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

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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)**

**PROPOSED RE-ELECTION OF DIRECTORS,  
GENERAL MANDATES  
TO ISSUE AND REPURCHASE SHARES,  
ADOPTION OF NEW SHARE OPTION SCHEME,  
TERMINATION OF EXISTING SHARE OPTION SCHEME  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the 2012 annual 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 Friday, 25 May 2012 at 2:30 p.m. or any adjournment thereof is set out on pages 34 to 38 of this circular. Whether or not you intend to be present at the annual general meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as practicable to the branch share registrar of China Mining Resources Group Limited in Hong Kong, Union Registrars Limited, located at 18/F., Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong and in any event not later than 48 hours before the time appointed for the holding of 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 2012 annual general meeting or any adjourned meeting should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

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## DEFINITIONS

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

“AGM”	2012 annual general meeting of the Company to be held at Room 1306, 13/F., Bank of America Tower, 12 Harcourt Road, Admiralty, Hong Kong on Friday, 25 May 2012 at 2:30 p.m. or any adjournment thereof
“associates”	shall have the meaning as defined in the Listing Rules
“Auditors”	auditors of the Company
“Board”	board of Directors
“Bye-Laws”	bye-laws of the Company
“Company”	China Mining Resources Group Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Stock Exchange
“Companies Act”	the Companies Act 1981 of Bermuda
“Companies Ordinance”	Companies Ordinance, Chapter 32 of the Laws of Hong Kong, as amended from time to time
“connected person(s)”	shall have the meaning as defined in the Listing Rules
“Director(s)”	director(s) of the Company
“Eligible Participants”	persons or parties who or which are eligible to participate as grantee in and receive options under the New Share Option Scheme, as set out in paragraph 2 of Appendix III
“Existing Share Option Scheme”	existing share option scheme adopted by the Company on 26 June 2002
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

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## DEFINITIONS

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“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Invested Entity”	any entity in which the Company or its subsidiary holds any interest
“Issue Mandate”	a general and unconditional mandate to be granted to the Directors to allot, issue, and deal with Shares up to a maximum of 20% of the issued ordinary share capital of the Company as at the date of passing of the relevant resolution
“Latest Practicable Date”	16 April 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“New Share Option Scheme”	new share option scheme proposed to be adopted by the Company at the AGM, a summary of the main terms of which is set out in Appendix III to this circular
“Repurchase Mandate”	a general and unconditional mandate to be granted to the Directors to exercise all powers of the Company to repurchase on the Stock Exchange, or any other stock exchange on which the Shares may be listed, Shares up to a maximum of 10% of the issued ordinary share capital of the Company as at the date of passing of the relevant resolution
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares

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## DEFINITIONS

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“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	a subsidiary within the meaning of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“substantial shareholder”	has the same meaning ascribed to such term in the Listing Rules
“Takeovers Code”	Code on Takeovers and Mergers issued by the Hong Kong Securities and Futures Commission
“%”	per cent

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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Dr. YOU Xian Sheng (*Chairman*)

Mr. CHEN Shou Wu

*(Deputy Chairman, Chief Executive Officer  
and Chief Investment Officer)*

Mr. WANG Hui

Mr. YEUNG Kwok Kuen

*(Chief Financial Officer)*

Mr. FANG Yi Quan

*Independent Non-executive Directors:*

Mr. CHONG Cha Hwa

Mr. CHU Kang Nam

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 April 2012

*To the Shareholders*

Dear Sir or Madam,

**PROPOSED RE-ELECTION OF DIRECTORS,  
GENERAL MANDATES  
TO ISSUE AND REPURCHASE SHARES,  
ADOPTION OF NEW SHARE OPTION SCHEME,  
TERMINATION OF EXISTING SHARE OPTION SCHEME  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

### INTRODUCTION

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the AGM which include ordinary resolutions relating to (i) the re-election of Directors; (ii) the granting to the Directors of the Issue Mandate and the Repurchase Mandate; and (iii) adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme.

\* For identification purpose only

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## LETTER FROM THE BOARD

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### RE-ELECTION OF DIRECTORS

The Board currently consists of eight Directors, namely Dr. You Xian Sheng, Mr. Chen Shou Wu, Mr. Wang Hui, Mr. Yeung Kwok Kuen and Mr. Fang Yi Quan, being the executive Directors, and Mr. Chong Cha Hwa, Mr. Chu Kang Nam and Mr. Lin Xiang Min, being the independent non-executive Directors.

