu from May 2000 to May 2009.

Liu Qiang (劉強)

Mr. Liu Qiang, aged 31, was appointed as a Deputy Head of Media of China iTV on 20 August 2010. Mr. Liu graduated from Shanghai University of Electric Power with a bachelor degree in Computer Sciences in 2003.

Prior to joining China iTV, Mr. Liu was a manager of an information technology development company from December 2008 and he was mainly responsible for the website system development and website performance optimization. From December 2006 to December 2008, he was the supervisor of Sohu and was responsible to monitor the Omlypic CMS System, the movie and TV database and Sohu RSA etc. He also held positions as the senior engineer in various PRC enterprises.

Zhao Ming (趙明)

Mr. Zhao Ming, aged 34, was appointed as an operation manager of China iTV on 14 September 2010.

Mr. Zhao graduated from Beijing University with professional knowledge in Computer and Information Sciences. Mr. Zhao has 8 years of experience in managing and maintaining network system and pertaining Windows and Linux to various applications.

Du Wei (杜衛)

Mr. Du Wei, aged 40, was appointed as a Project Manager of China iTV on 7 July 2010. Mr. Du graduated from Xidian University with professional knowledge in Metallic Antennas and Scatterers (微波通信與電磁場).

Mr. Du was appointed as Vice Editor of China Electronic News for the period from August 1993 to January 2001. Mr. Du also held positions of manager in different media and telecommunication enterprises in the PRC.

Xie Xin (謝欣)

Mr. Xie Xin, aged 27, was appointed as a Marketing Deputy Director of China iTV on 28 September 2010. Mr. Xie graduated with a bachelor's degree from Chengdu University of Technology in 2006 and is a Radio and Television Choreographer.

Prior to joining China iTV, Mr. Xie has worked for Sohu as a Senior Manager, Beijing TV Station as a Producer and Southeast TV (東南衛視) as a Choreographer.

The Group will review the staffing and management requirement of the Year Joy Group and China iTV after the launch of the iTV Business and may consider recruiting additional staff or management personnel if necessary.

Notwithstanding that China iTV's net assets as at 31 August 2010 only amounted to approximately HK$41.6 million and it is yet to commence its iTV Business to generate turnover, the Strategic Framework Agreement and the Media Strategic Framework Agreement pave the way for the development of the iTV Business. The Strategic Framework Agreement not only allows China iTV to have immediate access to the customer base of Unicom Broadband, being one of the largest internet service providers in the PRC, to market its online video services, but also enables China iTV to obtain various readily available video contents from Huishi (Hainan) for subscription by customers. The Media Strategic Framework Agreement further enriches the content offering of China iTV. From a business perspective, the Strategic Framework Agreement and the Media Strategic Framework Agreement represent valuable assets to China iTV which are significant to the future growth and prospects of the iTV Business.

From an industry perspective, the online video business is set for its growing path. According to the 26th Statistical Report on Internet Development in China published by China Internet Network Information Center, the number of internet users was 420 million in June 2010, representing an increase of approximately 24.3% as compared with that of 2009, and the coverage rate of internet in the PRC was 31.8% in June 2010, representing an increase of approximately 10.0% as compared with that of December 2009. In addition, the number of web video users increased from 240 million to 265 million, showing an increase of 10.4% in the first half of 2010, and the utilisation rate of web video also reaches 63.2% in the first half of 2010. With a view to leveraging on the growing appetite for online video contents and other value-added services, China iTV intends to provide online games and instant messengers on its website. Given the continuous growth in the internet industry in the PRC and the business plan of China iTV catering for the potential needs of the online video users in the PRC, the Directors are optimistic about the long term future development of the online video business and the growth and prospects of the iTV Business.

In light of the prospects of China iTV in the iTV Business, in particular the potential business opportunities presented by the Strategic Framework Agreement and the Media Strategic Framework Agreement, and the overall development trend of internet industry in the PRC, the Directors consider that the Acquisition provides a good opportunity for the Group to enhance its revenue sources and therefore diversify its business risks. Therefore, the Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement are fair and reasonable and the Acquisition is in the interests of the Company and its Shareholders as a whole.

FINANCIAL EFFECTS OF THE ACQUISITION

By way of the Business Agreement and the Power of Attorneys, Beijing Nian Yue will enjoy 100% economic benefits from the iTV Business. Upon Completion, the effective shareholding of the Company in Year Joy will be 70% and thus Year Joy, Top Delight and Beijing Nian Yue and China iTV will be accounted for as non-wholly-owned subsidiaries of the Company and the results of each of Year Joy, Top Delight, Beijing Nian Yue and China iTV will be consolidated into the accounts of the Group.

Set out in Appendix IV to this circular is the unaudited pro forma financial information of the Enlarged Group which illustrates the financial effect of the Acquisition on the assets and liabilities of the Group assuming Completion had taken place on 31 December 2009.

Based on the unaudited pro forma consolidated balance sheet in Appendix IV to this circular, the total assets of the Group would increase by approximately 63.4% from approximately HK$1,969 million to approximately HK$3,218 million; and its total liabilities would increase by approximately 2.3% from approximately HK$837 million to approximately HK$856 million, as a result of the Acquisition. The Directors consider that the Acquisition will contribute to the revenue and earning base of the Enlarged Group but the quantification of such contribution will depend on the future performance of the Year Joy Group.

INCREASE IN AUTHORISED SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company was HK$1,000,000,000 comprising 10,000,000,000 shares of HK$0.10 each, of which 6,791,162,211 Shares were in issue. The Board proposes to increase the Company's authorised share capital from HK$1,000,000,000 to HK$5,000,000,000 by the creation of an additional 36,223,810,000 new Shares and 3,776,190,000 new Convertible Preference Shares which, upon issued and fully paid, shall rank pari passu in all respects with the Shares and the Convertible Preference Shares respectively.

As at the Latest Practicable Date, there were 3,208,837,789 Shares in the authorised share capital which might be issued. Having considered that 2,347,620,000 Consideration Shares and 3,776,190,000 Convertible Preference Shares are to be allotted and issued upon Completion, and 3,776,190,000 Conversion Shares are to be allotted and issued upon full conversion of the Convertible Preference Shares, the Directors are of the view that it is beneficial to and necessary for the Company to increase its authorised share capital to facilitate the issue of the Consideration Shares, the Convertible Preference Shares and the

Conversion Shares. The Board is also of the view that the proposed increase in authorised share capital of the Company will provide flexibility to the Company in determining its future business plan and is therefore in the interests of the Shareholders.

The proposed 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. 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.

SGM

The Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules which requires approval by the Shareholders at the SGM. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting in respect of the proposed ordinary resolutions at the SGM.

The SGM will be held to consider and, if thought fit, pass the resolutions to approve the Agreement and the transactions contemplated thereunder (including the issue and allotment of the Consideration Shares, the Convertible Preference Shares and the Conversion Shares) and the increase of the authorised share capital of the Company.

A form of proxy for use by the Shareholders at the SGM is enclosed with this circular. To be valid, the form of proxy must be completed in accordance with the instructions printed thereon and returned, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority, to the Company's branch share register in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof if you so wish.

RECOMMENDATION

The Directors consider that the Agreement and the transactions contemplated thereunder and the increase in the authorised share capital of the Company are in the best interests of the Company and the Shareholders as a whole and accordingly recommend that all Shareholders should vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Agreement and all transactions contemplated thereunder and the increase in the authorised share capital of the Company.

ADDITIONAL INFORMATION

Your attention is drawn to the further information contained in the appendices to the circular.

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

1. FINANCIAL SUMMARY

Set out below is a summary of the audited financial information of the Group for the three years ended 31 December 2009 extracted from the Company's relevant annual reports and the unaudited financial information of the Group for the six months ended 30 June 2010 extracted from the interim report of the Company.

	For the year ended 31 December			For the six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	**(audited)**	**(audited)**	**(unaudited)**	**(unaudited)**
RESULTS					
Revenue					
Continuing operations	674,955	493,767	250,103	65,728	90,678
Discontinued operations	21,461	25,037	—	—	—
	696,416	518,804	250,103	65,728	90,678
Profit (loss) for the year attributable to:					
Owners of the Company	212,297	(3,174,608)	(318,355)	8,286	(495,055)
Minority interests	12,095	(1,571,489)	(79,479)	(24,224)	(21,092)
	224,392	(4,746,097)	(397,834)	(15,938)	(516,147)

	As at 31 December			As at 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	**(audited)**	**(audited)**	**(unaudited)**	**(unaudited)**
ASSETS AND LIABILITIES					
Total assets	7,439,339	2,360,299	1,969,445	2,515,396	1,417,449
Total liabilities	(1,786,305)	(1,102,704)	(837,340)	(1,052,392)	(801,117)
	5,653,034	1,257,595	1,132,105	1,463,004	616,332
Represented by:					
Equity attributable to owners of the Company	3,992,892	1,132,280	1,047,277	1,323,233	552,223
Minority interests	1,660,142	125,315	84,828	139,771	64,109
	5,653,034	1,257,595	1,132,105	1,463,004	616,332

2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial information of the Group (i) for the year ended 31 December 2009 is set out on pages 33 to 107 of the annual report of the Company for the year ended 31 December 2009 published on 26 April 2010; and (ii) for the year ended 31 December 2008 is set out on pages 36 to 100 of the annual report of the Company for the year ended 31 December 2008 published on 27 April 2009. All of the above have been published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (http://www.chinaminingresources.com).

3. UNAUDITED INTERIM FINANCIAL INFORMATION OF THE GROUP

The unaudited interim financial information of the Group for the six months ended 30 June 2010 is set out on pages 11 to 38 of the interim report of the Company published on 3 September 2010. The aforesaid interim report of the Company has been published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (http://www.chinaminingresources.com).

4. INDEBTEDNESS

At the close of business on 30 September 2010, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the printing of this circular, the Enlarged Group had the following outstanding borrowings:

	Note	**The Enlarged Group** *HK$'000*
Secured bank borrowings	*(a)*	11,617
Unsecured bank borrowings	*(b)*	110,362
Loan from minority shareholders	*(c)*	150,500
Other loans, unsecured	*(d)*	20,085
Total borrowings		292,564

Notes:

(a) The secured bank borrowings from a bank in PRC were bearing interest at 5.841% per annum and secured by certain buildings with an aggregate carrying amounts of approximately RMB8 million, and repayable on 28 June 2011.

(b) The unsecured bank borrowings comprise:

(i) approximately RMB30 million (equivalent to approximately HK$35 million) was unsecured, unguaranteed, interest bearing at 5.76% per annum and repayable on 27 November 2010.

(ii) approximately RMB5 million (equivalent to approximately HK$6 million) was unsecured, unguaranteed, interest bearing at 5.31% per annum and repayable on 27 December 2010.

(iii) approximately RMB60 million (equivalent to approximately HK$70 million) was unsecured, unguaranteed, interest bearing at 5.4% per annum and repayable on 2 November 2011.

(c) Loans from minority shareholders of a subsidiary were unsecured, unguaranteed, interest-free and with no fixed term of repayment.

(d) Other loans, unsecured comprise:

(i) approximately RMB4 million (equivalent to approximately HK$5 million) was provided by the Harbin Finance Bureau which was unsecured, unguaranteed, interest bearing at a fixed rate of 2.55% per annum and repayable by yearly instalment commenced from the fifth-year of the loan agreement.

(ii) approximately RMB1 million (equivalent to approximately HK$1 million) was provided by the Industry Development Fund of the Harbin Finance Bureau to Harbin Songjiang in 1998 which was unsecured, unguranteed, interest-free and repayable on demand.

(iii) RMB12 million (equivalent to approximately HK$14 million) was provided by a shareholder of China iTV which was unsecured, unguaranteed, interest bearing at 5% per annum and repayable after 24-month from the date of the loan granted to China iTV.

Disclaimer

Save as aforesaid and apart from intra-group liabilities, the Enlarged Group did not have any mortgages, charges, debentures, loan capital, debt securities (issued and outstanding, or authorised or otherwise created but unissued), loans, bank overdrafts, or other borrowings or similar indebtedness, hire purchase commitments or finance lease, liabilities under acceptances or acceptance credits, or any guarantees or other material contingent liabilities outstanding at the close of business on 30 September 2010.

5. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the present financial resources and the banking facilities presently available, in the absence of unforeseen circumstances, the Enlarged Group will have sufficient working capital to meet its requirements for at least 12 months from the date of this circular.

6. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in mining and processing of molybdenum, copper and zinc in the PRC. Following the acquisition of 80% equity interest in King Gold Investments Limited in April 2009, the Group has diversified its business and commenced its tea business in the PRC. After facing grim conditions of the suspension of the production of molybdenum mine in the first eight months in 2009, the mining business has recovered in the first half of 2010. The Group has maintained a stable mining production scale and steady sales in the first six months of 2010. The Group intends to continue its mining production according to the existing production schedule and may consider increasing its natural resources assets and production capabilities to enhance its position in the mining industry.

The unexpected natural disasters of ice storm and flood which took place during the first half of 2010 in the Group's Wuyishan production sites gave a hard hit on the Group's tea business and thus impairment losses in respect of the goodwill and brand name of HK$444,218,000 and HK$44,091,000 were recongised in the consolidated statement of comprehensive income in the period respectively. Moreover, the Group anticipates that the competition in the PRC tea market will still be intense. To this end, the Group strives to enhance its competitiveness and thereby enlarges its market share by continuously improving its product quality and by brand building. The Group intends to strengthen and expand its retail network in the tea business.

As disclosed in the interim report of the Company for the six months ended 30 June 2010, the Group would actively look for attractive merger and acquisition opportunities to extend its business reach. The Directors consider the prospects of the internet TV business in the PRC promising in light of the rapid growth of the internet population in the PRC (as described in more details in the paragraph headed "Reasons for the Acquisition" in the letter from the Board). The Company, upon Completion, is capable of entering the internet TV business which is expected to experience growth in the PRC. The Directors also consider that the Acquisition will enable the Group to diversify its current business to participate in the internet TV business in the PRC, broadening the Enlarged Group's income base and improving its financial performance.

1. ACCOUNTANTS' REPORT ON THE YEAR JOY GROUP

The following is the text of report, prepared for the purpose of incorporation in this circular, received from the independent reporting accountants, Crowe Horwath (HK) CPA Limited, Certified Public Accountants, Hong Kong.

Crowe Horwath™
國富浩華（香港）會計師事務所有限公司
Crowe Horwath (HK) CPA Limited
Member Crowe Horwath International
34/F The Lee Gardens,
33 Hysan Avenue,
Causeway Bay, Hong Kong

19 November 2010

The Directors
China Mining Resources Group Limited
Room 1306, 13th Floor
Bank of America Tower
12 Harcourt Road
Admiralty
Hong Kong

Dear Sirs

We set out below our report on the financial information relating to Year Joy Investments Limited ("Target") and its subsidiary (hereinafter collectively referred to as the "Target Group"), including the consolidated statement of financial position of the Target Group and statement of financial position of the Target as at 31 August 2010, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Target Group for the period from 8 June 2010 (date of incorporation) to 31 August 2010 (collectively the "Relevant Period"), together with the notes thereto (the "Financial Information"), for inclusion in the circular of China Mining Resources Group Limited (the "Company") to its shareholders dated 19 November 2010 in connection with the proposed acquisition of 70% of the entire issued share capital of the Target (the "Circular").

The Target is a limited liability company incorporated in the British Virgin Islands. Details of the subsidiary of the Target are set out in note 10 of section B below.

The financial statements of the Target Group during the relevant period or for the period since the incorporation date of the respective entity, if earlier (the "Underlying Financial Statements") were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

No audited financial statements have been prepared by Target since its date of incorporation as there is no such statutory requirement. No audited financial statements have been prepared for Top Delight Investments Limited ("Top Delight") as its first statutory financial statements which cover the period from the date of incorporation to 31 August 2010 are not due to be issued.

Name of entity	**Financial period**
Target	For the period from 8 June 2010 (date of incorporation) to 31 August 2010
Top Delight	For the period from 18 June 2010 (date of incorporation) to 31 August 2010

All the companies comprising the Target Group have adopted 31 December as their financial year end date.

The Financial Information of the Target Group for the Relevant Period set out in this report has been prepared in accordance with HKFRSs issued by the HKICPA based on the Underlying Financial Statements, after making such adjustments as we considered appropriate.

The Underlying Financial Statements are the responsibility of the directors of the Target who approved their issue. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, form an independent opinion on the Financial Information and to report our opinion to you.

We have examined the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and carried out such additional procedures as we considered necessary in accordance with Auditing Guideline "Prospectuses and the reporting accountant" (Statement 3.340) issued by the HKICPA.

In our opinion, the Financial Information, for the purpose of this report and prepared on the basis set out in note 2 of Section B below, gives a true and fair view of the state of affairs of the Target and of the Target Group as at 31 August 2010 and of the Target Group's results and cash flows for the Relevant Period.

Yours faithfully,

Crowe Horwath (HK) CPA Limited
Certified Public Accountants
Hong Kong

Sze Chor Chun, Yvonne
Practising Certificate Number P05049

A. Financial information

1. Consolidated statement of comprehensive income

	Section B *Note*	8 June 2010 to 31 August 2010 *HK$'000*
Other revenue	*4*	—
Administrative expenses		(25)
Finance costs		—
LOSS BEFORE TAXATION	*5*	(25)
Income tax	*6(a)*	—
LOSS FOR THE PERIOD		(25)
Other comprehensive income for the period		—
Total comprehensive expense for the period		(25)
Attributable to owners of the parent	*8*	(25)
LOSS PER SHARE	*9*	
Basic		(HK$25,000)
Diluted		(HK$25,000)

2. *Consolidated statement of financial position*

	Section B *Note*	As at 31 August 2010 *HK$'000*
CURRENT ASSETS		
Cash at bank		1,010
CURRENT LIABILITIES		
Amount due to a director	*11*	(1,035)
NET CURRENT LIABILITIES		(25)
NET LIABILITIES		(25)
CAPITAL AND RESERVES	*12(a)*	
Share capital		—
Accumulated losses		(25)
TOTAL EQUITY		(25)

3. *Statement of financial position*

	Section B Note	As at 31 August 2010 HK$'000
NON-CURRENT ASSET		
Investment in a subsidiary	10	—
CURRENT LIABILITIES		
Amount due to a director	11	(11)
Amount due to a subsidiary	10	—
NET CURRENT LIABILITIES		(11)
NET LIABILITIES		(11)
CAPITAL AND RESERVES	12(b)	
Share capital		—
Accumulated losses		(11)
TOTAL EQUITY		(11)

4. *Consolidated statement of changes in equity*

	Section B Note	Share capital HK$'000	Accumulated losses HK$'000	Total HK$'000
At 8 June 2010		—	—	—
Issue of shares	12(c)	—	—	—
Total comprehensive expense for the period		—	(25)	(25)
At 31 August 2010		—	(25)	(25)

5. *Consolidated statement of cash flows*

	8 June 2010 to 31 August 2010 *HK$'000*
OPERATING ACTIVITIES	
Loss before taxation	(25)
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES	(25)
Increase in amount due to a director	1,035
NET CASH GENERATED FROM OPERATING ACTIVITIES	1,010
FINANCING ACTIVITIES	
Proceeds from issue of shares	—
NET CASH USED IN FINANCING ACTIVITIES	—
NET INCREASE IN CASH AND CASH EQUIVALENTS AND CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	1,010
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS	
Cash at bank	1,010

B. Notes to the financial information

1. General information

The Target is a limited liability company incorporated in the British Virgin Islands. The registered address and principal place of the business of the Target are Quastisky Building, PO Box 4389, Road Town, Tortola, British Virgin Islands and Room 301, 3/F., Tung Wah Mansion, 199-203 Hennessy Road, Wanchai, Hong Kong respectively.

