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**中國礦業資源集團有限公司\***  
**China Mining Resources Group Limited**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock code: 00340)**

**DISCLOSEABLE TRANSACTION**  
**TRANSFER OF EQUITY INTEREST, OBLIGATIONS AND ASSETS**

The Board is pleased to announce that after trading hours of the Stock Exchange on 22 November 2010, Transferor A, a direct 75.08% owned subsidiary of the Company and Transferor B, an indirect 75.08% owned subsidiary of the Company, entered into the Agreement with the Transferee, pursuant to which, amongst other things, the Transferors agreed to transfer the Equity Interest to the Transferee, and Transferor A, a direct 75.08% owned subsidiary of the Company, agreed to transfer the Obligations and the Assets to the Transferee at an aggregate consideration of RMB10,000,000 (approximately HK\$11,708,000).

The entering into of the Agreement and the Transfer constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

**THE TRANSFER**

The Board is pleased to announce that after trading hours of the Stock Exchange on 22 November 2010, Transferor A, a direct 75.08% owned subsidiary of the Company and Transferor B, an indirect 75.08% owned subsidiary of the Company, entered into the Agreement with the Transferee, pursuant to which, amongst other things, the Transferors agreed to transfer the Equity Interest to the Transferee, and Transferor A, a direct 75.08% owned subsidiary of the Company, agreed to transfer the Obligations and the Assets to the Transferee at an aggregate consideration of RMB10,000,000 (approximately HK\$11,708,000), subject to the terms and conditions of the Agreement.

\* *For identification purpose only*

## THE AGREEMENT

Summarised below are the principal terms of the Agreement:

### Date

22 November 2010

### Parties

Transferor A: 哈爾濱松江銅業(集團)有限公司 (Harbin Songjiang Copper (Group) Company Limited\*), a direct 75.08% owned subsidiary of the Company

Transferor B: 哈爾濱市小嶺鐵鋅有限公司 (Harbin Xiaoling Iron & Zinc Co. Ltd.\*), a wholly-owned subsidiary of Transferor A and an indirect 75.08% owned subsidiary of the Company

Transferee: 哈爾濱久順冶金實業有限公司 (Harbin Jiushun Yejin Enterprises Co., Ltd.\*)

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Transferee and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

### Equity Interest

As at the date of this announcement, the Target Company is owned by Transferor A and Transferor B as to 98.04% and 1.96%, respectively.

Pursuant to the Agreement, Transferor A and Transferor B agreed to transfer to the Transferee their respective interests in the Target Company, being the Transferors' entire interest in the Target Company.

### Obligations

Pursuant to the Agreement, Transferor A agreed to transfer and the Transferee agreed to be transferred the Obligations. Summarised below are details of such Obligations:

- (a) obligations of the Target Company and also (after the date of the Agreement) of Transferor A and Transferor A's subsidiaries to pay for all expenses in relation to their respective employees who have retired prior to the date of the Agreement, including but not limited to the payment of medical insurance premium and administration expenses;

- (b) obligations of the Target Company and also (after the date of the Agreement) of Transferor A and Transferor A's subsidiaries to pay various kinds of subsidies to their respective employees who have been injured prior to the date of the Agreement, including but not limited to the payment of disability grants and disability allowance;
- (c) obligations of the Target Company, Transferor A and Transferor A's subsidiaries to pay for expenses for the properties of their respective employees which are subject to housing reform procedures;
- (d) obligations of the Target Company, Transferor A and Transferor A's subsidiaries to manage electricity, water and gas supply of and property maintenance in the zones where the respective family members of the employees and retired employees of the Target Company, Transferor A and Transferor A's subsidiaries reside prior to the date of the Agreement, as well as the expenses in relation thereto (in the case of Transferor A and its subsidiaries, the expenses incurred after the date of the Agreement), including but not limited to the operating costs; and
- (e) obligations of the Target Company to pay for all expenses in relation to the closure of its copper mine to be incurred after the transfer of the Equity Interest.

### **Assets**

Pursuant to the Agreement, in addition to the assets of the Target Company, Transferor A agreed to transfer to the Transferee certain assets in connection with the fulfillment of the Obligations as well as all fixed assets of the Transferors in the mining zones of the Target Company.

### **Consideration**

The consideration for the Transfer shall be RMB10,000,000 (approximately HK\$11,708,000), which was determined after arm's length negotiations between the Transferors and the Transferee by reference to (a) the unaudited net asset value of approximately RMB44,923,000 (approximately HK\$52,596,000) of the Target Company as at 19 November 2010; (b) the future liabilities and capital commitments expected to be borne by the Group through Transferor A and/or its subsidiaries arising from the Obligations; and (c) the current and future prospects of the Target Company as a whole as set out in the section headed "Reasons for and Benefits of the Transfer and Use of Proceeds" in this announcement, without taking into account the asset value of the Assets. Transferor A agreed to transfer the Assets to the Transferee for nil consideration after taking into account, amongst other things, the Obligations being taken up by the Transferee pursuant to the Agreement.