Pursuant to Bye-Law 86(2) of the Bye-Laws, any Director appointed by the Board either to fill a casual vacancy or as an addition to the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at the meeting. Thus, Mr. Fang Yi Quan and Mr. Chong Cha Hwa who were appointed as Directors pursuant to Bye-Law 86(2) of the Bye-Laws shall retire at the AGM. Each of Mr. Fang Yi Quan and Mr. Chong Cha Hwa, being eligible, have offered themselves for re-election as Directors at the AGM.

In addition, pursuant to Code Provision A.4.2 of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Pursuant to Bye-Law 87(1) of the Bye-Laws, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. Pursuant to Bye-Law 87(2) of the Bye-Laws, any Director appointed pursuant to Bye-Law 86(2) of the Bye-Laws shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation. Accordingly, Mr. Chen Shou Wu and Mr. Wang Hui will retire by rotation at the AGM. Each of Mr. Chen Shou Wu and Mr. Wang Hui, being eligible, have offered themselves for re-election at the AGM.

Brief biographical details of the Directors proposed for re-election are set out in Appendix I to this circular.

### GRANT OF GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the AGM, ordinary resolutions will be proposed to grant the general mandates to the Directors (i) to allot, issue and otherwise deal with Shares not exceeding in aggregate 20% of the aggregate nominal amount of the ordinary share capital of the Company in issue as at the date of passing of such resolution; (ii) to repurchase Shares which does not exceed 10% of the aggregate nominal amount of the issued ordinary share capital of the Company as at the date of passing of such resolution; and (iii) to add the aggregate amount of the Shares repurchased by the Company to the general mandate to the Directors to allot new Shares of up to 20% of the issued ordinary share capital of the Company as at the date of passing of such resolution.

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## LETTER FROM THE BOARD

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The mandates to issue and repurchase Shares granted at the annual general meeting of the Company held on 20 May 2011 will lapse at the conclusion of the AGM. In this regard, resolutions nos. 4, 5 and 6 set out in the notice of AGM will be proposed at the AGM to renew these mandates. With reference to these resolutions, the Directors wish to state that they have no present intention to repurchase any Shares or to issue any new Shares pursuant to the relevant mandates.

As at the Latest Practicable Date, the issued ordinary share capital of the Company was HK\$913,878,221.10 divided into 9,138,782,211 Shares. Subject to the passing of the resolution granting the proposed mandate to issue further Shares and on the basis that no further Shares are issued or repurchased before the AGM, the Company will be allowed to issue a maximum of 1,827,756,442 Shares during the period ending on the earliest of the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held by law or the date upon which such authority is revoked or varied by a resolution of the Shareholders in general meeting.

The explanatory statement required by the Listing Rules to be sent to Shareholders in connection with the proposed Repurchase Mandate is set out in Appendix II to this circular. The explanatory statement contains all information reasonably necessary to enable Shareholders to make an informed decision on whether to vote for or against resolution no. 5 as set out in the notice of the AGM.

### **PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME AND TERMINATION OF EXISTING SHARE OPTION SCHEME**

#### **Introduction**

The Board proposes to seek the approval of the Shareholders for the termination of the Existing Share Option Scheme adopted by the Company on 26 June 2002 (which will expire on 25 June 2012) and the adoption of the New Share Option Scheme, a summary of the main terms of which are set out in Appendix III to this circular.



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## LETTER FROM THE BOARD

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### Proposed termination of the Existing Share Option Scheme and adoption of the New Share Option Scheme

#### 1. *Current Status of the Existing Share Option Scheme*

As at the Latest Practicable Date, there were 9,138,782,211 Shares in issue. The particulars of the options subject to/granted under the Existing Share Option Scheme as at the Latest Practicable Date were set out below:

Number of Shares subject to options granted	1,276,338,000 Shares
Number of Shares issued pursuant to options exercised	99,672,000 Shares
Number of Shares subject to options lapsed or cancelled	388,366,000 Shares
Number of Shares to be issued upon exercise of outstanding options	788,300,000 Shares <i>(Note)</i>
Percentage of Shares to be issued upon exercise of outstanding options in the issued ordinary share capital of the Company	approximately 8.63%

*Note:* These Shares together with other Shares which may be issued upon exercise of all outstanding options granted but not yet exercised under the New Share Option Scheme and any other share option scheme of the Company are subject to the 30% limit as set out in paragraph 3(b) of the Appendix III.