The Financial Information is presented in Hong Kong dollar ("HK$"), which is the functional currency of the Target and rounded to the nearest thousand.

The principal activity of the Target is investment holding. The principal activity of the subsidiary is disclosed in note 10.

北京年悅科技有限公司 (Beijing Nian Yue Technology Co., Ltd) ("Beijing Nian Yue") becomes an indirectly wholly-owned subsidiary of the Target since its incorporation on 13 September 2010. No results of Beijing Nian Yue were therefore included for the purpose of the preparation of this report.

2. Significant accounting policies

(a) Statement of compliance

The Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA. HKFRSs include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and interpretations ("HKAS – Int"). In addition, the Financial Information includes applicable disclosures required by the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Target Group is set out below.

At the date of this report, the HKICPA has issued a number of new and revised HKFRSs that are not yet effective for the Relevant Period. The Target Group has not early adopted these new and revised HKFRSs (see note 3).

(b) *Basis of preparation of the Financial Information*

The Financial Information has been prepared on the historical cost basis.

The preparation of the Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have a significant effect on the Financial Information and estimates with a significant risk of material adjustment in the next year are disclosed in note 15.

The Target Group incurred a loss of approximately HK$25,000 during the Relevant Period and, as of that date, the Target's and the Target Group's current liabilities exceeded their current assets by approximately HK$11,000 and HK$25,000 respectively. In the event of the unsuccessful completion of the sale of the entire issued share capital of the Target to the Company (the "Shares Sales"), the director of the Target expects that the Target Group is able to maintain its operation by obtaining future funding. In the event of the successful completion of the Shares Sale, the Company will provide financial support to the Target Group. Accordingly, the Financial Information has been prepared on a going concern basis.

(c) Basis of consolidation

The Financial Information incorporates the financial statements of the Target and the entity controlled by the Target (its subsidiary). Control is achieved where the Target has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The result of subsidiary acquired during the period is included in the consolidated statement of comprehensive income from the effective date of acquisition.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

(d) Investment in a subsidiary

In the Target's statement of financial position, investment in a subsidiary is carried at cost less impairment losses (see note 2(e)).

(e) Impairment of assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the investment in a subsidiary may be impaired or an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated.

— Calculation of recoverable amount

The recoverable amount of assets is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e., a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce that carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

— Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(g) Other payables

Other payables are initially recognised at fair value and thereafter carried at amortised cost unless the effect of discounting would be immaterial, in which case they are carried at cost.

(h) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Target Group and the revenue and costs, if applicable, can be measured reliably.

(i) Translation of foreign currencies

Foreign currency transactions during the Relevant Period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised directly in equity.

Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies carried at fair value are translated using the foreign exchange rates at the dates the fair value was determined.

(j) Income tax

Income tax for the Relevant Period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the Relevant Period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the assets can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided that those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Target Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future or, in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Target Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Target Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(k) Provision and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Target Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are carried at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(l) *Related parties*

For the purposes of the Financial Information, a party is considered to be related to the Target Group if:

i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Target Group or exercise significant influence over the Target Group in making financial and operating policy decisions, or has joint control over the Target Group;

ii) the Target Group and the party are subject to common control;

iii) the party is an associate of the Target Group or a joint venture in which the Target Group is a venturer;

iv) the party is a member of key management personnel of the Target Group or the Target Group's parent or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

vi) the party is a post-employment benefit plan which is for the benefit of employees of the Target Group or of any entity that is a related party of the Target Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(m) Segment reporting

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the Financial Information provided regularly to the Target Group's chief operating decision maker for the purposes of allocating resources to, and assessing the performance of, the Target Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. Possible impact of amendments, new standards and interpretations issued but not yet effective for the relevant period

Up to the date of this report, the HKICPA has issued the following new and revised standards, amendments and interpretations which are not yet effective for the Relevant Periods.

HKFRSs (Amendments)	Improvement to HKFRSs 2010 [1]
HKAS 24 (Revised)	Related Party Disclosures [4]
HKAS 32 (Amendment)	Classification of Rights Issues [2]
HKFRS 9	Financial Instruments [5]
HK (IFRIC) — Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement [4]
HK (IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments [3]

Notes:

[1] Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
[2] Effective for annual periods beginning on or after 1 February 2010.
[3] Effective for annual periods beginning on or after 1 July 2010.
[4] Effective for annual periods beginning on or after 1 January 2011.
[5] Effective for annual periods beginning on or after 1 January 2013.

The Target Group is in the process of making an assessment of what the impact of these new and revised standards, amendments and interpretations is expected to be in the period of initial application. So far, it has concluded that the adoption of them is unlikely to have a significant impact on Target Group's results of operations and financial position.

4. Turnover and segment information

There was no turnover generated by the Target Group for the Relevant Period.

Segment information

For the Relevant Period, the Target Group was principally engaged in investment holding in Hong Kong. The results, assets and liabilities of the Target Group during the Relevant Periods were mainly related to the investment holding activities in Hong Kong, and the assets are located in Hong Kong.

Since the Target Group is only engaged in one operating segment which is the investment holding business and all of its result and assets are generated and located in Hong Kong, no segment reporting information such as segment revenue, results, assets and liabilities is presented under HKFRS 8 "Operating Segments".

5. *Loss before taxation*

Loss before taxation is arrived at after charging the following:

	8 June 2010 to 31 August 2010
	HK$'000
Preliminary expenses written off	17

6. *Income tax in the statement of comprehensive income*

a) No provision for Hong Kong Profits Tax has been made as the Target Group has no assessable profit arising in Hong Kong during the Relevant Period. Taxation in other jurisdictions is calculated at the rates applicable in the respective jurisdictions in which the Target Group operates, based on existing legislation, interpretations and practices in respect thereof.

b) Reconciliation between tax expense and accounting loss at the applicable tax rate:

	8 June 2010 to 31 August 2010
	HK$'000
Loss before taxation	(25)
Notional tax on loss before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	(2)
Tax effect on non-deductible expenses	2
Actual tax expense	—

c) No provision for deferred taxation has been made as there were no temporary differences at the end of the reporting period.

7. Director's emolument

No director's remuneration has been paid or is payable for the Relevant Period.

No emolument or discretionary bonus were paid by the Target Group to the director as an inducement to join or upon joining the Target Group or as compensation for loss of office during the Relevant Period. No director of the Target Group waived or agreed to waive any emoluments or discretionary bonus during the Relevant Period.

8. Loss attributable to owners of the parent

The consolidated loss attributable to owners of the Target includes a loss of HK$11,000 during the period from 8 June 2010 (date of incorporation) to 31 August 2010 which have been dealt with in the Financial Information of the Target.

9. Loss per share

a) Basic loss per share

The calculation of basic loss per share is based on the net loss attributable to ordinary owners of the Target of HK$25,000 and the weighted average number of 1 ordinary share in issue throughout the Relevant Period.

b) Diluted loss per share

Diluted loss per share is the same as the basic loss per share as there were no dilute potential ordinary shares in existence during the Relevant Period.

10. Investment in a subsidiary

The Target	**As at 31 August 2010** *HK$'000*
Unlisted shares, at cost	—
Due to a subsidiary *(note (b))*	(—)
	—

Notes:

a) The particulars of the subsidiary of the Target at 31 August 2010 are as follows:

Name of the Company	Date of incorporation	Place of incorporation and operation	Particulars of issued and fully paid share capital	Equity interest attributable to the Target Group	Principal activity
Top Delight Investments Limited ("樂悦投資有限公司")	18 June 2010	Hong Kong	1 share of HK$1	100%	Investment holding

b) The amount is unsecured, interest free and repayable on demand.

11. Amount due to a director

The amount is unsecured, interest-free and repayable on demand.

12. *Capital and reserve*

(a) *The Target Group*

	Share capital	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*
At 8 June 2010	—	—	—
Issue of share	—	—	—
Total comprehensive expense for the period	—	(25)	(25)
At 31 August 2010	—	(25)	(25)

(b) *The Target*

	Share capital	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*
At 8 June 2010	—	—	—
Issue of share	—	—	—
Total comprehensive expense for the period	—	(11)	(11)
At 31 August 2010	—	(11)	(11)

(c) Authorised and issued share capital

	As at 31 August 2010	
	Number of shares	*HK$'000*
Authorised:		
Ordinary shares of US$1 each	1	—
Ordinary shares, issued and fully paid:		
At 8 June 2010	—	—
Issue of share	1	—
At 31 August 2010	1	—

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Target. All ordinary shares rank equally with regard to the Target's residual assets.

On 23 June 2010, the Target issued 1 share of US$1 at par for cash as its initial working capital. Subsequently on 24 September 2010, a further 99 shares of US$1 each were issued at par for cash as its working capital.

(d) Distributability of reserves

At 31 August 2010, no reserve was available for distribution to owner of the Target.

(e) Capital management

The Target Group's objectives when managing capital are:

(a) To safeguard the Target Group's ability to continue as a going concern, so that it continues to provide returns and benefits for stakeholders;

(b) To support the Target Group's stability and growth; and

(c) To provide capital for the purpose of strengthening the Target Group's risk management capability.

The Target Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Target Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Target Group currently does not adopt any formal dividend policy. Management regards total equity as capital, for capital management purpose.

13. Financial risk management and fair values

The Target Group's major financial instruments include amount due to a director. Details of these financial instruments are disclosed in respective note. The risks associated with these financial instruments and the policies applied by the Target Group to mitigate these risks are set out below. Management monitors this exposure to ensure appropriate measure is implemented in a timely and effective manner.

a) Credit risk

The Target Group's credit risk is primarily attributable to cash at bank. The credit risk on liquid funds is limited because the counterparties are banks with high credit rating assigned by international credit-rating agencies. The Target Group monitors closely the credit rating of these counterparties and will take appropriate action when their rating change.

b) Liquidity risk

The Target Group incurred a loss of approximately HK$25,000 during the Relevant Period and, as of 31 August 2010, the Target's and the Target Group's current liabilities exceeded their current assets by approximately HK$11,000 and HK$25,000 respectively. In the event of the unsuccessful completion of the Shares Sales, the director of the Target expects that the Target Group is able to maintain its operation by obtaining future fundings. In the event of the successful completion of the Shares Sales, the Company will provide financial support to the Target Group.

c) Interest rate risk

As the Target Group has no significant interest-bearing assets and liabilities, the director considers its exposure to interest rate risk is minimal.

d) Currency risk

The Target Group's monetary assets and liabilities are denominated in Hong Kong dollars. The exchange rate risk to the Target Group is not significant.

e) Fair values

The director considers that all financial instruments are carried at amounts not materially different from their fair values as at 31 August 2010.

14. Material related party transactions

a) Transactions with key management personnel

All member of key management personnel is the director of the Target Group. There was no transaction with key management personnel during the Relevant Period.

b) Transactions with other related parties

Save for those disclosed elsewhere in the Financial Information, the Target Group does not entered into any related parties transaction.

15. Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Target Group's accounting policies which are described in note 2, management has made certain key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as discussed below.

i) *Impairment for investment in a subsidiary*

If circumstances indicate that the investment in a subsidiary may not be recoverable, investment in a subsidiary may be considered impaired, and an impairment loss may be recognised in accordance with HKAS 36, Impairment of Assets. The carrying amount of investment in a subsidiary is reviewed periodically in order to assess whether the recoverable amount has declined below the carrying amount. The asset is tested for impairment whenever events or changes in circumstances indicate that the recorded carrying amount may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the fair value less costs to sell and the value in use. It is difficult to precisely estimate selling price because quoted market prices for investment in a subsidiary are not readily available. In determining the value in use, expected cash flows generated by the investment in a subsidiary are discounted to their present value, which requires significant judgment relating to level of sale volume, tariff and amount of operating costs of the subsidiary. The Target uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sale volume, tariffs and amount of operating costs of the subsidiary.

C. Events after the reporting period

On 13 September 2010, 北京年悅科技有限公司 (Beijing Nian Yue Technology Co., Ltd) ("Beijing Nian Yue") was established as a wholly-foreign-owned enterprise in PRC with registered capital of RMB1,000,000, which becomes an indirect wholly-owned subsidiary of the Target.

Further to certain contractual arrangements made among China iTV, Beijing Nian Yue and the shareholders of China iTV on 29 September 2010, Beijing Nian Yue becomes the holding company of China iTV.

D. Subsequent financial statements

No audited financial statements have been prepared by the Target Group, Target or any of the companies comprising the Target Group in respect of any period subsequent to 31 August 2010.

2. MANAGEMENT DISCUSSION AND ANALYSIS OF THE YEAR JOY GROUP

(a) Business review

Year Joy was incorporated in the BVI on 8 June 2010. Since its date of incorporation, Year Joy has not carried out any business operation. Its wholly-owned subsidiary, Top Delight, is an investment holding company incorporated in Hong Kong on 18 June 2010.

(b) Financial result, financial position and capital structure

The net liabilities of the Year Joy Group as at 31 August 2010 was approximately HK$25,000, and its net loss (both before and after taxation) for the period since its incorporation to 31 August 2010 was approximately HK$25,000, which was mainly attributable to the preliminary expenses written off of approximately HK$17,000.

Since Year Joy was incorporated on 8 June 2010 and is yet to commence operation, its working capital requirements up to 31 August 2010 was financed by Ms. Ho Ping Tanya, one of the shareholders of Year Joy.

No financial instrument was used for hedging purpose during the period.

(c) Employment and remuneration policy

As at 31 August 2010, the Year Joy Group did not have any employees.

(d) Material investments or capital assets

As at 31 August 2010, the Year Joy Group did not have any plan for material investments or capital assets.

(e) Details of charges on assets

As at 31 August 2010, the Year Joy Group had no charge on its assets.

(f) Borrowings and gearing ratio

As at 31 August 2010, the Year Joy Group did not have any borrowings and thus its gearing ratio was zero.

(g) Foreign exchange exposure

Since the Year Joy Group did not carry out any business operation during the reporting period, it did not have any foreign exchange exposure as at 31 August 2010.

As at 31 August 2010, the Year Joy Group did not have a foreign currency hedging policy.

(h) Acquisition/disposal of subsidiary

There were no material acquisition and disposal of subsidiaries and associated companies during the period.

(i) Contingent liabilities and capital commitment

There were no contingent liability and capital commitment as at 31 August 2010.

1. ACCOUNTANTS' REPORT ON CHINA iTV

The following is the text of a report on China iTV, prepared for the purpose of incorporation in this circular, received from the independent reporting accountants, Crowe Horwath (HK) CPA Limited, Certified Public Accountants, Hong Kong.

Crowe Horwath
國富浩華 (香港) 會計師事務所有限公司
Crowe Horwath (HK) CPA Limited
Member Crowe Horwath International
34/F The Lee Gardens,
33 Hysan Avenue,
Causeway Bay, Hong Kong

19 November 2010

The Directors
China Mining Resources Group Limited
Room 1306, 13th Floor
Bank of America Tower
12 Harcourt Road
Admiralty
Hong Kong

Dear Sirs

We set out below our report on the financial information relating to 九州時代數碼科技有限公司 (China iTV Network Co., Ltd.) ("China iTV") below, including the statement of financial position as at 31 December 2007, 2008 and 2009 and 31 August 2010, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the years ended 31 December 2007, 2008 and 2009 and the eight months ended 31 August 2010 (the "Relevant Periods"), together with the notes thereto (the "Financial Information"), for inclusion in the circular of China Mining Resources Group Limited (the "Company") to its shareholders dated 19 November 2010 in connection with the proposed acquisition of 70% of the entire issued share capital of Year Joy Investments Limited (the "Circular").

China iTV was established in the People's Republic of China (the "PRC") with limited liability on 7 September 1998 with a registered capital of Renminbi ("RMB") 50,000,000. As at the date of this report, China iTV is wholly owned by three individual shareholders. During the Relevant Periods, China iTV was principally engaged in iTV business. As at the date of this report, China iTV has no subsidiary.

No audited financial statements have been prepared by China iTV since its date of incorporation as there is no such statutory requirement.

For the purposes of this report, the director of China iTV has prepared the Financial Information of China iTV for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Financial Statements"). We have examined the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and carried out such additional procedures as we considered necessary in accordance with Auditing Guideline "Prospectuses and the reporting accountant" (Statement 3.340) issued by the HKICPA.

The Financial Information of China iTV for the Relevant Periods set out in this report has been prepared in accordance with HKFRSs issued by the HKICPA based on the Underlying Financial Statements, after making such adjustments as we considered appropriate.

The Underlying Financial Statements are the responsibility of the director of China iTV who approved their issue. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information, for the purpose of this report and prepared on the basis set out in note 2 of Section B below, gives a true and fair view of the state of affairs of China iTV as at 31 December 2007, 2008 and 2009 and 31 August 2010 and of the results and cash flows of China iTV for the Relevant Periods.

We have reviewed the 31 August 2009 Financial Information in accordance with Hong Kong Standard on Review Engagement 2400 "Engagements to Review Financial Statements" issued by the HKICPA. Our review of the 31 August 2009 Financial Information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the 31 August 2009 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the 31 August 2009 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with Hong Kong Financial Reporting Standards.

