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中國礦業資源集團有限公司*
China Mining Resources Group Limited

(incorporated in Bermuda with limited liability)

(Stock code: 340)

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

THE AGREEMENT

On 2 October 2010, the Purchaser entered into the Agreement with the Vendors and a guarantor pursuant to which the Purchaser conditionally agreed to acquire and the Vendors conditionally agreed to sell the Sale Shares, being 70 shares in Year Joy (representing 70% of the issued share capital of Year Joy), upon Completion for a consideration of HK\$1,386 million. The Consideration shall 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 2,347,620,000 Consideration Shares at the Issue Price to Vendor 2 and Vendor 3 (or their nominees); and (iii) HK\$793 million by way of the allotment and issue of 3,776,190,000 Convertible Preference Shares at the Issue Price to Vendor 1 and Vendor 2 (or their nominees).

* For identification purpose only.

The Year Joy Group through the Business Agreement and other contractual arrangements is interested in the iTV Business to be operated by China iTV. 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 watch 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.

INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the authorised share capital of the Company is HK\$1,000,000,000 comprising 10,000,000,000 Shares, of which 6,791,162,211 Shares are 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 the creation of 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.

GENERAL

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

A circular containing, among other things, details of the Agreement, the financial information on the Group, an accountants' report on the Year Joy Group, unaudited pro forma financial information on the Enlarged Group, and other information as required under the Listing Rules will be despatched to the Shareholders on or before 19 November 2010 as additional time is required to prepare the financial information of the Year Joy Group and the Enlarged Group.

THE AGREEMENT DATED 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
- (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.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendors and its beneficial owners are 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 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 by Roma Appraisals Limited, an independent valuer, valued 100% equity interest of the Year Joy Group at RMB1,679 million (approximately HK\$1,950 million). The valuation was conducted by market approach based on comparable companies. The Company intends to fund the cash consideration of the Acquisition 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 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.

The 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).

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.

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.

The maximum of 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 a specific mandate to be sought from the Shareholders.

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; and
- (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.

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 (a) 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; (b) 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 (c) 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 (a) 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; (b) the Acquisition and the transactions contemplated under the Agreement (including the issue of the Consideration Shares by the Company) at a special general meeting 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.