#### *Details of the outstanding options granted*

<b>Date of granted</b>	<b>Exercisable period</b>	<b>Exercise price per share</b>	<b>No. of options</b>
14 October 2008	14 October 2008 to 13 October 2013	HK\$0.275	291,600,000
29 June 2010	29 June 2010 to 28 June 2015	HK\$0.208	127,400,000
30 August 2011	30 August 2011 to 29 August 2016	HK\$0.161	369,300,000
			<u>788,300,000</u>

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## LETTER FROM THE BOARD

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Upon termination of the Existing Share Option Scheme, no further options can be granted thereunder but in all other respects, the provisions of the Existing Share Option Scheme shall remain in force and all options granted prior to such termination shall continue to be valid and exercisable in accordance therewith. Options (to the extent not already exercised) granted prior to such termination will continue to be valid and exercisable in accordance with the Existing Share Option Scheme.

Assuming the New Share Option Scheme is adopted at the AGM and on the basis that the number of issued Shares remain to be 9,138,782,211 on the date of adoption of the New Share Option Scheme, the Shares that are issuable pursuant to the New Share Option Scheme on the date of its adoption will be 913,878,221 Shares, representing 10 per cent of Shares in issue as at the date of approval of the New Share Option Scheme.

The Company will comply with the requirements of the Listing Rules in granting options and issuing Shares pursuant to the New Share Option Scheme.

### 2. *Reasons*

The Existing Share Option Scheme will expire on 25 June 2012. The Board considers that the adoption of the New Share Option Scheme is in the interests of the Company and the Shareholders as a whole because it enables the Company to reward and provide incentives to its employees and other stakeholders for their contributions to the Group and the Invested Entity.

### 3. *Conditions*

The New Share Option Scheme is conditional upon:

- (i) the passing of an ordinary resolution at the AGM approving the termination of the Existing Share Option Scheme;
- (ii) the passing of an ordinary resolution at the AGM approving the adoption of the New Share Option Scheme; and
- (iii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares which may fall to be issued upon the exercise of the subscription rights attaching to the options to be granted under the New Share Option Scheme.

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## LETTER FROM THE BOARD

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Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares, which may be issued pursuant to the exercise of subscription rights attaching to the options to be granted under the New Share Option Scheme.

#### 4. *Valuation of share options*

The Directors consider that it is not appropriate to state the value of all options that can be granted pursuant to the New Share Option Scheme as if they had been granted on the Latest Practicable Date prior to the approval of the New Share Option Scheme, given that the variables which are crucial for the calculation of the value of such option cannot be determined. The variables which are critical for the determination of the value of such options include the subscription price for the Shares upon the exercise of the subscription rights attaching to the options, whether or not options will be granted under the New Share Option Scheme and the timing of the grant of such options, the period during which the subscription rights may be exercised and any other conditions that the Board may impose on the options and whether or not such options if granted will be exercised by the grantees. The subscription price depends on the price of the Shares as quoted on the Stock Exchange, which in turn depends on when the Board will grant options under the New Share Option Scheme. With a scheme life of 10 years, the Board is of the view that it is too premature to state whether or not options will be granted under the New Share Option Scheme, and if so, the number of options that may be granted. It is also difficult to ascertain with accuracy the subscription price given the volatility the price of the Shares may be subject to during the 10-year life span of the New Share Option Scheme. On these premises, the Directors are of the view that the value of the options depends on a number of variables which are either difficult to ascertain or can only be ascertained subject to a number of theoretical basis and speculative assumptions. Accordingly, the Directors believe that any calculation of the value of the options will not be meaningful and may be misleading to Shareholders in the circumstances.

#### 5. *Interest of Directors*

None of the Directors is a trustee of the New Share Option Scheme nor does any of them have a direct or indirect interest in such a trustee.

#### **Documents available for inspection**

A copy of the New Share Option Scheme is 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 up to and including the date of the AGM.

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## LETTER FROM THE BOARD

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### ANNUAL GENERAL MEETING

The AGM will be held at Room 1306, 13/F., Bank of America Tower, 12 Harcourt Road, Admiralty, Hong Kong on Friday, 25 May 2012 at 2:30 p.m. for the purpose of considering and if thought fit, approving the resolutions to, among others, adopt the proposals for re-election of Directors, grant of the Issue Mandate and the Repurchase Mandate, adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme as set out in the notice of the AGM on pages 34 to 38 of this circular. To the best knowledge of the Directors, no Shareholder has a material interest in the New Share Option Scheme different to that of any other Shareholders and therefore, no Shareholder will abstain from voting at the AGM.