Yours faithfully,

Crowe Horwath (HK) CPA Limited
Certified Public Accountants
Hong Kong

Sze Chor Chun, Yvonne
Practising Certificate Number P05049

A. Financial information

1. Statement of comprehensive income

	Section B	Years ended 31 December			Eight months ended 31 August	
		2007	2008	2009	2009	2010
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Turnover	4	—	—	—	—	—
Other revenue	5	2,398	2,554	2,722	1,797	1,911
Administrative expenses		(2)	(127)	(1,257)	(778)	(2,901)
Other operating expenses		—	—	(119)	(119)	—
OPERATING PROFIT/ (LOSS)		2,396	2,427	1,346	900	(990)
Finance costs	*6(a)*	—	—	—	—	(155)
PROFIT/(LOSS) BEFORE TAXATION	6	2,396	2,427	1,346	900	(1,145)
Income tax	*7(a)*	—	—	—	—	—
PROFIT/(LOSS) FOR THE YEAR/PERIOD		2,396	2,427	1,346	900	(1,145)
Other comprehensive income for the year/ period		—	—	—	—	—
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR/ PERIOD		2,396	2,427	1,346	900	(1,145)

2. *Statement of financial position*

	Section B Note	As at 31 December 2007 RMB'000	2008 RMB'000	2009 RMB'000	As at 31 August 2010 RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	10	—	—	19	468
Intangible assets	11	—	—	—	81
Loan to a shareholder/ former shareholder	12	39,407	41,961	44,680	46,590
		39,407	41,961	44,699	47,139
CURRENT ASSETS					
Other receivables, deposits and prepayments	13	—	3,088	81	1,936
Cash and cash equivalents	14	182	1,207	750	8,175
		182	4,295	831	10,111
CURRENT LIABILITIES					
Other payables and accruals	15	590	4,830	2,758	3,623
		(590)	(4,830)	(2,758)	(3,623)
NET CURRENT ASSETS/ (LIABILITIES)		(408)	(535)	(1,927)	6,488
TOTAL ASSETS LESS CURRENT LIABILITIES		38,999	41,426	42,772	53,627
NON-CURRENT LIABILITIES					
Loan from a shareholder	16	—	—	—	(12,000)
NET ASSETS		38,999	41,426	42,772	41,627
CAPITAL AND RESERVES					
Paid-up capital	17	50,000	50,000	50,000	50,000
Accumulated losses		(11,001)	(8,574)	(7,228)	(8,373)
TOTAL EQUITY		38,999	41,426	42,772	41,627

3. *Statement of changes in equity*

	Section B	Paid-up capital	Accumulated losses	Total
	Note	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2007		50,000	(13,397)	36,603
Total comprehensive income for the year		—	2,396	2,396
At 31 December 2007 and 1 January 2008		50,000	(11,001)	38,999
Total comprehensive income for the year		—	2,427	2,427
At 31 December 2008 and 1 January 2009		50,000	(8,574)	41,426
Total comprehensive income for the year		—	1,346	1,346
At 31 December 2009 and 1 January 2010		50,000	(7,228)	42,772
Total comprehensive expense for the period		—	(1,145)	(1,145)
At 31 August 2010		50,000	(8,373)	41,627

4. *Statement of cash flows*

	Section B	Years ended 31 December			Eight months ended 31 August	
		2007	2008	2009	2009	2010
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
OPERATING ACTIVITIES						
Profit/(loss) before taxation		2,396	2,427	1,346	900	(1,145)
Adjustments for:						
Depreciation of property, plant and equipment		—	—	1	—	37
Amortisation of intangible assets		—	—	—	—	3
Interest income		(2,398)	(2,554)	(2,722)	(1,797)	(1,911)
Interest expense		—	—	—	—	155
Bad debts written off		—	—	119	119	—
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES		(2)	(127)	(1,256)	(778)	(2,861)
(Increase)/decrease in other receivables, deposits and prepayments		—	(3,088)	2,888	2,671	(1,855)
Increase/(decrease) in other payables and accruals		—	4,240	(2,072)	(2,272)	710
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES		(2)	1,025	(440)	(379)	(4,006)

	Section B	Years ended 31 December			Eight months ended 31 August	
		2007	2008	2009	2009	2010
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
INVESTING ACTIVITIES						
Payment for property, plant and equipment		—	—	(20)	(20)	(486)
Payment for intangible assets		—	—	—	—	(84)
Interest received		—	—	3	3	1
NET CASH USED IN INVESTING ACTIVITIES		—	—	(17)	(17)	(569)
FINANCING ACTIVITIES						
Loans borrowed		—	—	—	—	12,000
NET CASH GENERATED FROM FINANCING ACTIVITIES		—	—	—	—	12,000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(2)	1,025	(457)	(396)	7,425
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD		184	182	1,207	1,207	750
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD	*14*	182	1,207	750	811	8,175

B. Notes to the financial information

1. General information

China iTV is a limited liability company established in PRC. The registered address and principal place of the business of China iTV is No. 65 Yi, Fuxing Road, (South to No. 6 Jia Wanshou Road West Street), Haidian District, Beijing, the PRC (北京市海淀區復興路乙65號(萬壽路西街甲6號南側)) and 11th Floor, The Electronic Building, No. 12 Jiuxianqiaolu, Chaoyang District, Beijing, the PRC (北京市朝陽區酒仙橋路甲12號電子城科技大廈1106室) respectively.

China iTV's principal operations are conducted in the PRC. The Financial Information is presented in Renminbi ("RMB") which is the functional currency of China iTV and rounded to the nearest thousand.

The principal activity of China iTV is engaged in iTV business.

2. Significant accounting policies

(a) Statement of compliance

The Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA. HKFRSs include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and interpretations ("HKAS – Int"). In addition, the Financial Information includes applicable disclosures required by the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by China iTV is set out below.

At the date of this report, the HKICPA has issued a number of new and revised HKFRSs that are not yet effective for the Relevant Periods. China iTV has not early adopted these new and revised HKFRSs (see note 3).

(b) Basis of preparation of the Financial Information

The Financial Information has been prepared on the historical cost basis.

The preparation of the Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have a significant effect on the Financial Information and estimates with a significant risk of material adjustment in the next year are disclosed in note 21.

(c) Property, plant and equipment

Property, plant and equipment are carried in the statement of financial position at cost less accumulated depreciation and impairment losses (see note 2(e)(ii)). The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition and location for its intended use.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Furniture and fixture	5 years
Computer and office equipment	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(d) Intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and China iTV has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour and an appropriate proportion of overheads. Capitalised development costs are carried at cost less accumulated amortisation and impairment losses (see note 2(e)(ii)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Other intangible assets that are required by China iTV are carried in the statement of financial position at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(e)(ii)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

Computer software	5 years

Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

(e) Impairment of assets

(i) Impairment of receivables

Receivables that are carried at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of China iTV about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the receivable's original effective interest rate (i.e., the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where receivables carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for receivables which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly.

(ii) *Impairment of other assets*

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment; and

— intangible assets.

If any such indication exists, the asset's recoverable amount is estimated.

— Calculation of recoverable amount

The recoverable amount of asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e., a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

— Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(f) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if China iTV determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to China iTV

Assets held by China iTV under leases which transfer to China iTV substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to China iTV are classified as operating leases.

(ii) Operating lease charges

Where China iTV has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are written off as an expense of the accounting period in which they are incurred.

(g) Other receivables, deposits and prepayments

Other receivables, deposits and prepayments are initially recognised at fair value and thereafter carried at amortised cost less allowance for impairment losses of bad and doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are carried at cost less allowance for impairment losses of bad and doubtful debts (see note 2(e)(i)).

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(i) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are carried at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interests and fees payables, using the effective interest method.

(j) Other payables and accruals

Other payables and accruals are initially recognised at fair value and thereafter carried at amortised cost unless the effect of discounting would be immaterial, in which case they are carried at cost.

(k) Employee benefits

(i) Short term employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are carried at their present values.

(ii) Contributions to defined contribution schemes

Obligations for contributions to defined contribution retirement schemes are recognised as an expense in profit or loss as incurred.

In accordance with the rules and regulations in the PRC, China iTV has arranged for its local employees to join defined contribution retirement plan organised by the PRC government. The PRC government undertakes to assume the retirement benefit obligations of all existing and future retired employees payable under the plans. The assets of these plans are held separately from those of China iTV in an independent fund managed by the PRC government. China iTV is required to make monthly contributions to these plans at applicable rates with the base of their total salary subject to a certain ceiling. China iTV has no other obligations for the payment of retirement and other post-retirement benefits of employees or retirees other than the payments disclosed above.

(l) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to China iTV and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

Interest income

Interest income is recognised in profit or loss as it accrues using the effective interest method.

(m) Income tax

Income tax for the Relevant Periods comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the Relevant Periods, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the assets can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided that those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if China iTV has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, China iTV intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either;

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(n) Borrowings costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowings costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(o) Provision and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when China iTV has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are carried at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(p) Related parties

For the purposes of the Financial Information, a party is considered to be related to China iTV if:

i) the party has the ability, directly or indirectly through one or more intermediaries, to control China iTV or exercise significant influence over China iTV in making financial and operating policy decisions, or has joint control over China iTV;

ii) China iTV and the party are subject to common control;

iii) the party is an associate of China iTV or a joint venture in which China iTV is a venturer;

iv) the party is a member of key management personnel of China iTV or China iTV's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

vi) the party is a post-employment benefit plan which is for the benefit of employees of China iTV or of any entity that is a related party of China iTV.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(q) Segment reporting

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the Financial Information provided regularly to China iTV's chief operating decision maker for the purposes of allocating resources to, and assessing the performance of, China iTV's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. Possible impact of amendments, new standards and interpretations issued but not yet effective for the relevant periods

Up to the date of this report, the HKICPA has issued the following new and revised standards, amendments and interpretations which are not yet effective for the Relevant Periods.

HKFRSs (Amendments)	Improvements to HKFRSs 2010 [1]
HKAS 24 (Revised)	Related Party Disclosures [4]
HKAS 32 (Amendment)	Classification of Rights Issues [2]
HKFRS 9	Financial Instruments [5]
HK (IFRIC) — Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement [4]
HK (IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments [3]

Notes:

1 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 February 2010.
3 Effective for annual periods beginning on or after 1 July 2010.
4 Effective for annual periods beginning on or after 1 January 2011.
5 Effective for annual periods beginning on or after 1 January 2013.

China iTV is in the process of making an assessment of what the impact of these new and revised standards, amendments and interpretations is expected to be in the period of initial application. So far, it has concluded that the adoption of them is unlikely to have a significant impact on China iTV's results of operations and financial position.

4. Turnover and segment information

There was no turnover generated by China iTV for the Relevant Periods.

Segment information

For the Relevant Periods, China iTV was principally engaged in iTV business in the PRC. The results, assets and liabilities of China iTV during the Relevant Periods were mainly related to the operation of iTV business, and the assets and result are located and generated in PRC.

Since China iTV is only engaged in one operating segment which is the iTV business and all of its result and assets are generated and located in PRC, no segment reporting information such as segment revenue, results, assets and liabilities is presented under HKFRS 8 "Operating Segments".

5. Other revenue

	Years ended 31 December			Eight months ended 31 August	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank interest income	—	—	3	3	1
Effective interest income on loan to a shareholder/former shareholder	2,398	2,554	2,719	1,794	1,910
Total interest income on financial assets not at fair value through profit or loss	2,398	2,554	2,722	1,797	1,911

6. Profit/(Loss) before taxation

Profit/(Loss) before taxation is arrived at after charging the following:

	Years ended 31 December			Eight months ended 31 August	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
a) Finance costs					
Interest on other borrowings wholly repayable within five years	—	—	—	—	155
Total interest expense on financial liabilities not at fair value through profit or loss	—	—	—	—	155

	Years ended 31 December			Eight months ended 31 August	
	2007	2008	2009	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
b) Staff cost (including directors' remuneration)					
Wages, salaries and other benefits	—	—	—	—	1,034
Contribution to defined contribution retirement scheme	—	—	—	—	—
	—	—	—	—	1,034
c) Other items					
Amortisation of intangible assets	—	—	—	—	3
Depreciation for property, plant and equipment	—	—	1	—	37
Minimum lease payments under operating leases on leasehold land and buildings	—	123	225	225	442
Bad debts written off on other receivables	—	—	119	119	—

7. Income tax in the statement of comprehensive income

a) PRC Enterprise Income Tax is calculated at the prevailing tax rate on taxable income determined in accordance with the relevant laws and regulations in the PRC. For the year ended 31 December 2007, China iTV was subject to PRC Enterprise Income Tax at 33% of taxable income. On 16 March 2007, the PRC government promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law (the "Implementation Regulations"). The New Law and Implementation Regulations has changed the tax rate from 33% to 25% from 1 January 2008 onwards. The New Law imposes withholding tax upon the distribution of the profits earned by China iTV on or after 1 January 2008 to its shareholders.

b) Reconciliation between tax expense and accounting profit/(loss) at the applicable tax rate:

	Years ended 31 December			Eight months ended 31 August	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Profit/(loss) before taxation	2,396	2,427	1,346	900	(1,145)
Notional tax on profit/(loss) before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	791	607	337	225	(286)
Tax effect of non-deductible expenses	—	—	30	30	45
Tax effect of non-taxable incomes	(791)	(638)	(680)	(448)	(477)
Tax effect of unused tax losses not recognised	—	31	313	193	718
Actual tax expense	—	—	—	—	—

c) No provision for deferred taxation has been made as there were no temporary differences at the end of each reporting period.

8. Directors' remuneration

No directors' remuneration has been paid or is payable for the Relevant Periods.

No emoluments or discretionary bonus were paid by China iTV to the directors as an inducement to join or upon joining China iTV or as compensation for loss of office during the Relevant Periods. No director of China iTV waived or agreed to waive any emoluments or discretionary bonus during the Relevant Periods.

9. Individuals with highest emoluments

Of the five individuals with the highest emoluments, none is a director for the years ended 31 December 2007, 2008 and 2009 and the eight months ended 31 August 2009 and 2010, whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the five individuals for the years ended 31 December 2007, 2008 and 2009 and the eight months ended 31 August 2009 and 2010 are as follows:

	Years ended 31 December			**Eight months ended 31 August**	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Wages, salaries and other benefits	—	—	—	—	619
Contribution to defined contribution retirement scheme	—	—	—	—	—
	—	—	—	—	619

The emoluments of the five individuals with the highest emoluments are within the band of HK$Nil to HK$1,000,000.

10. Property, plant and equipment

	Furniture and fixture *RMB'000*	Computer and equipment *RMB'000*	Total *RMB'000*
Cost			
At 1 January 2007 and 31 December 2007 and 2008	—	—	—
Additions	—	20	20
At 31 December 2009	—	20	20
At 1 January 2010	—	20	20
Additions	175	311	486
At 31 August 2010	175	331	506
Representing:			
At cost			
— at 31 December 2007 and 2008	—	—	—
— at 31 December 2009	—	20	20
— at 31 August 2010	175	331	506
Accumulated depreciation			
At 1 January 2007 and 31 December 2007 and 2008	—	—	—
Charge for the year	—	1	1
At 31 December 2009	—	1	1
At 1 January 2010	—	1	1
Charge for the period	18	19	37
At 31 August 2010	18	20	38
Net book value			
At 31 December 2007 and 2008	—	—	—
At 31 December 2009	—	19	19
At 31 August 2010	157	311	468

11. Intangible assets

	Computer software *RMB'000*
Cost:	
At 1 January 2007 and 31 December 2007, 2008 and 2009	—
Additions during the period	84
At 31 August 2010	84
Accumulated amortization:	
At 1 January 2007 and 31 December 2007, 2008 and 2009	—
Charge for the period	3
At 31 August 2010	3
Net book value:	
At 31 December 2007, 2008 and 2009	—
At 31 August 2010	81

12. Loan to a shareholder /former shareholder

	Section B *Note*	As at 31 December 2007 *RMB'000*	 2008 *RMB'000*	 2009 *RMB'000*	As at 31 August 2010 *RMB'000*
At beginning of the year/period		37,009	39,407	41,961	44,680
Effective interest credited	*5*	2,398	2,554	2,719	1,910
At end of the year/period		39,407	41,961	44,680	46,590

Note:

The amount was secured by the shares of 深圳市小神通資訊服務有限公司, interest free and repayable on 18 November 2011. 深圳市小神通資訊服務有限公司 was the shareholder of China iTV for the period from 1 August 2006 to 18 July 2008.

The carrying amount of the loan to a shareholder/former shareholder is denominated in Renminbi and effective interest rate as at the issue date was 6.48% based on the maturity period of 5 years.

13. Other receivables, deposits and prepayments

		As at 31 December		As at 31 August
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other receivables	—	3,000	81	700
Loan and receivables	—	3,000	81	700
Prepayments and deposits	—	88	—	1,236
	—	3,088	81	1,936

All of the other receivables, deposits and prepayments were expected to be recovered or recognised as expense within one year.

14. Cash and cash equivalents

		As at 31 December		As at 31 August
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank and in hand	182	1,207	750	8,175
Cash and cash equivalents in the statement of financial position and statement of cash flows	182	1,207	750	8,175

15. Other payables and accruals

		As at 31 December		As at 31 August
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other payables and accruals	590	4,042	1,968	2,126
Amounts due to former shareholders	—	240	548	1,497
Amount due to a shareholder	—	548	242	—
Financial liabilities measured at amortised cost	590	4,830	2,758	3,623

All of the other payables and accruals (including amounts due to a shareholder and former shareholders), are expected to be settled within one year or repayable on demand.

16. Loan from a shareholder

	As at 31 December			As at 31 August
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unsecured	—	—	—	12,000

The amount bears interest at 5% per annum and an amount of RMB2,000,000 and RMB10,000,000 will be payable on 14 January 2012 and 25 June 2012 respectively.

17. Paid-up capital

	As at 31 December			As at 31 August
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning and the end of the year/period	50,000	50,000	50,000	50,000

China iTV was established on 7 September 1998 as a limited liability company with registered capital of RMB50,000,000.

(a) Capital management

China iTV's objective when managing capital are:

(i) To safeguard China iTV's ability to continue as a going concern, so that it continues to provide returns and benefits for stakeholders;

(ii) To support China iTV's stability and growth; and

(iii) To provide capital for the purpose of strengthening China iTV's risk management capability.

China iTV actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of China iTV and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. China iTV currently does not adopt any formal dividend policy. Management regards total equity as capital, for capital management purpose.

(b) Distributability of reserves

At 31 December 2007, 2008 and 2009 and 31 August 2010, no reserve was available for distribution to shareholders of China iTV.

18. Financial risk management and fair values

China iTV's major financial instruments include loan to a shareholder/former shareholder, other receivables, other payables and loan from a shareholder. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk, liquidity risk, currency risk and interest rate risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Credit risk

(i) As at 31 December 2007, 2008 and 2009 and 31 August 2010, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance.

(ii) As at 31 December 2007, 2008 and 2009 and 31 August 2010, China iTV had certain concentration of credit risk as nearly 100%, 93%, 100% and 99% of total receivables respectively was due from a shareholder/former shareholder of China iTV.

(iii) The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. China iTV monitors closely the credit ratings of these counterparties and will take appropriate action when their ratings change.

(b) Liquidity risk

Liquidity risk is the risk that China iTV will not be able to meet its financial obligations as they fall due. China iTV's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major financial institutions to satisfy its contractual and reasonably foreseeable obligations as they fall due.

The following liquidity table set out the remaining contractual maturities at the end of the reporting period of China iTV's financial liabilities based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting periods) and the earliest date China iTV required to pay:

As at 31 December 2007

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other payables and accruals	590	—	—	—	590	590

As at 31 December 2008

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other payables and accruals	4,830	—	—	—	4,830	4,830

As at 31 December 2009

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other payables and accruals	2,758	—	—	—	2,758	2,758

As at 31 August 2010

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other payables and accruals	3,623	—	—	—	3,623	3,623
Loan from a shareholder	—	13,044	—	—	13,044	12,000
	3,623	13,044	—	—	16,667	15,623

(c) ***Interest rate risk***

China iTV is exposed to cash flow interest rate risk in relation to variable-rate bank balances and deposits and fair value interest rate risk in relation to fixed-rate loan from a shareholder.