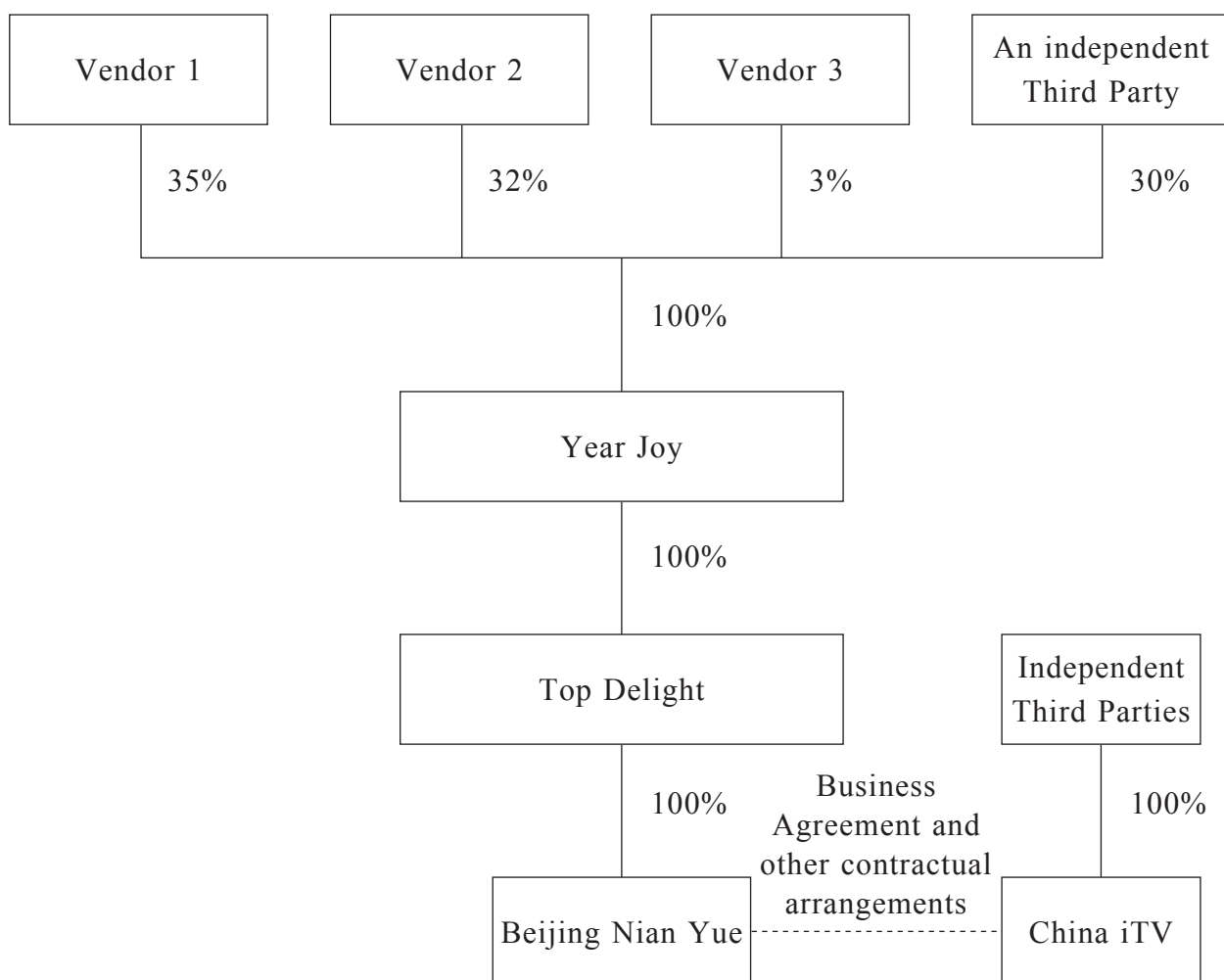
Save for conditions (b) and (j), all the conditions above are waivable by the Purchaser. If the above conditions (except condition (g)) are not fulfilled or waived (as the case may be) on or before 31 March 2011 or such other date as the Purchaser and the Vendors may agree in writing, all rights and 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.