The consideration for the Transfer shall be settled by the Transferee in cash within 10 days after the signing of the Agreement.

## Effectiveness

The effectiveness of the Agreement is subject to and conditional upon the Transferors and the Transferee notifying the local government where the Target Company is situated of the Transfer and obtaining the endorsement thereon. As at the date of this announcement, the local government where the Target Company is situated has been notified of the Transfer.

## FINANCIAL EFFECTS OF THE TRANSFER

With reference to the unaudited net asset value of the Target Company and the Assets as at 19 November 2010 and the consideration for the Transfer, it is estimated that upon completion of the Transfer, a loss of approximately HK\$40,888,000 will be recorded. Such amount is based on the consideration of the Transfer less the respective unaudited net asset value of the Target Company and the Assets of HK\$52,596,000 and HK\$nil as at 19 November 2010.

## INFORMATION ON THE TARGET COMPANY

The Target Company is an indirect 75.08% owned subsidiary of the Company established in the PRC. As at the date of this announcement, it is owned by Transferor A and Transferor B as to 98.04% and 1.96%, respectively. It is principally engaged in mining, processing and sales of copper and zinc.

The following summarises the audited financial results of the Target Company for the year ended 31 December 2008 and the year ended 31 December 2009:

	<b>For the year ended 31 December 2008 (audited)</b>	<b>For the year ended 31 December 2009 (audited)</b>
Net (loss)/profit before taxation and extraordinary items	HK\$(388,531,000)	HK\$10,493,000
Net (loss)/profit after taxation and extraordinary items	HK\$(329,926,749)	HK\$8,434,035

Subject to and upon completion of the Transfer, the Target Company will cease to be a subsidiary of the Company.

## INFORMATION ON THE TRANSFEREE

The Transferee is a company established in the PRC and is principally engaged in mining operations.

## **REASONS FOR AND BENEFITS OF THE TRANSFER AND USE OF PROCEEDS**

The Group is principally engaged in mining, processing and sales of molybdenum, copper and zinc and cultivating and sales of the tea products.

In view of (a) the copper and zinc mine of the Target Company is an aged mine and its mineral resources are nearly exhausted; (b) the future liabilities and capital commitments expected to be borne by the Group arising from the Obligations; and (c) the unsatisfactory performance of the Target Company for the last few years due to its high operating costs and the competitiveness in the mining market, the Group intends to transfer to the Transferee the Equity Interest, the Obligations and the Assets at a reasonable price in order to maintain a competitive edge under the tough economic environment. The Transfer is in line with the business strategy of the Group and is an opportunity for the Group to improve its overall operational efficiency in the PRC. In addition, the Group can have additional funding from the proceeds from the Transfer to prepare for the challenging business environment in the near future. The proceeds from the Transfer, after deducting any related expenses, will be applied as general working capital of the Group.

The Directors (including the independent non-executive Directors) consider that the Transfer is on normal commercial terms and the terms of the Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **GENERAL**

As each of the assets ratio (as defined in the Listing Rules) and the revenue ratio (as defined in the Listing Rules) in respect of the Transfer exceeds 5% but is less than 25%, the entering into of the Agreement and the Transfer constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context requires otherwise, the following terms shall have the following meanings:

“Agreement”	the agreement in respect of, amongst other things, the Transfer dated 22 November 2010
“Assets”	the assets (other than the Equity Interest) to be transferred by Transferor A to the Transferee pursuant to the Agreement
“Board”	the board of Directors
“Company”	China Mining Resources Group Limited, a company incorporated in Bermuda whose shares are listed on the Stock Exchange (stock code: 00340)

“connected persons”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Equity Interest”	the entire equity interest in the Target Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Obligations”	the obligations to, amongst other things, make certain payments to be transferred to the Transferee pursuant to the Agreement
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	哈爾濱松江銅業實業有限公司 (Harbin Songjiang Copper Enterprise Co. Ltd.*)
“Transfer”	transfer of the Equity Interest by the Transferors and transfer of the Obligations and the Assets by Transferor A to the Transferee pursuant to the Agreement
“Transferee”	哈爾濱久順冶金實業有限公司 (Harbin Jiushun Yejin Enterprises Co., Ltd.*)
“Transferor A”	哈爾濱松江銅業(集團)有限公司 (Harbin Songjiang Copper (Group) Company Limited*), a direct 75.08% owned subsidiary of the Company
“Transferor B”	哈爾濱市小嶺鐵鋅有限公司 (Harbin Xiaoling Iron & Zinc Co. Ltd.*), a company wholly-owned by Transferor A and an indirect 75.08% owned subsidiary of the Company

“Transferors”

Transferor A and Transferor B

“%”

per cent.

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

23 November 2010, Hong Kong

*For illustration purposes, figures in RMB in this announcement have been translated into HK\$ at the exchange rate of RMB1 = HK\$1.1708. 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.*

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

*For 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.*