(i) *Interest rate profile*

The following table details the interest rate profile of China iTV's borrowings at the end of the reporting period:

	As at 31 December						As at 31 August	
	2007		2008		2009		2010	
	Effective interest rates		Effective interest rates		Effective interest rates		Effective interest rates	
	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000
Fixed rate borrowings:								
Loan from a shareholder	0%	—	0%	—	0%	—	5%	12,000
Net fixed rate borrowings as a percentage of total net borrowings		—		—		—		100%
Variable rate bank balances and deposits	0.54%	—	0.36%	1,027	0.36%	62	0.36%	8,172

(ii) *Sensitivity analysis*

All of the borrowings of China iTV which are fixed rate instruments are insensitive to any change in interest rates. A change in interest rates at the end of each reporting period would not affect profit or loss.

At 31 December 2007, 2008 and 2009 and 31 August 2010, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase China iTV's profit/loss after tax and accumulated losses by approximately RMBNil, RMB5,000, RMBNil and RMB41,000 respectively. Other components of equity would not change in response to the general increase/decrease in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for variable rate interest bearing financial instruments in existence at that date. The 50 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual end of the reporting period. The analysis is performed on the same basis for the Relevant Periods.

(d) Currency risk

China iTV's exposure to foreign currency risk is minimal as China iTV does not have any foreign currency transactions and its monetary assets and liabilities are denominated in Renminbi. The exchange rate risk to China iTV is not significant and therefore, no sensitivity analysis presented.

(e) Fair values

The director considers that all financial instruments are carried at amounts not materially different from their fair values as at 31 December 2007, 2008 and 2009 and 31 August 2010.

(f) Estimation of fair values

The following summarises the major methods and assumptions applied in determining the fair value of the following financial instrument:

(i) Interest-bearing borrowing

The fair value is estimated as the present value of future cash flows, discounted at current market rate for similar financial instruments.

19. Material related party transactions

(a) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to China iTV's director as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9, is as follows:

	Year ended 31 December			**Eight months ended 31 August**	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Short-term employee benefits	—	—	—	—	—
Post-employment benefits	—	—	—	—	—
	—	—	—	—	—

(b) Transactions with related parties

The following is a summary of significant related party transactions entered into in the normal course of business between China iTV and its related party during the Relevant Periods.

Name of related parties	Relationship	Nature of transactions	Term and pricing policies	Year ended 31 December 2007	2008	2009	Eight months ended 31 August 2009	2010
				RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Zhang Mingyuan ("張明遠")	A shareholder of China iTV	Interest expenses	5% per annum	—	—	—	—	155

The outstanding balances at the end of the reporting period are as follows:

	As at 31 December 2007	2008	2009	As at 31 August 2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Loan to a shareholder/ former shareholder *(note 12)*	39,407	41,961	44,680	46,590
Amount due to a shareholder *(note 15)*	—	548	242	—
Loan from a shareholder *(note 16)*	—	—	—	12,000

20. Commitments

(a) Commitments under operating leases

As at the end of each reporting period, China iTV had commitments for future minimum lease payments under non-cancellable operating leases payable as follows:

	As at 31 December 2007	2008	2009	As at 31 August 2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	—	208	—	874
In the second to fifth year inclusive	—	—	—	467
	—	208	—	1,341

China iTV leases its offices under operating lease arrangements. The lease for properties is negotiated for a term of a range of 1 to 2 years.

21. Critical accounting judgements and key sources of estimation uncertainty

a) Key sources of estimation uncertainty

In the process of applying China iTV's accounting policies which are described in note 2, management has made certain key assumptions concerning the future, and other key sources of estimated uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as discussed below.

i) Impairment of property, plant and equipment and intangible assets

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, which requires significant judgement relating to level of revenue and amount of operating costs. China iTV uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

ii) Impairment of receivables

China iTV maintains impairment allowance for doubtful accounts based upon evaluation of the recoverability of the receivables, where applicable, at the end of each reporting period. The estimates are based on the ageing of the receivables balances and the historical write-off experience, net of recoveries. If the financial condition of the debtors were to deteriorate, additional impairment allowance may be required.

iii) Taxation

China iTV is subject to various taxes in the PRC. Significant judgment is required in determining the provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. China iTV recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that are initially recorded, such differences will impact the tax provisions in the period in which such determination is made.

b) Critical accounting judgements in applying China iTV's accounting policies

In determining the carrying amounts of some assets and liabilities, China iTV makes assumptions for the effects of uncertain future events on those assets and liabilities at the end of the reporting period. These estimates involve assumptions about such items as cash flows and discount rates used. China iTV's estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to assumptions and estimations of future events, judgements are also made during the process of applying China iTV's accounting policies.

C. Events after the reporting period

Business Agreement and other contractual arrangements

Pursuant to the Business Agreement dated 29 September 2010, China iTV has granted a 20-year exclusive right to Beijing Nian Yue to provide technical support and consulting service to China iTV for managing the iTV Business. The Business Agreement provides that without the written consent of Beijing Nian Yue, China iTV shall not directly or indirectly accept the same or any similar consultation and/or services provided by any third party. On the same date, all the owners of China iTV have authorised, through the Power of Attorneys, Beijing Nian Yue to act as their exclusive agent and attorney with respect to the matters including but not limited to (i) attending owner's meeting of China iTV; (ii) exercising all the owner's rights and owner's voting rights; and (iii) designating and appointing the directors and other key management members of China iTV. By way of the Business Agreement and the Power of Attorneys, Beijing Nian Yue will enjoy 100% economic benefit from the iTV Business. On 29 September 2010, Beijing Nian Yue, the owners of China iTV and China iTV also entered into an exclusive option agreement pursuant to which the owners of China iTV irrevocably granted Beijing Nian Yue an exclusive right to purchase the entire equity interest in China iTV.

D. Subsequent financial statements

No audited financial statements have been prepared by China iTV in respect of any period subsequent to 31 August 2010.

2. MANAGEMENT DISCUSSION AND ANALYSIS OF CHINA iTV

(i) For the year ended 31 December 2007

(a) Business review

China iTV was incorporated in the PRC on 7 September 1998 with a scope of business involving network technology development, technology consulting, software development, system integration, development and application of logistics technology system. China iTV has not yet commenced any business in 2007.

(b) Financial result, financial position and capital structure

The net asset value of China iTV was approximately RMB38,999,000, and its net profit (both before and after taxation) for the year ended 31 December 2007 was approximately RMB2,396,000, which mainly represented the effective interest income of approximately RMB2,398,000 on a secured loan of approximately RMB39,407,000 to a shareholder as at 31 December 2007.

Non-current assets amounted to approximately RMB39,407,000, which represented a secured loan to a shareholder as at 31 December 2007. The cash and bank balance at 31 December 2007 was approximately RMB182,000. Current liabilities amounted to approximately RMB590,000, which represented other payables and accruals at 31 December 2007.

The Company funded its operation by its internal resources and paid-up capital. There was no change in capital structure during the year.

No financial instrument was used for hedging purpose during the year.

(c) Employment and remuneration policy

As at 31 December 2007, China iTV did not have any employees.

(d) Material investments or capital assets

As at 31 December 2007, China iTV did not have any plan for material investments or capital assets.

(e) Details of charges on assets

As at 31 December 2007, China iTV had no charge on its assets.

(f) Borrowings and gearing ratio

As at 31 December 2007, China iTV did not have any borrowings and thus its gearing ratio was zero.

(g) Foreign exchange exposure

Since the operations of China iTV are in the PRC and most of the transactions, monetary assets and liabilities are denominated in RMB, China iTV's exposure to foreign currency risk is minimal. As such, no foreign currency hedging policy was adopted by China iTV.

(h) Acquisition/disposal of subsidiary

There were no material acquisition and disposal of subsidiaries and associated companies during the year.

(i) Contingent liabilities and capital commitment

There were no contingent liability and capital commitment as at 31 December 2007.

(ii) For the year ended 31 December 2008

(a) Business review

On 27 October 2008, China iTV entered into the Strategic Framework Agreement with Unicom Broadband and Huishi (Hainan) for introducing its online video services to major cities in the PRC in the coming years. Although China iTV has not yet commenced any business in 2008, in preparation for the launch of the iTV Business, it entered into the Strategic Framework Agreement to secure the operational support from Unicom Broadband relating to system infrastructure, advertising and sales and the access to Unicom Broadband's customer base, and to obtain a variety of video and TV contents from Huishi (Hainan).

(b) Financial result, financial position and capital structure

The net asset value of China iTV was approximately RMB41,426,000, and its net profit (both before and after taxation) for the year ended 31 December 2008 was approximately RMB2,427,000, which mainly represented the effective interest income of approximately RMB2,554,000 on a secured loan of approximately RMB41,961,000 to a shareholder of China iTV as at 31 December 2008.

Non-current assets amounted to approximately RMB41,961,000, which represented a secured loan to a shareholder of China iTV as at 31 December 2008. The cash and bank balance at 31 December 2008 was approximately RMB1,207,000. Current liabilities amounted to approximately RMB4,830,000, which represented other payables and accruals of approximately RMB4,042,000, amounts due to former shareholders of approximately RMB240,000 and amount due to a shareholder of approximately RMB548,000 at 31 December 2008.

The Company funded its operation by its internal resources and paid-up capital. There was no change in capital structure during the year.

No financial instrument was used for hedging purpose during the year.

(c) Employment and remuneration policy

As at 31 December 2008, China iTV did not have any employees.

(d) Material investments or capital assets

As at 31 December 2008, China iTV did not have any plan for material investments or capital assets.

(e) Details of charges on assets

As at 31 December 2008, China iTV had no charge on its assets.

(f) Borrowings and gearing ratio

As at 31 December 2008, China iTV did not have any borrowings and thus its gearing ratio was zero.

(g) Foreign exchange exposure

Since the operations of China iTV are in the PRC and most of the transactions, monetary assets and liabilities are denominated in RMB, China iTV's exposure to foreign currency risk is minimal. As such, no foreign currency hedging policy was adopted by China iTV.

(h) Acquisition/disposal of subsidiary

There were no material acquisition and disposal of subsidiaries and associated companies during the year.

(i) Contingent liabilities and capital commitment

There were no contingent liability and capital commitment as at 31 December 2008.

(iii) For the year ended 31 December 2009

(a) Business review

On 13 January 2009, China iTV entered into the Media Strategic Framework Agreement with Huishi (Hainan), pursuant to which Huishi (Hainan) agrees to provide different TV contents to China iTV for 10 years. On 10 December 2009, China iTV also entered into a supplementary agreement to the Strategic Framework Agreement with Unicom Broadband and Huishi (Hainan), pursuant to which Huishi (Hainan) agrees to extend another 10 years in provision of TV contents to China iTV and Unicom China agrees to extend another five years in provision of its services pursuant to the Strategic Framework Agreement.

China iTV has not commenced any business in 2009. It is expected that China iTV will commence the iTV Business by the end of 2010 by running a pilot in Qingdao or other preferred cities selected by Unicom Broadband and the iTV Business will start to generate turnover from 2011 once there are subscribers for China iTV's online video services. As at the Latest Practicable Date, China iTV was fine-tuning the website, carrying out final editing of the video and TV contents and finalising the promotion campaigne for the launch of the pilot programme.

(b) Financial result, financial position and capital structure

The net asset value of China iTV was approximately RMB42,772,000 and its net profit (both before and after taxation) for the year ended 31 December 2009 was approximately RMB1,346,000, representing a decrease of approximately 44.5% as compared with that of 2008, which was mainly attributable to an increase in administrative expenses of approximately RMB1,130,000 for expansion of the iTV Business.

Non-current assets amounted to approximately RMB44,699,000, which mainly represented a secured loan to a shareholder of approximately RMB44,680,000 as at 31 December 2009. The cash and bank balance at 31 December 2009 was approximately RMB750,000. Current liabilities amounted to approximately RMB2,758,000, which represented other payables and accruals of approximately RMB1,968,000, amounts due to former shareholders of approximately RMB548,000 and amount due to a shareholder of approximately RMB242,000 at 31 December 2009.

The Company funded its operation by its internal resources and paid-up capital. There was no change in capital structure during the year.

No financial instrument was used for hedging purpose during the year.

(c) Employment and remuneration policy

As at 31 December 2009, China iTV did not have any employees.

(d) Material investments or capital assets

As at 31 December 2009, China iTV did not have any plan for material investments or capital assets.

(e) Details of charges on assets

As at 31 December 2009, China iTV had no charge on its assets.

(f) Borrowings and gearing ratio

As at 31 December 2009, China iTV did not have any borrowings and thus its gearing ratio was zero.

(g) Foreign exchange exposure

Since the operations of China iTV are in the PRC and most of the transactions, monetary assets and liabilities are denominated in RMB, China iTV's exposure to foreign currency risk is minimal. As such, no foreign currency hedging policy was adopted by China iTV.

(h) Acquisition/disposal of subsidiary

There were no material acquisition and disposal of subsidiaries and associated companies during the period.

(i) Contingent liabilities and capital commitment

There were no contingent liability and capital commitment as at 31 December 2009.

(iv) For the eight months ended 31 August 2010

(a) Business review

China iTV has not yet commenced any business during the period.

(b) Financial result, financial position and capital structure

The net asset value of China iTV was approximately RMB41,627,000, and its net loss (both before and after taxation) for the eight months ended 31 August 2010 was approximately RMB1,145,000.

Non-current assets amounted to approximately RMB47,139,000, which mainly represented a secured loan to a shareholder of approximately RMB46,590,000 as at 31 August 2010. The cash and bank balance at 31 August 2010 was approximately RMB8,175,000. Current liabilities amounted to approximately RMB3,623,000, which represented other payables and accruals of approximately RMB2,126,000 and amounts due to former shareholders of approximately RMB1,497,000 at 31 August 2010. Non-current liabilities amounted to RMB12,000,000, which was an unsecured loan provided by a shareholder at an interest rate of 5% per annum.

The Company funded its operation by its internal resources and loans. There was no change in capital structure during the period.

No financial instrument was used for hedging purpose during the period.

(c) Employment and remuneration policy

As at 31 August 2010, the number of employees was 14. Total staff cost for the period was approximately RMB1,034,000. The remuneration policy was reviewed in line with the market conditions, current legislation and the performance of the individual employee.

(d) Material investments or capital assets

China iTV is expected to run its pilot program in Qingdao or other preferred cities in Fujian, Hebei, Shanxi and Heilongjiang provinces selected by Unicom Broadband by the end of 2010 and aims at introducing its online video services to the major cities in the PRC within five years.

(e) Details of charges on assets

As at 31 August 2010, China iTV had no charge on its assets.

(f) Borrowings and gearing ratio

The total outstanding loan as at 31 August 2010 was approximately RMB12,000,000, which represented a loan from a shareholder of RMB12,000,000 bearing interest at 5% per annum, of which RMB2,000,000 and RMB10,000,000 will be repayable on 14 January 2012 and 25 June 2012 respectively. The gearing ratio expressed by the net debt over total equity was approximately 0.09 as at 31 August 2010.

(g) Foreign exchange exposure

Since the operations of China iTV are in the PRC and most of the transactions, monetary assets and liabilities are denominated in RMB, China iTV's exposure to foreign currency risk is minimal. As such, no foreign currency hedging policy was adopted by China iTV.

(h) Acquisition/disposal of subsidiary

There were no material acquisition and disposal of subsidiaries and associated companies during the period.

(i) Contingent liabilities and capital commitment

There were no contingent liability and capital commitment as at 31 August 2010.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

(I) Unaudited Pro Forma Statement of Financial Position of the Enlarged Group

The following table is an illustrative unaudited pro forma statement of financial position of the Enlarged Group which has been prepared on the basis set out below for the purpose of illustration as if the Completion had taken place at 31 December 2009.

The unaudited pro forma statement of financial position of the Enlarged Group is prepared as if the Completion had been taken place on 31 December 2009 and is based on:

(1) the audited consolidated statement of financial position of the Group as at 31 December 2009, which has been extracted from the published annual report of the Company for the year ended 31 December 2009;

(2) the consolidated statement of financial position as at 31 August 2010 as extracted from the accountants' report of the Target Group, as set out in Appendix II to this Circular; and

(3) the statement of financial position as at 31 August 2010 as extracted from the accountants' report of China iTV, as set out in Appendix III to this Circular

and after making certain pro forma adjustments as set out below. Beijing Nian Yue was incorporated on 13 September 2010, which no account was available as at 31 December 2009. Accordingly, it was not included in the preparation of the unaudited pro forma financial statement of financial position. The unaudited pro forma statement of financial position of the Enlarged Group was prepared by assuming that Beijing Nian Yue has been established and the Business Agreement and other contractual agreements were completed and the financial position of China iTV are consolidated.

The unaudited pro forma statement of financial position of the Enlarged Group is prepared by the directors of the Company to provide unaudited pro forma financial information of the Enlarged Group as a result of the Completion. As it is prepared for illustrative purpose only, it does not purport to give a true picture of what the financial position of the Enlarge Group is on the completion of the proposed Acquisition or, on any future dates.