A form of proxy for use at the AGM is enclosed, whether or not you are able to attend the AGM, Shareholders are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Union Registrars Limited, at 18/F., Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

### VOTING AT THE ANNUAL GENERAL MEETING

Pursuant to Rule 13.39 of the Listing Rules, all votes of the Shareholders at the general meetings must be taken by poll. Therefore the chairman of the meeting will demand a poll on each of the resolutions put to vote at the AGM.

### 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 Company. 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.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

The Board considers that the proposed resolutions in relation to the proposed re-election of Directors, general mandate to issue and repurchase shares, adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme to be put forward at the AGM are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board therefore recommends all Shareholders to vote in favour of all resolutions to be proposed at the AGM.

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

*The biographical details of the Directors proposed for re-election at the AGM are set out as follows:*

#### 1. MR. CHEN SHOU WU — EXECUTIVE DIRECTOR

**Mr. Chen Shou Wu** (“Mr. Chen”), aged 48, was appointed as an executive director of the Company on 21 December 2007 and was subsequently appointed as the deputy chairman and chief executive officer of the Company on 5 June 2009.

Mr. Chen was appointed as an executive vice president and chief investment officer of the Company on 17 September 2007 and resigned as the executive vice president of the Company on 5 June 2009.

Mr. Chen graduated from Jilin University (吉林大學), the PRC with a bachelor’s degree in Mineral Resources Exploration in 1985 and a master’s degree of Geological Science in 1988. He has also obtained a master’s degree in Business Administration from Richard Ivey Business School of University of Western Ontario in Canada in 2003.

Prior to joining the Company, Mr. Chen worked for the Standard Bank as the senior vice president in the mining and metals division. For the period from 2003 to 2007, Mr. Chen has worked for Kingsway Group, an investment banking firm, as a senior mining analyst, Golden China Management Inc., a venture capital firm, as a business development manager, and Golden China Resources Corporation (GCX — Toronto Stock Exchange), a public company listed on the Toronto Stock Exchange which is engaged in the mining business, as a merchant banking manager. Mr. Chen has over 10 years of experience in the precious metals sector in the PRC. He was the council member of China Gold Society (中國黃金學會) and a research professor in the Shenyang Institute of Geology and Mineral Resources of the Ministry of Land and Resources (國土資源部) of the PRC. Mr. Chen is a director of Fortune Minerals Limited, a company whose shares are listed on the Toronto Stock Exchange. Saved as disclosed above, Mr. Chen did not hold any other directorship in other listed public companies in the last three years.

Pursuant to a letter of appointment dated 21 December 2007 and an employment contract dated 29 January 2010 entered into between the Company and Mr. Chen, (i) Mr. Chen is not appointed for a specific term but is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-Laws, (ii) Mr. Chen shall be entitled to an annual remuneration of HK\$1,500,000 and (iii) Mr. Chen shall also be entitled to a discretionary bonus, share options under the share option scheme of the Company and other incentives as determined by the remuneration committee of the Company from time to time with reference to the remuneration policy of the Company. Mr. Chen’s remuneration was fixed with reference to his duties and responsibilities with the Company, his performance, the overall progress of the business of the Company as well as the Company’s remuneration policy.

Save as disclosed above, Mr. Chen has no relationship with any directors, senior management or substantial or controlling shareholders of the Company or its subsidiaries.

As at the Latest Practicable Date and pursuant to Part XV of the SFO, Mr. Chen is beneficially interested in 90,000,000 underlying shares in respect of the share options granted by the Company pursuant to the Existing Share Option Scheme, representing approximately 0.98% of the issued ordinary share capital of the Company as at the Latest Practicable Date. Save as disclosed herein, as at the Latest Practicable Date, Mr. Chen does not have any other interest in Shares within the meaning of Part XV of the SFO.

## 2. MR. WANG HUI — EXECUTIVE DIRECTOR

**Mr. Wang Hui** (“Mr. Wang”), aged 52, was appointed as an executive director of the Company on 5 July 2007. Mr. Wang is also a director of Harbin Songjiang Copper (Group) Company Limited (“Harbin Songjiang”), a subsidiary of the Company.