Share charge

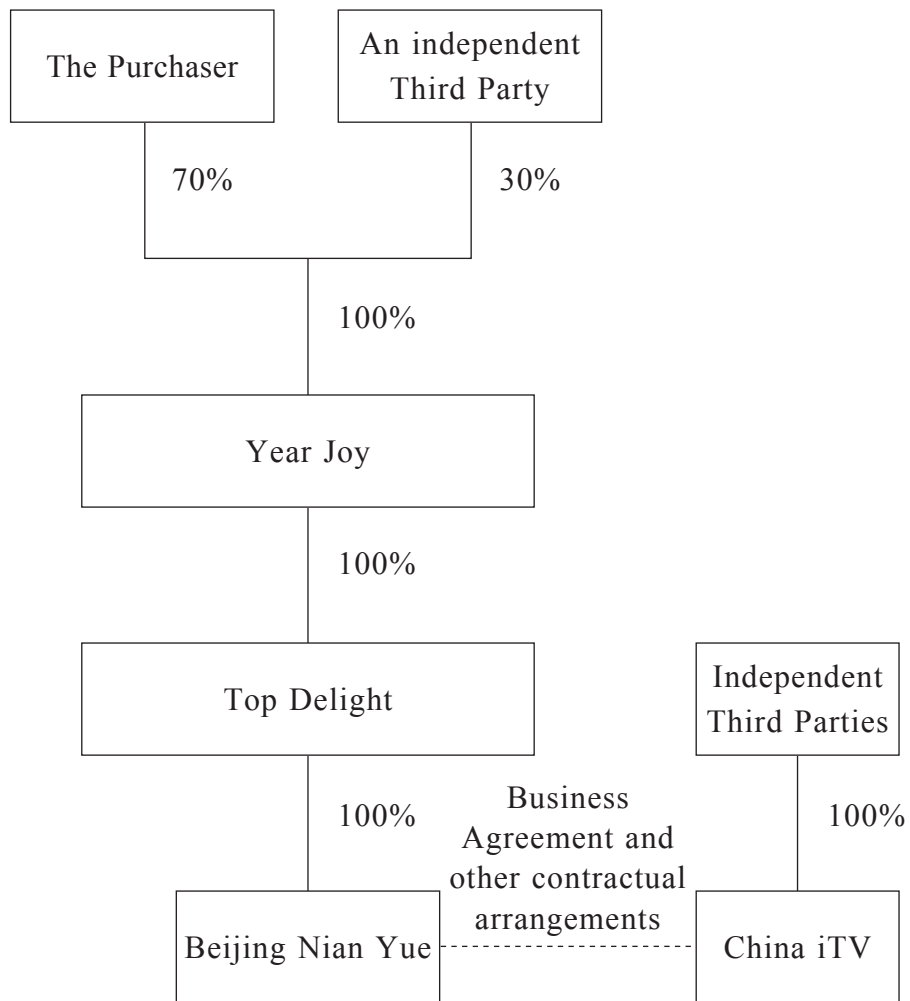
As at the date of the Agreement, other receivables of RMB50 million (approximately HK\$58.05 million) were recorded on the accounts of China iTV. Pursuant to the Agreement, Vendor 2 has agreed to enter into a share charge upon Completion in favour of the Purchaser pledging 476,190,000 Consideration Shares to be issued to Vendor 2 to the Purchaser as security for procuring the repayment of the aforesaid other receivables.

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 date of this announcement; (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 date of this announcement		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:

- 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 date of this announcement, and are treated as public float of the Company.
- 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 for 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 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.

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 being 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.

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 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.

The PRC legal adviser of the Company advised that the iTV Business is a restricted 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 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 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. 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 watch 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 the major cities in the PRC within five years, and is expected to run its pilot program in Qingdao by the end of 2010.

Set out below is the unaudited financial information of Year Joy for the period since its incorporation to 31 August 2010 prepared in accordance with the Hong Kong Financial Reporting Standards:

	From the date of incorporation to 31 August 2010
	Unaudited <i>HK\$ '000</i>
Turnover	Nil
Loss before taxation	(7)
Loss after taxation	(7)

As at
31 August 2010
Unaudited
HK\$ '000

Total assets	Nil
Total liabilities	7
Net liability	(7)

Set out below is the unaudited financial information of Top Delight for the period since its incorporation to 31 August 2010 prepared in accordance with the Hong Kong Financial Reporting Standards:

From the date of
incorporation to
31 August 2010
Unaudited
HK\$ '000

Turnover	Nil
Loss before taxation	(7)
Loss after taxation	(7)

As at
31 August 2010
Unaudited
HK\$ '000

Total assets	Nil
Total liabilities	7
Net liability	(7)

Set out below is the unaudited financial information of China iTV for the two years ended 31 December 2009 and 8 months ended 31 August 2010 prepared in accordance with the PRC Generally Accepted Accounting Principles:

	For the year ended 31 December 2008	For the year ended 31 December 2009	For 8 months ended 31 August 2010
	Unaudited <i>RMB'000</i>	Unaudited <i>RMB'000</i>	Unaudited <i>RMB'000</i>
Turnover	Nil	Nil	Nil
Loss before taxation	(2)	(1,379)	(3,065)
Loss after taxation	(2)	(1,379)	(3,065)
	As at 31 December 2008	As at 31 December 2009	As at 31 August 2010
	Unaudited <i>RMB'000</i>	Unaudited <i>RMB'000</i>	Unaudited <i>RMB'000</i>
Total assets	50,191	51,613	60,779
Total liabilities	590	3,392	15,623
Net asset value	49,601	48,221	45,156

Upon Completion, Year Joy will become a non-wholly-owned subsidiary of the Company, and the results of each of the members of the Year Joy Group will be consolidated into the accounts of the Group.