	The Group as at 31 December 2009 *HK$'000*	Target Group as at 31 August 2010 *HK$'000*	China iTV as at 31 August 2010 *HK$'000* *(RMB 1 = HK$1.14179)*	Pro forma adjustments *(Note 1)* *HK$'000*	*(Note 2)* *HK$'000*	*(Note 3)* *HK$'000*	*(Note 4)* *HK$'000*	*(Note 5)* *HK$'000*	*(Note 6)* *HK$'000*	Unaudited pro forma statement of financial position of the Enlarged Group *HK$'000*
Non current assets										
Property, plant and equipment	121,192	–	534	–	–	–	–	–	–	121,726
Prepaid lease payments	37,447	–	–	–	–	–	–	–	–	37,447
Goodwill	511,381	–	–	–	–	–	–	–	–	511,381
Other intangible assets	182,374	–	92	–	–	1,352,747	(67,637)	–	–	1,467,576
Investment in a subsidiary	–	–	–	1,386,000	(33,253)	(1,352,747)	–	–	–	–
Available-for-sale investments	214,199	–	–	–	–	–	–	–	–	214,199
Other receivables	–	–	53,196	–	–	–	–	–	–	53,196
	1,066,593	–	53,822	1,386,000	(33,253)	–	(67,637)	–	–	2,405,525
Current assets										
Inventories	256,185	–	–	–	–	–	–	–	–	256,185
Trade and other receivables	105,531	–	2,211	–	–	–	–	–	–	107,742
Prepaid lease payments	3,167	–	–	–	–	–	–	–	–	3,167
Held-for-trading investments	6,746	–	–	–	–	–	–	–	–	6,746
Bank balances and cash	531,223	1,010	9,334	(100,000)	–	–	–	(3,120)	–	438,447
	902,852	1,010	11,545	(100,000)	–	–	–	(3,120)	–	812,287
Current liabilities										
Trade and other payables	221,880	1,035	4,137	–	–	–	–	–	7,930	234,982
Amounts due to minority shareholders	150,500	–	–	–	–	–	–	–	–	150,500
Tax payable	62,277	–	–	–	–	–	–	–	–	62,277
Bank borrowings	51,192	–	–	–	–	–	–	–	–	51,192
Other borrowings	1,137	–	–	–	–	–	–	–	–	1,137
Provisions	56,302	–	–	–	–	–	–	–	–	56,302
	(543,288)	(1,035)	(4,137)	–	–	–	–	–	(7,930)	(556,390)
Net current assets/(liabilities)	359,564	(25)	7,408	(100,000)	–	–	–	(3,120)	(7,930)	255,897
Total assets less current liabilities	1,426,157	(25)	61,230	1,286,000	(33,253)	–	(67,637)	(3,120)	(7,930)	2,661,422
Non-current liabilities										
Deferred income	32,435	–	–	–	–	–	–	–	–	32,435
Bank borrowings	68,256	–	–	–	–	–	–	–	–	68,256
Other borrowings	4,880	–	13,700	–	–	–	–	–	–	18,580
Provisions	67,747	–	–	–	–	–	–	–	–	67,747
Deferred tax liabilities	25,070	–	–	–	–	–	–	–	–	25,070
Other long term payables	95,664	–	–	–	–	–	–	–	–	95,664
	(294,052)	–	(13,700)	–	–	–	–	–	–	(307,752)
	1,132,105	(25)	47,530	1,286,000	(33,253)	–	(67,637)	(3,120)	(7,930)	2,353,670
Capital and reserves										
Share capital	613,078	–	57,090	234,762	(57,090)	–	–	–	–	847,840
Share premium and reserves	434,199	(25)	(9,560)	1,051,238	9,585	–	(67,637)	(3,120)	(7,930)	1,406,150
Equity attributable to owners of the Company	1,047,277	(25)	47,530	1,286,000	(47,505)	–	(67,637)	(3,120)	7,930	2,254,590
Minority interests	84,828	–	–	–	14,252	–	–	–	–	99,080
	1,132,105	(25)	47,530	1,286,000	(33,253)	–	(67,637)	(3,120)	(7,930)	2,353,670

(II) Unaudited Pro Forma Statement of Comprehensive Income of the Enlarged Group

The following table is as illustrative unaudited pro forma statement of comprehensive income of the Enlarged Group which has been prepared on the basis set out below for the purpose of illustration as if the Completion had taken place at 1 January 2009.

The unaudited pro forma statement of comprehensive income of the Enlarged Group is prepared as if the Acquisition had been completed on 1 January 2009 and is based on:

(1) the audited consolidated statement of comprehensive income of the Group for the year ended 31 December 2009, which has been extracted from the published annual report of the Company for the year ended 31 December 2009;

(2) the consolidated statement of comprehensive income of the Target Group for the period from 8 June 2010 (date of incorporation) to 31 August 2010 as extracted from the accountants' report of the Target Group, as set out in Appendix II to this Circular; and

(3) the statement of comprehensive income of the China iTV for the year ended 31 December 2009 as extracted from the accountants' report of China iTV, as set out in Appendix III to this Circular

and after making certain pro forma adjustments as set out below. Beijing Nian Yue was incorporated on 13 September 2010, which no account was available as at 31 December 2009. Accordingly, it was not included in the preparation of the unaudited pro forma financial statement of comprehensive income. The unaudited pro forma statement of comprehensive income of the Enlarged Group was prepared by assuming that Beijing Nian Yue has been established and the Business Agreement and other contractual agreements were completed and the result of China iTV are consolidated.

The unaudited pro forma statement of comprehensive income of the Enlarged Group is prepared by the directors of the Company to provide unaudited pro forma financial information on the Enlarged Group as a result of the Completion. As it is prepared for illustrative purposes only, it does not purport to give a true picture of what the results of the Enlarged Group are on the completion of the proposed Acquisition or, for any future financial periods.

	The Group for the year ended 31 December 2009	Target Group for the period from 8 June 2010 to 31 August 2010	China iTV for the year ended 31 December 2009	Pro forma adjustments			Unaudited pro forma statement of comprehensive income of the Enlarged Group
				(Note 4)	*(Note 5)*	*(Note 6)*	
	HK$'000	*HK$'000*	*HK$'000* *(RMB 1 = HK$1.1342)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	250,103	–	–	–	–	–	250,103
Cost of sales	(129,472)	–	–	–	–	–	(129,472)
Gross profit	120,631	–	–	–	–	–	120,631
Other income	25,823	–	3,088	–	–	–	28,911
Other gains and losses	274,008	–	(135)	–	–	–	273,873
Selling and distribution expenses	(16,101)	–	–	–	–	–	(16,101)
Administrative expenses	(191,312)	(25)	(1,426)	(67,637)	(3,120)	–	(263,520)
Finance costs	(18,849)	–	–	–	–	(7,930)	(26,779)
Impairment losses on exploration and evaluation assets and other intangible assets	(452,766)	–	–	–	–	–	(452,766)
Impairment losses on property, plant and equipment and prepaid lease payments	(149,463)	–	–	–	–	–	(149,463)
Profit/(loss) before tax	(408,029)	(25)	1,527	(67,637)	(3,120)	(7,930)	(485,214)
Income tax credit	10,195	–	–	–	–	–	10,195
Profit/(loss) for the year/period	(397,834)	(25)	1,527	(67,637)	(3,120)	(7,930)	(475,019)

	The Group for the year ended 31 December 2009	Target Group for the period from 8 June 2010 to 31 August 2010	China iTV for the year ended 31 December 2009	Pro forma adjustments (Note 4)	Pro forma adjustments (Note 5)	Pro forma adjustments (Note 6)	Unaudited pro forma statement of comprehensive income of the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000 (RMB 1 = HK$1.1342)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other comprehensive income (expense)							
Exchange difference arising on translation	1,269	–	–	–	–	–	1,269
Gain on fair value change of available-for-sale investments	93,965	–	–	–	–	–	93,965
Reclassification adjustment upon disposal of available-for-sale investments	(71,500)	–	–	–	–	–	(71,500)
Other comprehensive income for the year/period (net of tax)	23,734	–	–	–	–	–	23,734
Total comprehensive income/(expense) for the year/period	(374,100)	(25)	1,527	(67,637)	(3,120)	(7,930)	(451,285)
Profit/(loss) for the year/period attributable to:							
Owners of the Company	(318,355)	(25)	1,527	(67,637)	(3,120)	(7,930)	(395,540)
Minority interests	(79,479)	–	–	–	–	–	(79,479)
	(397,834)	(25)	1,527	(67,637)	(3,120)	(7,930)	(475,019)
Total comprehensive income/(expense) attributable to:							
Owners of the Company	(294,715)	(25)	1,527	(67,637)	(3,120)	(7,930)	(371,900)
Minority interests	(79,385)	–	–	–	–	–	(79,385)
	(374,100)	(25)	1,527	(67,637)	(3,120)	(7,930)	(451,285)

(III) Unaudited Pro Forma Statement of Cash Flows of the Enlarged Group

The following is an illustrative unaudited pro forma statement of cash flows of the Enlarged Group which has been prepared on the basis set out below for the purpose of illustration as if the Completion had taken place at 1 January 2009.

The unaudited pro forma statement of cash flows of the Enlarged Group is prepared as if the Completion had been taken place on 1 January 2009 and is based on:

(1) the audited consolidated statement of cash flows of the Group for the year ended 31 December 2009, which has been extracted from the published annual report of the Company for the year ended 31 December 2009;

(2) the consolidated statement of cash flows of the Target Group for the period from 8 June 2010 (date of incorporation) to 31 August 2010 as extracted from the accountants' report of the Target Group, as set out in Appendix II to this Circular; and

(3) the statement of cash flows of China iTV for the year ended 31 December 2009 as extracted from the accountants' report of China iTV, as set out in Appendix III to this Circular and after making certain pro forma adjustments as set out below.

Beijing Nian Yue was incorporated on 13 September 2010, which no account was available as at 31 December 2009. Accordingly, it was not included in the preparation of the unaudited pro forma financial statement of cash flows. The unaudited pro forma statement of cash flows of the Enlarged Group was prepared by assuming that Beijing Nian Yue has been established and the Business Agreement and other contractual agreements were completed and the cash flows of China iTV are consolidated.

The unaudited pro forma statement of cash flows of the Enlarged Group is prepared by the directors of the Company to provide unaudited pro forma financial information on the Enlarged Group as a result of the Completion. As it is prepared for illustrative purposes only, it does not purport to give a true picture of what the cash flows of the Enlarged Group are on the completion of the proposed Acquisition or, for any future financial periods.

	The Group for the year ended 31 December 2009	Target Group for the period from 8 June 2010 to 31 August 2010	China iTV for the year ended 31 December 2009	Pro forma adjustments				Unaudited pro forma statement of cash flow of the Enlarged Group
				(Note 1)	*(Note 4)*	*(Note 5)*	*(Note 6)*	
	HK$'000	*HK$'000*	*HK$'000 (RMB 1 = HK$1.1342)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Operating activities								
Profit/(loss) before tax	(408,029)	(25)	1,527	–	(67,637)	(3,120)	(7,930)	(485,214)
Adjustments for:								
Interest income	(4,346)	–	(3,088)	–	–	–	–	(7,434)
Interest expenses	18,849	–	–	–	–	–	7,930	26,779
Depreciation of property, plant and equipment	20,031	–	1	–	–	–	–	20,032
Amortisation of prepaid lease payments	1,693	–	–	–	–	–	–	1,693
Amortisation of other intangible assets	2,978	–	–	–	67,637	–	–	70,615
Bad debts written off	–	–	135	–	–	–	–	135
Gain on disposal of property, plant and equipment	(2,208)	–	–	–	–	–	–	(2,208)
Gain on disposal of subsidiaries	(85,850)	–	–	–	–	–	–	(85,850)
Gain on disposal of business	(57,524)	–	–	–	–	–	–	(57,524)
Gain on disposal of prepaid lease payments	(28,378)	–	–	–	–	–	–	(28,378)
Gain on disposal of available-for-sale investments	(71,500)	–	–	–	–	–	–	(71,500)
Impairment losses on exploration and evaluation assets and other intangible assets	452,766	–	–	–	–	–	–	452,766
Impairment losses on property, plant and equipment and prepaid lease payments	149,463	–	–	–	–	–	–	149,463
Share-based payment expenses	25,498	–	–	–	–	–	–	25,498
(Reversal of) impairment losses on trade and other receivables	(1,650)	–	–	–	–	–	–	(1,650)
(Reversal of) allowance for inventories	(34,764)	–	–	–	–	–	–	(34,764)
Operating cash flows before movements in working capital	(22,971)	(25)	(1,425)	–	–	(3,120)	–	(27,541)

	The Group for the year ended 31 December 2009	Target Group for the period from 8 June 2010 to 31 August 2010	China iTV for the year ended 31 December 2009	Pro forma adjustments				Unaudited pro forma statement of cash flow of the Enlarged Group
				(Note 1)	*(Note 4)*	*(Note 5)*	*(Note 6)*	
	HK$'000	*HK$'000*	*HK$'000 (RMB 1 = HK$1.1342)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Decrease in inventories	9,111	–	–	–	–	–	–	9,111
Decrease in trade and other receivables	105,668	–	3,276	–	–	–	–	108,944
Increase/(decrease) in trade and other payables	6,696	1,035	(2,350)	–	–	–	–	5,381
Decrease in held- for-trading investments	21,019	–	–	–	–	–	–	21,019
Utilisation of provisions	(16,918)	–	–	–	–	–	–	(16,918)
Cash generated from/(used in) operations	102,605	1,010	(499)	–	–	(3,120)	–	99,996
PRC Enterprise Income Tax paid	(55,282)	–	–	–	–	–	–	(55,282)
Net cash from/(used in) operating activities	47,323	1,010	(499)	–	–	(3,120)	–	44,714
Investing activities								
Acquisition of subsidiaries	(380,898)	–	–	(100,000)	–	–	–	(480,898)
Purchases of available-for- sale investments	(172,625)	–	–	–	–	–	–	(172,625)
Decrease in other long term payables	(68,158)	–	–	–	–	–	–	(68,158)
Purchases of prepaid lease payments	(24,548)	–	–	–	–	–	–	(24,548)
Purchases of property, plant and equipment	(18,439)	–	(23)	–	–	–	–	(18,462)
Purchases of exploration and evaluation assets	(310)	–	–	–	–	–	–	(310)
Purchases of other intangible assets	(30)	–	–	–	–	–	–	(30)
Proceeds from disposal of available-for-sale investments	124,512	–	–	–	–	–	–	124,512
Proceeds from disposal of prepaid lease payments	43,187	–	–	–	–	–	–	43,187
Proceeds from disposal of subsidiaries	28,842	–	–	–	–	–	–	28,842
Government grants received	20,732	–	–	–	–	–	–	20,732
Proceeds from disposal of business	6,998	–	–	–	–	–	–	6,998
Interest received	4,346	–	3	–	–	–	–	4,349
Proceeds from disposal of property, plant and equipment	3,405	–	–	–	–	–	–	3,405
Net cash used in investing activities	(432,986)	–	(20)	(100,000)	–	–	–	(533,006)

	The Group for the year ended 31 December 2009	Target Group for the period from 8 June 2010 to 31 August 2010	China iTV for the year ended 31 December 2009	Pro forma adjustments				Unaudited pro forma statement of cash flow of the Enlarged Group
				(Note 1)	*(Note 4)*	*(Note 5)*	*(Note 6)*	
	HK$'000	*HK$'000*	*HK$'000 (RMB 1 = HK$1.1342)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financing activities								
Repayment of bank borrowings	(170,474)	–	–	–	–	–	–	(170,474)
Interest paid	(18,849)	–	–	–	–	–	–	(18,849)
Repayment of other borrowings	(1,701)	–	–	–	–	–	–	(1,701)
Repayment of amounts due to jointly controlled entities	(758)	–	–	–	–	–	–	(758)
Repayment to minority shareholders	(229)	–	–	–	–	–	–	(229)
New bank borrowings raised	108,109	–	–	–	–	–	–	108,109
Net cash used in financing activities	(83,902)	–	–	–	–	–	–	(83,902)
Net decrease in cash and cash equivalents	(469,565)	1,010	(519)	(100,000)	–	(3,120)	–	(572,194)
Cash and cash equivalents at the beginning of the year/period	1,000,408	–	1,369	–	–	–	–	1,001,777
Effect of foreign exchange rate changes	380	–	–	–	–	–	–	380
Cash and cash equivalents at the end of the year/period	531,223	1,010	850	(100,000)	–	(3,120)	(3,120)	429,963

Notes:

1. The adjustments for the acquisition of the interest in 70% of the issued share capital of the Target Group. The consideration of HK$1,386,000,000 is to be satisfied by the Company as to (i) HK$100,000,000 in cash; (ii) HK$493,000,000 by way of allotment and issue of 2,347,620,000 Consideration Shares at an issue price of HK$0.21 each; and (iii) HK$793,000,000 by way of the allotment and issue of 3,776,190,000 Convertible Preference Shares at an issue price of HK$0.21 each.

   Upon the completion, the share capital and share premium of the Company would be increased by HK$234,762,000 and HK$258,238,000, respectively. The fair value of the shares issued for the Acquisition is assumed, for the purpose of the preparation of unaudited pro forma financial information, as equal to the Issue Price times the number of shares to be issued.

   Fair value of the consideration shares shall be reassessed on the date of Completion and is therefore subject to change upon completion of the Acquisition.

The Convertible Preference Shares bear interest at 1% per annum and non-redeemable. The conversion price is HK$0.21 per conversion share and an aggregate of 3,776,190,000 shares will be issued upon full conversion. In the opinion of the directors of the Company, the Convertible Preference Shares is an equity instrument as the Company has no financial obligation against the holders of the Convertible Preference Shares and the Convertible Preference Shares is non-redeemable. Accordingly, the entire amount is credited to the convertible preference shares reserve upon issuance of the Convertible Preference Shares. The fair value of the Convertible Preference Shares shall be reassessed on the date of Completion.

2. The adjustment represents the elimination of the interest in 70% of the issued share capital and reserve of the Target Group and China iTV upon consolidation as a result of the Completion.

3. The adjustment reflects the intangible assets, representing the rights to use of various video and TV contents and the customer base in relation to the existing broadband users of Unicom Broadband etc. arising from the Strategic Framework Agreement, the Media Strategic Framework Agreement and the cooperation contracts, including (i) a non-exclusive purchase agreement dated 20 September 2010 entered into between China iTV and Zhejiang Dong Yang Media Limited ("Zhejiang Dong Yang") relating to provision of TV contents from Zhejiang Dong Yang for a term of three years; (ii) an exclusive agreement dated 28 September 2010 entered into between China iTV and Hua Wen Television ("Hua Wen") relating to provision of documentary films from Hua Wen for a term of three years; (iii) a strategic cooperation agreement dated 28 September 2010 entered into between China iTV and People's Daily China News Television Centre ("People's Daily") relating to provision of articles, pictures and video from People's Daily with a valid period from date of the agreement to 30 December 2015; and (iv) a non-exclusive purchase agreement dated 30 September 2010 entered into between China iTV and Beijing Da Lu Qiao Culture Development Company Limited ("Beijing Da Lu Qiao") relating to provision of TV contents from Beijing Da Lu Qiao for a term of three years, to be acquired through the acquisition of the Target Group.

   As the Acquisition is considered as a purchase of net assets and part of the consideration is to be settled by the Company's equity instruments, the Acquisition is considered as an equity settled share-based payment transaction. According to HKFRS 2, the fair value of the equity instruments should be recognised on the fair value of the net assets acquired, unless the presumption is rebutted, it should measure at the fair value of the equity instruments. As for the value of the intangible assets acquired, after taking into account the advice from the professional valuer, Roma Appraisals Limited, since (i) there was no representable direct market comparables available in a quoted market for the intangible assets to be acquired; and (ii) the value in use of the intangible assets to be valued will be based on significant estimation, assumptions and judgments which are with high uncertainties as at the Latest Practicable Date, the reasonable fair value estimates of the intangible assets are therefore considered not reliably measured. As a result, the directors of the Company and the reporting accountants are of the opinion that the fair value of the intangible assets cannot be measured reliably and the fair value of the consideration paid for the acquisition of the net assets was taken to be the fair value of net assets which are determined in accordance with HKFRS 2 "Share-based Payments" and HKAS 39 "Financial Instruments: Recognition and Measurement".

   The value of the intangible assets represents the difference between (i) the purchase price for the 70% equity interest in the Target for a consideration of HK$1,386,000,000; and (ii) 70% of the net assets of the Target Group and China iTV as at 31 August 2010 of HK$33,253,000, which amounting to HK$1,352,747,000.

As advised by the Company, the directors of the Company have reviewed both external and internal sources of information and have assessed whether there is any indication that the intangible assets acquired may be impaired. The Company have performed their assessments by reference to the feasibility report prepared by Beijing Telecom Planning and Designing Institute Co. Ltd (北京電信規劃設計院有限公司), together with consultation with industry expertise and make reference to entities engaged in similar line of business. After considering the nature, prospects, financial condition and business risk of the iTV business, the economic outlook and the specific economic environment and market elements affecting the business, industry and market, relevant licenses and agreements and investment returns of similar business, the directors of the Company are not aware of any negative indications that an impairment of the intangible assets is required in accordance with HKAS 36 "Impairment of Assets". Based on the assessment result of the Company, the reporting accountants concurs that no impairment assessment was required for intangible assets as stated in the pro forma financial information.

In the absence of significant changes in factors affecting the operations of the iTV business, the directors of the Company will adopt consistent accounting policies and principal assumptions to assess the impairment of the Enlarged Group's intangible assets for the purpose of the audit on the Group's annual financial statements for the year ending 31 December 2010 in accordance with HKAS 36 – Paragraph 9. Accordingly, the Company's auditors will check whether the Company assesses the impairment of intangible assets in accordance with HKAS 36 paragraph 9 during the audits in the future accounting periods.

4. The adjustment reflects the amortisation on the intangible assets. The management of the Company will adopt an amortisation policies on the intangible assets with an estimated useful life of 20 years upon Completion in accordance with the Company's accounting policy and HKAS 38 "Intangible assets".

   This adjustment is expected to have continuing effect on the Enlarged Group's unaudited pro forma statement of comprehensive income.

5. The adjustment reflects the estimated legal and professional fees and other direct costs directly attributable to the Acquisition of approximately HK$3,120,000 assumed to be settled by cash.

6. The adjustment reflects the interest payable on the issuance of Convertible Preference Shares with interest bearing at 1% per annum included in "Trade and other payables" amounting to HK$7,930,000.

   This adjustment is expected to have continuing effect on the Enlarged Group's unaudited pro forma statement of comprehensive income.

(B) COMFORT LETTER ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a comfort letter, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, Crowe Horwath (HK) CPA Limited, Certified Public Accountants, Hong Kong.

Crowe Horwath

國富浩華 (香港) 會計師事務所有限公司
Crowe Horwath (HK) CPA Limited
Member Crowe Horwath International

34/F The Lee Gardens,
33 Hysan Avenue,
Causeway Bay, Hong Kong

19 November 2010

The Directors
China Mining Resources Group Limited
Room 1306, 13th Floor
Bank of America Tower
12 Harcourt Road
Admiralty
Hong Kong

Dear Sirs

We report on the unaudited pro forma financial information of China Mining Resources Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as "the Group") which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the proposed major transaction in relation to the acquisition of 70% equity interest in Year Joy Investments Limited (the "Target") and its subsidiaries (hereinafter collectively referred to as the "Target Group") might have affected the financial information presented, for inclusion in Appendix IV of the Circular dated 19 November 2010 (the "Circular"). The basis of preparation of unaudited pro forma financial information is set out in Appendix IV to this Circular.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND REPORTING ACCOUNTANTS

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with Rule 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 29 (7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The unaudited pro forma financial information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

— the financial position of the Enlarged Group as at 31 December 2009 or any future dates; or

— the results and cash flows of the Enlarged Group for the year ended 31 December 2009 or any future periods.

OPINION

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully

Crowe Horwath (HK) CPA Limited
Certified Public Accountants
Hong Kong

Sze Chor Chun, Yvonne
Practising Certificate Number P05049

The following is the text of a valuation report on the iTV Business to be carried out by China iTV as prepared by the Valuer for the purpose of inclusion in this circular.

ROMA

Unit 3806, 38/F, China Resources Building,
26 Harbour Road, Wan Chai, Hong Kong
Tel (852) 2529 6878 Fax (852) 2529 6806
E-mail: info@roma-international.com
http://www.roma-international.com

19 November 2010

China Mining Resources Group Limited
Room 1306, 13/F, Bank of America Tower,
12 Harcourt Road,
Admiralty,
Hong Kong

Case Ref: KY/BV393/SEP10

Dear Sir/Madam,

Re: Business Valuation of the 100% Equity Interest in Year Joy Investments Limited

In accordance with the instructions from China Mining Resources Group Limited (hereinafter referred to as the "Company") to us to conduct a business valuation on the 100% equity interest in Year Joy Investments Limited (hereinafter referred to as the "Business Enterprise"), we are pleased to report that we have made relevant enquiries and obtained other information which we consider are relevant for the purpose of providing our valuation as at 31 August 2010 (hereinafter referred to as the "Date of Valuation").

This report states the purpose and basis of valuation, scope of work, economic and industry overview, an overview of the Business Enterprise, major assumptions, valuation methodology, limiting conditions, and presents our estimate of value.

1. PURPOSE OF VALUATION

This report is prepared solely for the use of the directors and management of the Company. The Company is a public company listed on the main board of The Stock Exchange of Hong Kong Limited (Stock code: 340.HK). In addition, Roma Appraisals Limited ("Roma Appraisals") acknowledges that this report may be made available to the Company for public documentation purpose and included in the Company's circular only.

Roma Appraisals assumes no responsibility whatsoever to any person other than the Company in respect of, or arising out of, the contents of this report. If others choose to rely in any way on the contents of this report, they do so entirely on their own risk.

2. SCOPE OF WORK

Our valuation conclusion is based on the assumptions stated herein and on information provided by the management of the Company, and/or its representative (together referred to as the "Management").

In preparing this report, we have had discussions with the Management in relation to the development, operations and other relevant information of the Business Enterprise. As part of our analysis, we have reviewed such financial information and other pertinent data concerning the Business Enterprise provided to us by the Management and have considered such information and data as attainable and reasonable.

We have no reason to believe that any material facts have been withheld from us, however, we do not warrant that our investigations have revealed all of the matters which an audit or more extensive examination might disclose.

3. ECONOMIC AND INDUSTRY OVERVIEW

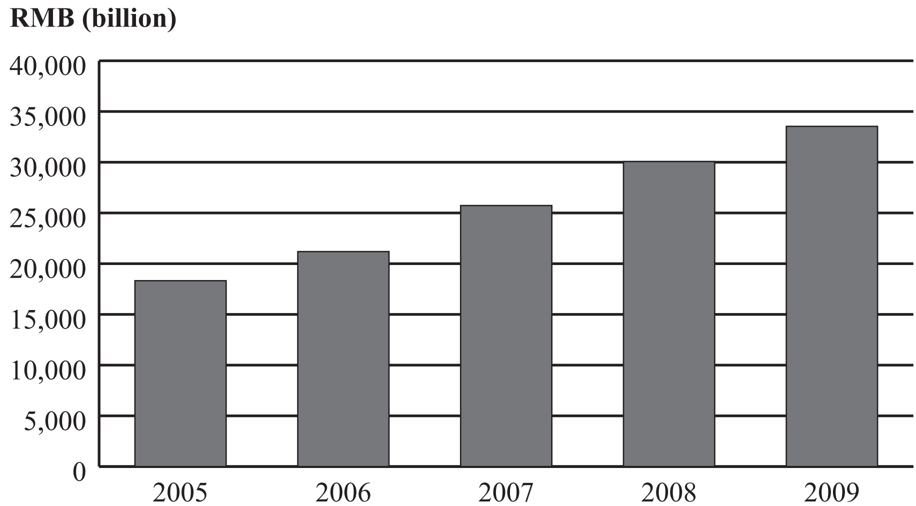
3.1 Overview of the Economy in China

According to the National Bureau of Statistics of China, the Gross Domestic Product ("GDP") for the first two quarters of 2010 was RMB17,284.0 billion, representing an 11.1% increase over the GDP in the same period last year. China is the third largest economy in the world in terms of nominal GDP measured by International Monetary Fund in 2009. Despite global financial crisis, the Chinese economy continues to be supported by the Chinese government through spending in infrastructure and real estates.

Throughout 2009, the global economic downturn reduced foreign demand for Chinese exports for the first time in many years. The Chinese government vowed to continue reforming the economy and emphasized the need to increase domestic consumption in order to make China less dependent on foreign exports for the GDP growth in the future.

Over the past decade from 1999 to 2009, China's growth in real GDP had achieved a compound annual growth rate of 14.15% on average, increased from approximately RMB8,967.7 billion in 1999 to approximately RMB33,535.3 billion in 2009. The nominal GDP of 2009 has an 11.5% growth over that of the previous year. Figure 1 further illustrates the GDP from 2005 to 2009 in China.

Figure 1 — China's Gross Domestic Product 2005-2009

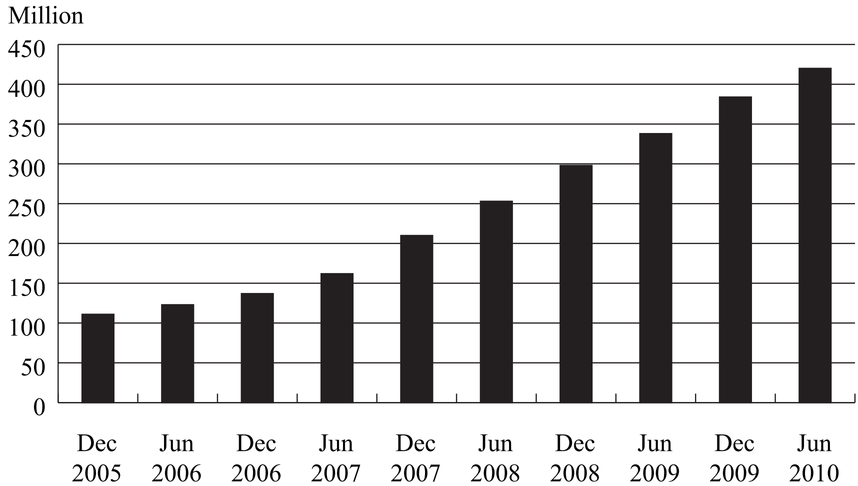


Source: National Bureau of Statistics of China

3.2 Overview of Internet Industry in China

According to the 26th Statistical Report on Internet Development in China published by China Internet Network Information Center ("CNNIC"), there was an increase in the number of internet users over the past five years. The expansion of internet usage and development was facilitated by the policies and regulations of the Chinese government, which continuously enhanced the construction of internet infrastructure and development of internet service market. The number of internet users in China has reached 420 million in June 2010, showing a 24.3% increase when compared to 338 million in June 2009. Figure 2 illustrates the number of internet users in China from December 2005 to June 2010.

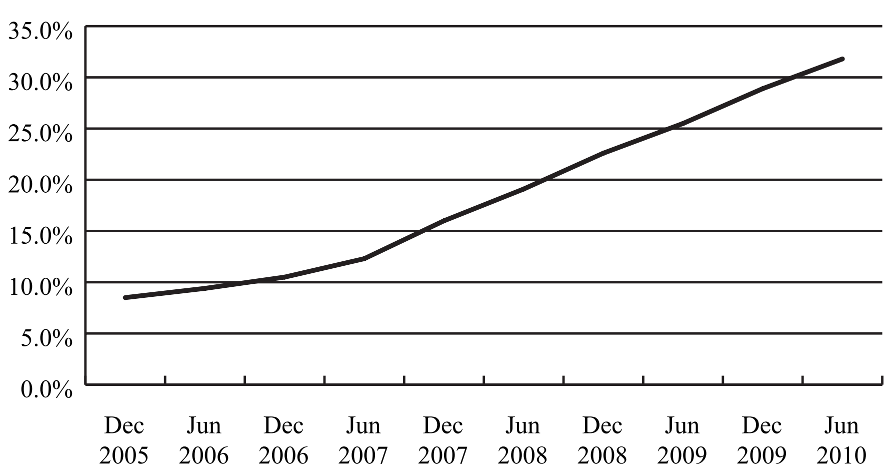
Figure 2 — Number of Internet Users in China from December 2005 to June 2010



Source: China Internet Network Information Center

Also, there was a growing trend of the coverage rate of internet in China. The figure climbed up to 31.8% in June 2010, with an increase of 2.9% point as compared to that in the end of 2009. Figure 3 illustrates the coverage rate of internet in China from December 2005 to June 2010. In addition, among all the internet users, the number of broadband internet users was approximately 364 million and the coverage rate of broadband for internet users who surf the internet using computer was 98.1%.

Figure 3 — Coverage Rate of Internet in China from December 2005 to June 2010



Source: China Internet Network Information Center

With reference to CNNIC, web music continued to be the most popular application among all other internet applications, although there was a slight decrease in its utilization rate from December 2009 to June 2010. Web news ranked second, followed by search engine and instant messaging. The utilization rates of web game and web video increased by 1.6% point and 0.6% point respectively in the first half of 2010.

Specifically, the number of web game users was 296 million in June 2010, with an addition of 31.6 million and 11.9% as compared to that in the end of 2009. On the other hand, the number of web video users increased from 240 million to 265 million, showing a 10.4% growth in the first six months of 2010. Figure 4 illustrates the utilization rates of different types of web applications in China in December 2009 and June 2010.

Figure 4 — Utilization Rates of Different Types of Web Applications in China in December 2009 and June 2010

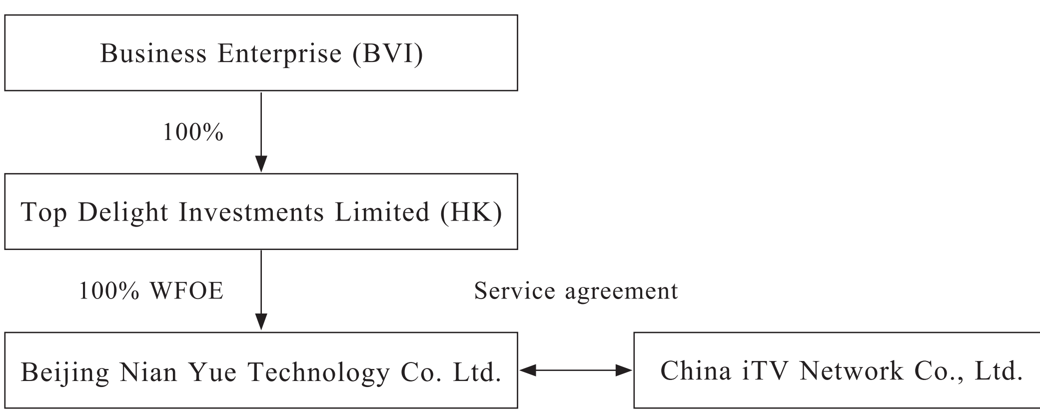
Type	Application	Utilization in December 2009	Utilization in June 2010	Percentage Point Change
Web Entertainment	Web music	83.5%	82.5%	-1.0%
Information Acquisition	Web news	80.1%	78.5%	-1.6%
Information Acquisition	Search engine	73.3%	76.3%	+3.0%
Exchange and communication	Instant messaging	70.9%	72.4%	+1.5%
Web Entertainment	Web game	68.9%	70.5%	+1.6%
Web Entertainment	Web video	62.6%	63.2%	+0.6%
Exchange and communication	E-mail	56.8%	56.5%	-0.3%
Exchange and communication	Blog application	57.7%	55.1%	-2.6%
Exchange and communication	Social exchange website	45.8%	50.1%	+4.3%
Web Entertainment	Network literature	42.3%	44.8%	+2.5%

Source: China Internet Network Information Center

4. THE BUSINESS ENTERPRISE

The Business Enterprise is a company registered in the British Virgin Islands ("BVI") in June 2010. It has 100% ownership interest in Top Delight Investments Limited, which in turn holds the entire interest in a wholly foreign owned enterprise ("WFOE"), Beijing Nian Yue Technology Co. Ltd. (北京年悅科技有限公司) (hereinafater referred to as the "Beijing Nian Yue"). Beijing Nian Yue has a service agreement with China iTV Network Co., Ltd. (九州時代數碼科技有限公司) (hereinafter referred to as the "China iTV"), which provides interactive video service to broadband internet users. On 27 October 2008, China iTV entered into a strategic framework agreement (supplemented on 10 December 2009) with Unicom Broadband Online Limited (聯通寬帶在線有限公司) and Combined Television Networks Ltd. (匯視(海南)有限公司). Figure 5 illustrates the company structure of the Business Enterprise.

Figure 5 — Company Structure of the Business Enterprise



China iTV has mainly two business segments, namely internet protocol television ("IPTV") and online game. China Unicom Hong Kong Limited (hereinafter referred to as the "China Unicom") is one of the key partners of China iTV in the IPTV business and it provides broadband service to support IPTV. The number of broadband users of China Unicom reached 45.4 million in August 2010.

5. BASIS OF VALUATION

Our valuation is based on going concern premise and conducted on a market value basis. Market value is defined as "the estimated amount for which an asset could be exchanged, or a liability settled, between willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

6. INVESTIGATION AND ANALYSIS

Our investigation included discussions with members of the Management in relation to the development, operations and other relevant information of the Business Enterprise. In addition, we have made relevant inquiries and obtained further information and statistical figures regarding the economy of China as we considered necessary for the purpose of the valuation.

As part of our analysis, we have reviewed such financial information and other pertinent data concerning the Business Enterprise provided to us by the Management and had considered such information and data as attainable and reasonable. We have also consulted other sources of financial and business information.

The valuation of the Business Enterprise requires consideration of all pertinent factors, which may or may not affect the operation of the business and its ability to generate future investment returns. The factors considered in our valuation include, but are not necessarily limited to, the following:

- The nature and prospect of the Business Enterprise;
- The financial condition of the Business Enterprise;
- The economic outlook in general and the specific economic environment and market elements affecting the business, industry and market;
- Relevant licenses and agreements;
- The business risk of the Business Enterprise such as the ability in maintaining competent technical and professional personnel; and
- Investment returns and market transactions of entities engaged in similar lines of business.

7. VALUATION METHODOLOGY

There are generally three accepted approaches to obtain the market value of the Business Enterprise, namely the Market-Based Approach, Income-Based Approach and Asset-Based Approach. Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted practice in valuing business entities that are similar in nature.

7.1 Market-Based Approach

The Market-Based Approach values a business entity by comparing prices at which other business entities in a similar nature changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to for an equally desirable alternative. By adopting this approach, the valuer will first look for valuation indication of prices of other similar business entities that have been sold recently.

The right transactions employed in analyzing indications of values need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell.

7.2 Income-Based Approach

The Income-Based Approach focuses on the economic benefits due to the income producing capability of the business entity. The underlying theory of this approach is that the value of the business entity can be measured by the present worth of the economic benefits to be received over the useful life of the business entity. Based on this valuation principle, the Income-Based Approach estimates the future economic benefits and discounts them to their present values using a discount rate appropriate for the risks associated with realizing those benefits.

Alternatively, this present value can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

7.3 Asset-Based Approach

The Asset-Based Approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals to the value of its invested capital ("equity and long term debt"). In other words, the value of the business entity is represented by the money that has been made available to purchase the business assets needed.