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

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 yet it was slightly improved due to the moderate recovery of the silicon market in the PRC in the first half of 2010 whilst the tea business recorded loss in the first half 2010 due to the unexpected natural disasters of ice frozen and flood which took place in the period in the Group's Wuyishan production sites.

With a view to better utilizing 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 the profitability to maximize its shareholder's value.

As described in the section 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.

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 utilization rate of web video also reaches 63.2% in the first half of 2010. Given the continuous growth in the internet industry in the PRC, the Directors are optimistic about the long term future development of the online video business.

In light of the prospects of China iTV in the iTV Business 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.

INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the authorised share capital of the Company is HK\$1,000,000,000 comprising 10,000,000,000 shares of HK\$0.10 each, of which 6,791,162,211 Shares are 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 date of this announcement, there are 3,208,837,789 Shares in the authorised share capital which may be issued. Having considered 2,347,620,000 Consideration Shares and 3,776,190,000 Convertible Preference Shares to be allotted and issued upon Completion, and 3,776,190,000 Conversion Shares 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 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.

GENERAL

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

A circular containing, among other things, details of the Agreement, the financial information on the Group, an accountants' report on the Year Joy Group, unaudited pro forma financial information on the Enlarged Group and other information as required under the Listing Rules will be despatched to the Shareholders on or before 19 November 2010 as additional time is required to prepare the financial information of the Year Joy Group and the Enlarged Group.

DEFINITIONS

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

“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
“associates”	has the meaning ascribed to it under the Listing Rules
“Beijing Nian Yue”	北京年悦科技有限公司 (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”	the exclusive business operation agreement dated 29 September 2010 entered into between Beijing Nian Yue and China iTV
“Business Day”	any day (other than a Saturday) on which banks in Hong Kong are open for business
“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
“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 the 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 to satisfy part of the Consideration
“Director(s)”	director(s) of the Company
“Enlarged Group”	the Group upon Completion

“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
“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 per Share)
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Media Strategic Framework Agreement”	a media strategic framework agreement dated 13 January 2009 entered into between China iTV and Huishi (Hainan)
“Power of Attorney(s)”	the power of attorney entered into by each shareholder of China iTV on 29 September 2010
“Purchaser”	Famous Class Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
“Sale Shares”	an aggregate of 70 shares of Year Joy, representing 70% of the total issued share capital of Year Joy

“SGM”	the special general meeting of the Company to be convened 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
“Strategic Framework Agreement”	a strategic framework agreement dated 27 October 2008 (supplemented on 10 December 2009) entered into among China iTV, Unicom Broadband and Huishi (Hainan)
“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
“Unicom Broadband”	聯通寬帶在綫有限公司 (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*)
“Vendor 1”	Ms. Ho Ping Tanya
“Vendor 2”	Double Joy Enterprise Limited, a company incorporated in the BVI with limited liability
“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 and on behalf of the Board
China Mining Resources Group Limited
Chen Shou Wu
Deputy Chairman and Chief Executive Officer

Hong Kong, 3 October 2010

For illustration purposes, figures in RMB in this announcement have been translated into HK\$ at the exchange rate of RMB1 = HK\$1.161. 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.

** For reference purposes only, the Chinese names of the PRC entities have been translated into English in this announcement. In the event of any discrepancies between the Chinese names and the English translation, the Chinese names prevail.*

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