This money comes from investors who buy stocks of the business entity ("equity") and investors who lend money to the business entity ("debt"). After collecting the total amounts of money from equity and debt, and converted into various types of assets of the business entity for its operation, their sum equals the value of the business entity.

7.4 Business Valuation

In the process of valuing the Business Enterprise, we have taken into account of the uniqueness of its operation and the internet industry it is participating. The Income-Based Approach is not adopted because a lot of assumptions will have to be made and the valuation could be largely influenced by any inappropriate assumptions made. The Asset-Based Approach is not adopted because it cannot reflect the market value of the Business Enterprise. We have therefore considered the adoption of Market-Based Approach in arriving at the market value of the Business Enterprise.

Under the Market-Based Approach, several companies with similar business nature and operations as the Business Enterprise in the industry related to the IPTV business and online games business have been considered as comparable companies. During the selection process, those comparable companies without sufficient data and information for valuation purpose, such as market capitalization and the number of registered users who are using the services provided, were eliminated. Since there was insufficient information on comparable companies which were at preliminary stage, we adopted comparables which engage in businesses with similar nature as that of the Business Enterprise. After elimination, the comparable companies selected and adopted in this valuation were Tencent Holdings Limited (stock code: 700. HK) and Shanda Interactive Entertainment Limited (stock code: SNDA.US). The business nature of both Tencent Holdings Limited and Shanda Interactive Entertainment Limited are similar to that of the Business Enterprise in a sense that both of them provide service through an internet delivery platform. Tencent Holdings Limited provides internet, mobile and telecommunication value-added services including online videos in China, while Shanda Interactive Entertainment Limited is engaged in provision of online game platforms in China. In view of the above, we considered that the adoption of these two comparables was appropriate.

By adopting the Market-Based Approach, we have to determine the appropriate valuation multiple of comparable companies, in which we have considered price to sales, price to earnings, price to book and equity value per user multiples. In this valuation, we have adopted the equity value per user multiple, in which we considered it as the most appropriate multiple in calculating the market value of the Business Enterprise.

7.4.1 Equity Value Per User Multiple

The equity value per user multiple of each comparable company was obtained by dividing its market capitalization by the number of its users or subscribers. We obtained the market capitalization of the comparables as at the Date of Valuation as extracted from Bloomberg. Then, we estimated the equity value per user multiple to be employed in this valuation by taking the average of the equity value per user multiple of the comparable companies, namely Tencent Holdings Limited (Stock code: 700.HK) and Shanda Interactive Entertainment Limited (Stock code: SNDA.US). The adopted equity value per user multiple was RMB493.6 per user as at the Date of Valuation.

7.4.2 Estimated Paid TV-to-broadband Penetration Rate

As to the estimated paid TV-to-broadband penetration rate for the Business Enterprise, we considered that delivery of TV program over broadband internet on a paid subscription basis is a novel business model. PCCW Limited ("PCCW") and i-CABLE Communications Limited ("i-Cable"), which offer both paid broadband internet access services and paid TV programs to subscribers, were considered as the comparable companies to estimate the penetration rate.

For PCCW, broadband access lines subscribers amounted to 1,298,000, and the installed subscriber base for its paid TV program reached 1,028,000 at the end of June 2010. For i-Cable, paid TV subscriber base was 1,086,000 at the end of June 2010, while broadband subscribers amounted to 234,000. The corresponding paid TV-to-broadband penetration rates for PCCW and i-Cable were over 79% and 464%, respectively. The reason for the high ratio was due to the fact that, in addition to bundling paid TV subscription to broadband internet access, paid TV is also delivered via cable and as a result, the ratio is inflated. As the Business Enterprise offers paid TV subscription over broadband internet only, such high paid TV-to-broadband penetration rates should not be applicable. Instead, we adopted a 10% paid TV-to-broadband penetration rate for the Business Enterprise, based on a feasibility study conducted by Beijing Telecom Planning & Designing Institute（北京電信規劃設計院）in March of 2010 with title Feasibility Study of Internet Interactive Video Service System of China iTV Network Co., Ltd.（九州時代數碼科技有限公司網絡互動電視服務系統 (China iTV)《可行性研究報告》). According to the 26th Statistical Report on Internet Development in China published by CNNIC in June 2010, 63.2% of internet users in China browsed web videos, and such trend is increasing. In view of the above, we believed that taking 10% as the percentage of China Unicom's broadband subscribers that will subscribe to the iTV services is conservative but it is still reasonable having taken into account the preliminary stage of the IPTV business and the close partnership with China Unicom's broadband business.

7.4.3 *Estimated Number of Users of the Business Enterprise*

Due to the business model of the Business Enterprise and the relationship between China Unicom and the Business Enterprise, the estimated number of users of the services was determined by multiplying the actual number of broadband users of China Unicom by the estimated paid TV-to-broadband penetration rate for the Business Enterprise. According to China Unicom, its number of broadband users was 45,364,000 as at the Date of Valuation. By adopting the penetration rate of 10%, the estimated number of users of the Business Enterprise of 4,536,400 was calculated by the following formula:

Estimated Number of Users of the Business Enterprise	=	Number of Broadband Users of China Unicom × Estimated Paid TV-to-broadband Penetration Rate

7.4.4 *Marketability Discount*

Compared to similar interest in public companies, ownership interest is not readily marketable for closely held companies. Therefore, the value of a share of stock in a privately held company is usually less than an otherwise comparable share in a publicly held company. Hence, a 25% marketability discount has been considered in arriving at our opinion of value of the Business Enterprise. This marketability discount was determined based on the article "Why Is the Value of Minority Stock Discounted So Heavily" by Phil Williams and John Linder.

7.4.5 Market Value of the Business Enterprise

The fact that the Business Enterprise is yet to commence operation and that the business of IPTV is still in its preliminary stage has been taken into consideration in the valuation. The equity value per user multiple adopted reflects the industry conditions regardless of the development stage of the comparables, while the penetration rate used in estimating the estimated number of user of the Business Enterprise had already accounted for the fact that the Business Enterprise is at preliminary stage.

Accounting for the above items, the market value of the Business Enterprise was calculated as follows:

Market Value of the Business Enterprise	=	Equity Value Per User Multiple × Estimated Number of Users of the Business Enterprise × (1 – Marketability Discount)

8. MAJOR ASSUMPTIONS

We have adopted certain specific assumptions in our valuation and the major ones are as follows:

- All relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Business Enterprise operates or intends to operate would be officially obtained and renewable upon expiry;

- There will be sufficient supply of technical staff in the industry in which the Business Enterprise operates, and the Business Enterprise will retain competent management, key personnel and technical staff to support its ongoing operations and developments;

- There will be no major change in the current taxation laws in the localities in which the Business Enterprise operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;

- There will be no major change in the political, legal, economic or financial conditions in the localities in which the Business Enterprise operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Business Enterprise; and

- Interest rates and exchange rates in the localities for the operation of the Business Enterprise will not differ materially from those presently prevailing.

9. INFORMATION REVIEWED

Our estimate requires consideration of relevant factors affecting the market value of the Business Enterprise. The factors considered included, but were not necessarily limited to, the following:

- Financial statements of the Business Enterprise;

- Historical information of the Business Enterprise;

- Market trends of the internet industry and other dependent industries;

- General descriptions in relation to the Business Enterprise; and

- Economic outlook in China.

We have discussed the details with the Management. We have also conducted research from various sources to verify the reasonableness and fairness of information provided and we believe that such information is reasonable and reliable. We had assumed the accuracy of information provided and relied to a considerable extent on such information in arriving at our estimate.

10. LIMITING CONDITIONS

The valuation reflects facts and conditions existing at the Date of Valuation. Subsequent events or circumstances have not been considered and we are not required to update our report for such events and conditions.

We would particularly point out that our valuation was based on the information such as company background, business nature and market share of the Business Enterprise provided to us.

To the best of our knowledge, all data set forth in this report are reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others that have been used in formulating this analysis are gathered from reliable sources; yet, no guarantee is made nor liability assumed for their accuracy.

We have relied to a considerable extent on the historical and/or prospective information provided by the Management and other third parties in arriving at our opinion of value. The information has not been audited or compiled by us. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities for the operation and financial information that have not been provided to us are accepted.

We assumed that the Management is competent and perform duties under the company regulation. Also, ownership of the Business Enterprise was in responsible hands, unless otherwise stated in this report. The quality of the Management may have direct impact on the viability of the business as well as the market value of the Business Enterprise.

We have not investigated the title to or any legal liabilities of the Business Enterprise and have assumed no responsibility for the title to the Business Enterprise appraised.

Our conclusion of the market value was derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. The conclusion and various estimates may not be separated into parts, and/or used out of the context presented herein, and/or used together with any other valuation or study.

We assume no responsibility whatsoever to any person other than the directors and management of the Company in respect of, or arising out of, the content of this report. If others choose to rely in any way on the contents of this report, they do so entirely on their own risk.

No change to any item in any part of this report shall be made by anyone except Roma Appraisals. We have no responsibility for any such unauthorized change. Neither all nor any part of this report shall be disseminated to the public through any means of communication or referenced in any publications, including but not limited to advertising, public relations, news or sales media.

This report may not be reproduced, in whole or in part, and utilized by any third parties for any purpose, without the written consent and approval of Roma Appraisals.

The working papers and models for this valuation are being kept in our files and would be available for further references. We would be available to support our valuation if required.

11. REMARKS

Unless otherwise stated, all monetary amounts stated in this valuation report are in Renminbi (RMB).

We hereby confirm that we have neither present nor prospective interests in the Company, the Business Enterprise and the associated companies, or the values reported herein.

12. OPINION OF VALUE

Based on the investigation and analysis stated above and on the valuation method employed, the market value of 100% equity interest in the Business Enterprise as at the Date of Valuation, in our opinion, is reasonably estimated as **RMB 1,679,000,000 (RENMINBI ONE BILLION SIX HUNDRED AND SEVENTY NINE MILLION ONLY).**

Yours faithfully,
For and on behalf of
Roma Appraisals Limited

Kelvin Luk	**Kwan Hoi Cheung**
MIBA	*CFA*
Director	*Director*

Note:

Mr. Luk is a member of the Institute of Business Appraisers. He has over 5 years of experience in valuation and consultation related to similar assets or companies engaged in similar business activities worldwide as that of the Business Enterprise.

Mr. Kwan is a member of the CFA Institute. He has over 10 years of experience in valuation of similar assets or companies engaged in similar business activities as that of the Business Enterprise.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Enlarged Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

Assuming there is no change to the number of Shares in issue from the Latest Practicable Date to the Completion Date, the authorised and issued share capital of the Company (a) as at the Latest Practicable Date; and (b) after Completion and upon issue of the Consideration Shares and the Conversion Shares upon full conversion of the Convertible Preference Shares will be as follows:

(a) As at the Latest Practicable Date

Authorised:		*HK$*
10,000,000,000	Shares	1,000,000,000
Issued and fully paid:		
6,791,162,211	Shares	679,116,221.10

(b) After Completion and upon issue of the Consideration Shares and the Conversion Shares upon full conversion of the Convertible Preference Shares

Authorised:		*HK$*
46,223,810,000	Shares	4,622,381,000
3,776,190,000	Convertible Preference Shares	377,619,000
50,000,000,000	Shares	5,000,000,000

Issued and fully paid:		*HK$*
6,791,162,211	Existing Shares	679,116,221.10
2,347,620,000	Consideration Shares to be alloted and issued	234,762,000.00
3,776,190,000	Conversion Shares to be alloted, issued upon full conversion	377,619,000.00
12,914,972,211		1,291,497,221.10

3. DISCLOSURE OF INTERESTS

(a) Interests of the Directors or chief executives of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

(i) Interests in the Shares and underlying Shares under equity derivatives (as defined in Part XV of the SFO)

Name of directors/ chief executives	Long position/ Short position	Capacity	Total interests in underlying Shares pursuant to share options	Approximate % of shareholding in the Company
Directors				
You Xian Sheng	Long position	Beneficial owner	60,000,000	0.88%
Chen Shou Wu	Long position	Beneficial owner	60,000,000	0.88%
Wang Hui	Long position	Beneficial owner	40,000,000	0.59%
Yeung Kwok Kuen	Long position	Beneficial owner	60,000,000	0.88%
Lam Ming Yung	Long position	Beneficial owner	5,000,000	0.07%
Chan Sze Hon	Long position	Beneficial owner	5,000,000	0.07%
Chu Kang Nam	Long position	Beneficial owner	5,000,000	0.07%
Goh Choo Hwee	Long position	Beneficial owner	5,000,000	0.07%
Lin Xiang Min	Long position	Beneficial owner	5,000,000	0.07%
Chief executives				
Yin Guangyuan	Long position	Beneficial owner	40,000,000	0.59%
Qiao Hongbo	Long position	Beneficial owner	12,000,000	0.18%
Qu Yanchun	Long position	Beneficial owner	12,000,000	0.18%

(ii) *Interests in the share options of the Company*

Name of directors/ chief executives	Date of grant of share options	Exercisable period	Exercise price per Share *HK$*	Number of options outstanding	Approximate % of shareholding in the Company
Directors					
You Xian Sheng	14/10/2008	14/10/2008 – 13/10/2013	0.275	40,000,000	0.59%
Chen Shou Wu	14/10/2008	14/10/2008 – 13/10/2013	0.275	35,000,000	0.52%
Wang Hui	14/10/2008	14/10/2008 – 13/10/2013	0.275	35,000,000	0.52%
Yeung Kwok Kuen	14/10/2008	14/10/2008 – 13/10/2013	0.275	35,000,000	0.52%
Lam Ming Yung	14/10/2008	14/10/2008 – 13/10/2013	0.275	3,000,000	0.04%
Chan Sze Hon	14/10/2008	14/10/2008 – 13/10/2013	0.275	3,000,000	0.04%
Chu Kang Nam	14/10/2008	14/10/2008 – 13/10/2013	0.275	3,000,000	0.04%
Goh Choo Hwee	14/10/2008	14/10/2008 – 13/10/2013	0.275	3,000,000	0.04%
Lin Xiang Min	14/10/2008	14/10/2008 – 13/10/2013	0.275	3,000,000	0.04%
Chief executives					
Yin Guangyuan	14/10/2008	14/10/2008 – 13/10/2013	0.275	35,000,000	0.52%
Qiao Hongbo	14/10/2008	14/10/2008 – 13/10/2013	0.275	10,000,000	0.15%
Qu Yanchun	14/10/2008	14/10/2008 – 13/10/2013	0.275	10,000,000	0.15%

Name of directors/ chief executives	Date of grant of share options	Exercisable period	Exercise price per Share *HK$*	Number of options outstanding	Approximate % of shareholding in the Company
Directors					
You Xian Sheng	29/6/2010	29/6/2010 – 28/6/2015	0.208	20,000,000	0.29%
Chen Shou Wu	29/6/2010	29/6/2010 – 28/6/2015	0.208	25,000,000	0.37%
Wang Hui	29/6/2010	29/6/2010 – 28/6/2015	0.208	5,000,000	0.07%
Yeung Kwok Kuen	29/6/2010	29/6/2010 – 28/6/2015	0.208	25,000,000	0.37%
Lam Ming Yung	29/6/2010	29/6/2010 – 28/6/2015	0.208	2,000,000	0.03%
Chan Sze Hon	29/6/2010	29/6/2010 – 28/6/2015	0.208	2,000,000	0.03%
Chu Kang Nam	29/6/2010	29/6/2010 – 28/6/2015	0.208	2,000,000	0.03%
Goh Choo Hwee	29/6/2010	29/6/2010 – 28/6/2015	0.208	2,000,000	0.03%
Lin Xiang Min	29/6/2010	29/6/2010 – 28/6/2015	0.208	2,000,000	0.03%
Chief executives					
Yin Guangyuan	29/6/2010	29/6/2010 – 28/6/2015	0.208	5,000,000	0.07%
Qiao Hongbo	29/6/2010	29/6/2010 – 28/6/2015	0.208	2,000,000	0.03%
Qu Yanchun	29/6/2010	29/6/2010 – 28/6/2015	0.208	2,000,000	0.03%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) were required, pursuant to the Model Code adopted by the Company, to be notified to the Company and the Stock Exchange.

(b) Interests of Shareholders discloseable pursuant to the SFO

As at the Latest Practicable Date, so far as was known to the Directors or chief executives of the Company based on the register maintained by the Company pursuant to Part XV of the SFO, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Enlarged Group or had any option in respect of such capital:

(i) Interests in the Shares

Name of Shareholders	Long position/ Short position	Capacity	Number of Shares	Approximately % of shareholding in the Company
Yeh Tung Ming	Long position	Interest in controlled corporation	398,686,000 *(Note 1)*	5.87%
Wong Chiu Fung	Long position	Interest in controlled corporation	2,064,760,000 *(Note 2)*	30.4%

Notes:

1. These shares are held by Fit Plus Limited which is 100% beneficially owned by Mr. Yeh Tung Ming.

2. These shares are held by Double Joy Enterprise Limited which is 100% beneficially owned by Mr. Wong Chiu Fung. Pursuant to the Agreement dated 2 October 2010, the Company would issue 2,064,760,000 Shares at an issue price of HK$0.21 per Share to Double Joy Enterprise Limited as part of the Consideration.

(ii) Interests in underlying Shares in the Company

Name of Shareholders	Long position/ Short position	Capacity	Number of Shares	Approximately % of shareholding in the Company
Wong Chiu Fung	Long position	Interest in controlled corporation	476,190,000 *(Note 1)*	7.01%
Ho Ping Tanya	Long position	Beneficial owner	3,300,000,000 *(Note 2)*	48.59%

1. These shares are held by Double Joy Enterprise Limited which is 100% beneficially owned by Mr. Wong Chiu Fung. Pursuant to the Agreement dated 2 October 2010, the Company would issue 476,190,000 Convertible Preference Shares to Double Joy Enterprise Limited as part of the Consideration which is convertible into Shares at a conversion price of HK$0.21 per Share.

2. Pursuant to the Agreement dated 2 October 2010, the Company would issue 3,300,000,000 Convertible Preference Shares to Ms. Ho Ping Tanya as part of the Consideration which is convertible into Shares at a conversion price of HK$0.21 per Share.

(iii) Other members of the Enlarged Group

As at the Latest Practicable Date, so far as was known to the Directors or chief executives of the Company, the following persons (not being a Director or chief executive of the Company) were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the other members of the Enlarged Group.

Name of Shareholders	Name of company	Capacity	Number of shares in the capital of the company	Approximate % of shareholding
Long Cheer Group Limited	Lead Sun Investments Limited	Beneficial owner	140	14%
Fit Plus Limited	Lead Sun Investments Limited	Beneficial owner	140	14%
See Good Group Limited	Lead Sun Investments Limited	Beneficial owner	150	15%
忻州開發天陽鈦業有限責任公司(Xinzhou Tianyang Titanium Co., Ltd.)	山西神利航天鈦業有限公司 (Shanxi Shenli Aerospace Titanium Co., Ltd.)	Beneficial owner	Not applicable	10%
寧波杉杉股份有限公司 (Ningbo Shan Shan Co., Ltd.)	哈爾濱松江銅業(集團)有限公司 (Harbin Songjiang Copper (Group) Company Limited)	Beneficial owner	Not applicable	24.92%
Master Long Limited	King Gold Investments Limited	Beneficial owner	20	20%

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors or chief executives of the Company based on the register maintained by the Company pursuant to Part XV of the SFO, no other persons (not being a Director or chief executive of the Company) had, or deemed to have, any interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, nor were there any persons, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Enlarged Group or held any option in respect of such capital.

(c) Competing interests

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business apart from the Enlarged Group's businesses which competes or is likely to compete, either directly or indirectly, with the businesses of the Enlarged Group.

(d) Other interests

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have, since 31 December 2009 (being the date to which the latest published audited accounts of the Company were made up), been (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Enlarged Group.

Save as disclosed above, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Enlarged Group.

4. MATERIAL CONTRACTS

The following are contracts (not being contracts entered into in the ordinary course of business) entered into by the Enlarged Group within the two years immediately preceding the Latest Practicable Date and which are or may be material:

(a) a deed of termination dated 12 February 2009 entered into between the Company and GoviEx Gold Inc ("GoviEx China"), pursuant to which a joint venture deed dated 18 May 2007 entered into between the Company and GOVI Highpower Exploration, Inc. (now known as GoviEx Uranium Inc.) ("GoviEx"), for the purpose of, inter alia, establishing a joint venture company in the British Virgin Islands, a Hong Kong company and a PRC company to undertake mining exploration and development projects in the Fujian province of the PRC and an amendment agreement dated 6 November 2007 entered into between the Company, GoviEx and GoviEx China, pursuant to which, inter alia, GoviEx China substituted GoviEx as a party to the Joint Venture Deed were terminated;

(b) an agreement dated 21 November 2008 entered into between Biogrowth Assets Limited, a wholly-owned subsidiary of the Company, and United Easy Investments Limited in respect of the disposal of the entire issued share capital of Cell Therapy Technologies Centre Limited by Biogrowth Assets Limited;

(c) a sale and purchase agreement dated 22 December 2008 (which is supplemented by a supplemental agreement dated 2 January 2009 and a further supplemental agreement dated 16 March 2009) entered into between the Company, Joy Success Limited ("Joy Success"), Master Long Limited ("Master Long") and Mr. Ho Yat Sum and Mr. Ho Ho Wai, being the beneficial owners of Joy Success and Master Long respectively in relation to the proposed acquisition of the 80 shares of US$1.00 each in the capital of King Gold Investments Limited by the Company for a total consideration of HK$640,000,000 (subject to adjustment);

(d) an agreement dated 1 April 2009 entered into between the Company and Citadel Equity Fund Ltd ("Citadel") pursuant to which Citadel has agreed to sell to the Company, and the Company has agreed to acquire from Citadel, all rights and interests in the US$28 million 6.75% Senior Convertible Notes due 2012 issued by China Shen Zhou Mining & Resources, Inc. ("Convertible Notes") for a total consideration of US$7 million (equivalent to approximately HK$54.1 million), of which US$3.5 million (equivalent to approximately HK$27.1 million) will be settled in cash and the remaining US$3.5 million (equivalent to approximately HK$27.1 million) will be settled by the issue of 104,132,000 Shares based on the closing price of HK$0.26 per Share as quoted on the Stock Exchange on 31 March 2009;

(e) an agreement (the "Win Power Agreement") dated 19 January 2010 entered into between the Company, Supreme Wealthy International Holdings Limited ("Supreme Wealthy") and Mr. Chen Yu pursuant to which Supreme Wealthy conditionally agreed to sell and the Company conditionally agreed to acquire the 7,778 shares of no par value in Win Power Investment Limited ("Win Power"), representing 77.78% of the total issued share capital of 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 completion of the acquisition of 77.78% equity interest in Win Power and conversion of the convertible bonds with principal amount of US$15 million with a coupon rate of 2.5% due 2011 issued by Win Power to Kun Peng I Limited ("Kun Peng I") and Kun Peng II Limited ("Kun Peng II"), being the grantees under the Put Option Deed as set out in (f) below (the "Grantees") pursuant to a subscription and investment agreement dated 7 March 2007 (as amended) entered into between Win Power and the Grantees ("Convertible Bonds") into the shares in Win Power which will be held by the Grantees upon conversion of the Convertible Bonds, being 1,111 shares in Win Power (the "Option Shares") by the Grantees), for an aggregate consideration of HK$700 million. The consideration of HK$700 million would 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 2,274,509,803 new Shares issued at an issue price of HK$0.255 per Share to Supreme Wealthy (or its nominees);

(f) a put option deed dated 19 January 2010 (the "Put Option Deed") entered into between the Company and the Grantees pursuant to which the Company conditionally agreed to grant (i) an option to Kun Peng I whereby the Company would 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) (ii) an option granted to Kun Peng II whereby the Company would 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) (the "Put Options") whereby the Company was 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 in aggregate, which would be settled by the allotment and issue of the new Shares to the Grantees (or their nominees);

(g) a deed of termination and release dated 26 March 2010 entered into among the Company, Supreme Wealthy and Mr. Chen Yu in relation to the termination of the Win Power Agreement;

(h) a deed of termination and release dated 26 March 2010 entered into between the Company and the Grantees in relation to the termination of the Put Option Deed;

(i) the Business Agreement;

(j) the Exclusive Option Agreement;

(k) the Strategic Framework Agreement;

(l) the Media Strategic Framework Agreement; and

(m) the Agreement.

5. CLAIMS AND LITIGATION

As at the Latest Practicable Date, save as disclosed above, no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Enlarged Group.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Enlarged Group which does not expire or is not determinable by the Enlarged Group within one year without payment of compensation (other than statutory compensation).

7. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following are the qualifications of the experts who have given opinions or advice which are contained in this circular:

Name	**Qualification**
Crowe Horwath (HK) CPA Limited	Certified public accountants
Roma Appraisals Limited	Independent Valuer

Each of the above has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or reference to its name or opinion in the form and context in which it appears.

As at the Latest Practicable Date, both of the experts above were not beneficially interested in the share capital of any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, both of the experts above did not, directly or indirectly, had any interest in any assets which had since 31 December 2009 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to any member of the Enlarged Group, or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

8. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial and trading position of the Group since 31 December 2009, being the date to which the latest published audited accounts of the Company were made up.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's head office and principal place of business in Hong Kong at Room 1306, 13th Floor, Bank of America Tower, 12 Harcourt Road, Admiralty, Hong Kong, from the date of this circular and up to and including the date of the SGM:

(a) the memorandum of association and bye-laws of the Company;

(b) the material contracts referred to in the paragraph headed "Material contracts" in this appendix;

(c) the published annual reports of the Company for each of the two financial years ended 31 December 2008 and 2009;

(d) the published interim report of the Company for the six months ended 30 June 2010;

(e) the accountants' report on the Year Joy Group, the text of which is set out in Appendix II to this circular;

(f) the accountants' report on China iTV, the text of which is set out in Appendix III to this circular;

(g) the letter from Crowe Horwath in relation to the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix IV to this circular;

(h) the Valuation Report as set out in Appendix V to this circular;

(i) the letter of consent referred to in the paragraph headed "Qualifications and consents of experts" in this appendix; and

(j) a copy of each circular issued pursuant to the requirements set out in Chapters 14 and 14A of the Listing Rules which has been issued since 31 December 2009 (being the date of the latest published audited accounts).

10. MISCELLANEOUS

(a) The company secretary of the Company is Ms. Leung Lai Ming. Ms. Leung is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants.

(b) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

(c) The head office and principal place of business of the Company in Hong Kong is situated at Room 1306, 13th Floor, Bank of America Tower, 12 Harcourt Road, Admiralty, Hong Kong.

(d) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(e) The English text of this circular and accompanying form of proxy shall prevail over the Chinese text.

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)

NOTICE IS HEREBY GIVEN that the Special General Meeting of China Mining Resources Group Limited (the "**Company**") will be held at Room 1306, 13th Floor, Bank of America Tower, 12 Harcourt Road, Admiralty, Hong Kong, on Monday, 6 December 2010 at 2:30 p.m. for the purpose of considering and, if thought fit, passing with or without amendments the following resolutions as Ordinary Resolutions:

ORDINARY RESOLUTIONS

1. "**THAT**, conditional upon the passing of the resolution set out in Resolution 2 in the notice convening this meeting:

   a. the sale and purchase agreement dated 2 October 2010 (the "**Agreement**") (a copy of which is produced to this meeting marked "A" and initialed by the chairman of the meeting for identification purposes) entered into by (i) Famous Class Limited (the "**Purchaser**") as purchaser; (ii) Ms. Ho Ping Tanya, Double Joy Enterprise Limited and Skypro Holdings Limited (collectively, the "**Vendors**") as vendors; and (iii) Mr. Wong Chiu Fung as guarantor pursuant to which the Vendors agreed to sell, and the Purchaser agreed to purchase, 70% of the issued share capital of Year Joy Investments Limited, a company incorporated in the British Virgin Islands, for a consideration of HK$1,386 million be and is hereby approved, confirmed and ratified;

   b. the allotment and issue of an aggregate of 2,347,620,000 ordinary shares of HK$0.10 each ("**Shares**") in the share capital of the Company at an issue price of HK$0.21 per Share for the settlement of part of the consideration of HK$1,386 million pursuant to the terms of the Agreement be and is hereby approved;

   c. the allotment and issue of an aggregate of 3,776,190,000 convertible preference shares of HK$0.10 each ("**Convertible Preference Shares**") to be created in the share capital of the Company pursuant to Resolution 2 in the notice convening this meeting, with rights and privileges, and subject to the restrictions set out in paragraph d. below, at an issue price of HK$0.21 per

* *For identification purpose only*

Convertible Preference Share for the settlement of part of the consideration of HK$1,386 million pursuant to the terms of the Agreement and the allotment and issue of Shares upon exercise of the conversion rights attaching to the Convertible Preference Shares be and are hereby approved;

d. the Convertible Preference Shares shall have attached thereto the following rights and privileges and be subject to the following restrictions:

(1) Dividend, bonus issue, distribution and voting right

Holders of the Convertible Preference Shares shall not be entitled to any dividend payment or any distribution (including bonus issue) of the Company other than interests at the rate of 1% per annum on the issue price of HK$0.21 per Convertible Preference Share, payable on the last day of every 6 months of the date of issue of the Convertible Preference Shares (the "**Interest Payment Date**"). In the event that the Interest Payment Date is not a Business Day (as defined below), the next Business Day shall be regarded as the Interest Payment Date. The Convertible Preference Shares shall not carry any voting right.

(2) Transferability

The Convertible Preference Shares are freely transferable. Any transfer shall be in compliance with the bye-laws of the Company (the "**Bye-laws**"), applicable laws and regulatory requirements, including the rules of any stock exchange on which the securities of the Company are listed.

(3) Moratorium and Conversion

a. Subject to paragraph 3(b) below, holders of the Convertible Preference Shares shall have the right (the "**Conversion Right**") to convert the Convertible Preference Shares into Shares at the conversion ratio of one Convertible Preference Share convertible into one Share (the "**Conversion Ratio**"), subject to adjustment in the manner provided in paragraph 4 below, on a Business day (other than a Saturday, Sunday, a public holiday or a day on which a tropical cyclone warning No. 8 or above or a "black rainstorm warning signal" is hoisted in Hong Kong at any time between 9:00a.m. and 5:00p.m.) on which licensed banks in Hong Kong are open for general banking business (the "**Business Day**") at any time after the issue of the Convertible Preference Shares.

b. If the issue of the Shares following the exercise of the Conversion Right by a holder of the Convertible Preference Shares would result in (a) a holder of the Convertible Preference Shares and parties in concert with it (within the meaning of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"), taken together, directly or indirectly controlling or being interested in 30% or more of the entire issued capital of the Company (or such other percentage may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) as at the date of conversion unless either (i) the holder and parties in concert with it comply with the Takeovers Code and make a general offer to acquire for all the Shares not already owned by them; or (ii) a whitewash waiver to waive the requirement for the holder and parties in concert with it to make the mandatory general offer is approved by the independent shareholders of the Company and is granted by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission pursuant to the Takeovers Code) before the date of completion of the conversion; and (b) the Company not meeting the requirement under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") applicable to the Company that not less than 25% or the minimum percentage as set out in the Listing Rules from time to time shall be held by the public (the "**Public Float Requirement**") immediately after the conversion; then the number of Shares to be issued pursuant to such conversion shall be limited to the maximum number of Shares issuable by the Company which would not result in a breach of the Public Float Requirement or a mandatory general offer being triggered under the Takeovers Code (as the case may be), and the balance of the Conversion Right attached to the Convertible Preference Shares which the holder of the Convertible Preference Shares sought to convert shall be suspended until such time when the Company is able to issue new Shares in satisfaction of the exercise of the said balance of the Conversion Right in compliance with the Public Float Requirement or without triggering a mandatory general offer under the Takeovers Code or the general offer is made by the holder and parties acting in concert with it or a whitewash waiver is approved and granted as set out above.

c. The Conversion Right may, subject as provided herein, be exercised by a holder of the Convertible Preference Shares delivering, at its own expense, during normal business hours on a Business Day to the principal place of business of the Company in Hong Kong a notice (the "**Conversion Notice**") duly completed and signed stating the intention of such holder to convert and the address in Hong Kong for the delivery of the certificate(s) for the Shares arising from such conversion together with the original certificate(s) of the Convertible Preference Shares. The Company shall be responsible for payment of all taxes and stamp, issue and registration fees and duties (if any), and the levies and charges (if any) of the Stock Exchange arising on any such conversion. A Conversion Notice once delivered shall be irrevocable.

d. The Shares arising from the conversion shall be allotted and issued by the Company, credited as fully paid, to the holder of the relevant Convertible Preference Shares or its designated nominee(s) as it may in writing direct on the day on which the Conversion Notice is given to the Company, and the Company shall within 21 Business Days thereafter issue certificate(s) for the relevant Shares to which the holder of the relevant Convertible Preference Shares or such person as it may direct shall become entitled on exercise of its Conversion Right in board lots with one certificate for any odd lot of Shares arising from the conversion (unless otherwise directed by the relevant holder) and shall deliver such certificate(s) to the relevant holder at the address in Hong Kong set out in the Conversion Notice (or, in the absence of such address in the Conversion Notice, the registered address of such holder) and, if applicable, a new certificate for any unconverted Convertible Preference Shares.

e. Conversion of the Convertible Preference Shares shall be effected in such manner as the directors of the Company shall subject to the Bye-laws and to any other applicable laws and regulations, from time to time determine provided that no conversion shall take place if to do so would result in the Shares arising from the conversion being issued at a price below their nominal value as at the date of the conversion.

f. Shares arising on conversion shall carry the right to receive all dividends and other distributions declared, made or paid upon the Shares by reference to any record date on or after the date of surrender of the certificate(s) for the Convertible Preference Shares and the delivery of the Conversion Notice and shall rank pari passu in all other respects and form one class with the Shares then in issue and fully paid.

g. Until such time as all Convertible Preference Shares have been converted to Shares, the Company shall:

i. at all times keep available for issue and free of all liens, charges, options, mortgages, pledges, claims, equities, encumbrances and other third-party rights of any nature, and not subject to any pre-emptive rights out of its authorised but unissued share capital such number of authorised but unissued Shares as would enable all Convertible Preference Shares to be converted to Shares and any other rights of conversion into, subscription for or exchange into Shares to be satisfied in full; and

ii. use its best endeavours to maintain the listing of the Shares on the Main Board of the Stock Exchange.

(4) Adjustment to conversion

a. If while any of the Convertible Preference Shares remain outstanding, the Company shall subdivide or consolidate the Shares, the Conversion Ratio applicable to any subsequent conversion shall in the case of a subdivision be increased or in the case of a consolidation be reduced proportionately.

b. Save as provided in paragraph 4(a), no adjustment will be made to the Conversion Ratio as a result of any other changes to the share capital of the Company, including without limitation to the generality of the foregoing, any bonus issue, scrip dividend or other distribution and any rights issue or other issue of shares, options to subscribe for or any other securities convertible into Shares.

c. Any adjustment to the Conversion Ratio shall be made to the nearest whole number such that in the event of any fraction of a whole number of Shares in the case of a conversion, such fraction shall be rounded down to the nearest whole number of Shares.

d. Whenever the Conversion Ratio is adjusted as herein provided, the Company shall as soon as possible but no later than 28 days of the event giving rise to such adjustment give written notice to the holders of the Convertible Preference Shares that the Conversion Ratio has been adjusted (setting out brief particulars of the event giving rise to the adjustment, the Conversion Ratio in effect prior to such adjustment, the adjusted Conversion Ratio and the effective date thereof) and such notice shall be conclusive and binding.

(5) Rights in liquidation

On a return of capital in liquidation or otherwise the assets of the Company available for distribution among the members of the Company, holders of the Convertible Preference Shares and the Shares shall rank pari passu with each other.

(6) Listing

No listing of the Convertible Preference Shares will be sought on the Stock Exchange or on any other stock exchanges. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares which may fall to be issued upon the exercise of the Conversion Right attaching to the Convertible Preference Shares.

e. any one director of the Company be and is hereby authorized for and on behalf of the Company to do all such things and to sign, seal with the common seal of the Company, execute, perfect and deliver all such documents as he or she may in his or her discretion consider necessary, desirable or expedient, for the purpose or in connection with the implementation of and/or to give effect to any matters relating to the Agreement and all transactions contemplated thereunder."

2. "**THAT**, the authorized share capital of the Company be and is hereby increased from HK$1,000,000,000 divided into 10,000,000,000 Shares to HK$5,000,000,000 divided into 46,223,810,000 Shares and 3,776,190,000 Convertible Preference Shares by the creation of an additional 36,223,810,000 Shares and 3,776,190,000 Convertible Preference Shares."

By Order of the Board of
China Mining Resources Group Limited
Leung Lai Ming
Company Secretary

Hong Kong, 19 November 2010

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or if he holds two or more shares, more than one proxy to attend and vote in his stead. A proxy need not be a member of the Company.

2. In order to be valid, the form of proxy must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney, not less than 48 hours before the time for holding the meeting or adjourned meeting.

3. Where there are joint holders of a share of the Company, any one of such holders may vote at the meeting, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such holders are present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding. Several executors or administrators of a deceased member in whose name any share stands shall for this purpose be deemed joint holders thereof.

As at the date hereof, the board of directors of the Company comprises, Dr. You Xian Sheng, Mr. Chen Shou Wu, Mr. Wang Hui and Mr. Yeung Kwok Kuen as executive directors, Mr. Lam Ming Yung as non-executive director and Mr. Chan Sze Hon, Mr. Chu Kang Nam, Mr. Goh Choo Hwee and Mr. Lin Xiang Min as independent non-executive directors.