Mr. Wang graduated from Harbin Normal University in 1984 and is a senior economist. Mr. Wang has been the chief advisor of Harbin Songjiang since April 2002 and mainly assisted Harbin Songjiang in assessing and procuring exploration and mining projects, evaluating scale of mining operations and improving corporate governance of the then state-owned enterprise. In November 2005, Mr. Wang extended his responsibilities in Harbin Songjiang to formulation and execution of Harbin Songjiang’s overall business strategies and policies and spearheading the growth of Harbin Songjiang’s business.

Pursuant to a service contract dated 5 July 2007, the supplemental letter dated 11 February 2008 and a renewal service contract dated 5 July 2010 entered into between Mr. Wang and the Company, (i) the appointment of Mr. Wang is for a term of three years and is subject to (a) not less than one month’s notice in writing by Mr. Wang or the Company to terminate his employment with the Company and (b) retirement by rotation and re-election in accordance with the Bye-Laws, and (ii) Mr. Wang shall be entitled to an annual remuneration of HK\$1,057,248, discretionary bonus, share options under the share option scheme of the Company and other incentives as determined by the remuneration committee of the Company from time to time with reference to the remuneration policy of the Company. Mr. Wang’s remuneration was fixed with reference to the Company’s remuneration policy, his duties and the prevailing market level of remuneration for executives of similar position.

Save as disclosed above, Mr. Wang has no relationship with any directors, senior management or substantial or controlling shareholders of the Company or its subsidiaries.

Mr. Wang did not hold any other directorships in any listed public companies in the last three years.

As at the Latest Practicable Date and pursuant to Part XV of the SFO, Mr. Wang is beneficially interested in 50,000,000 underlying shares in respect of the share options granted by the Company pursuant to the Existing Share Option Scheme, representing approximately 0.55% of the issued ordinary share capital of the Company as at the Latest Practicable Date. Save as disclosed herein, as at the Latest Practicable Date, Mr. Wang does not have any other interest in Shares within the meaning of Part XV of the SFO.

### 3. MR. FANG YI QUAN — EXECUTIVE DIRECTOR

**Mr. Fang Yi Quan** (“Mr. Fang”), aged 62, was appointed as an executive director of the Company on 23 November 2011.

Mr. Fang was graduated from Fujian Medical University in September 1974 and is a senior economist. Mr. Fang joined the PRC Communist Party in 1970 and was promoted as a military officer (軍官) to the Communist Party in the same year. Mr. Fang participated in People’s Liberation Army from February 1968 to October 1999 and was honoured with Second Class (二等功) and Third Class (三等功) awards by the government of People’s Republic of China. Mr. Fang has over 30 years of experience in management and his management effort has been recognised by the Chinese government over the years. During his service with the People’s Liberation Army, Mr. Fang worked in Fujian Mingqing Pharmaceutical Factory (福建閩清製藥廠) of the People’s Liberation Army as factory director, Party Secretary (黨委書記) and legal representative (法人代表). During his service, Fujian Mingqing Pharmaceutical Factory has received a number of awards from the People’s Liberation Army General Logistic Department and Nanjun Military Region. From October 1999 to June 2011, Mr. Fang has been working for Fujian Jingxie Group Company (福建經協集團公司) as its group chairman, general manager and Party Secretary (黨委書記). In 1996, Mr. Fang was awarded the rank of senior colonel by the Central Military Commission.

Pursuant to a letter of appointment dated 23 November 2011 entered into between the Company and Mr. Fang, (i) the appointment of Mr. Fang is for an initial term of one year, which is renewable for a further term of one year, and his appointment is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-Laws, (ii) Mr. Fang shall be entitled to



an annual remuneration of HK\$360,000, (iii) Mr. Fang shall also be entitled to a discretionary bonus, share options under the share option scheme of the Company and other incentives as determined by the remuneration committee of the Company from time to time with reference to the remuneration policy of the Company and (iv) Mr. Fang is also entitled to a join-in bonus by way of share options under the share option scheme of the Company to subscribe for 3,000,000 shares of the Company. As the trading of shares of the Company is suspended as at the date of appointment of Mr. Fang as the Director and up to the Latest Practicable Date, the Board will grant the share options to Mr. Fang as and when trading of shares of the Company is resumed. Mr. Fang's remuneration was fixed with reference to his duties and responsibilities with the Company as well as the Company's remuneration policy.

Save as disclosed above, Mr. Fang has no relationship with any directors, senior management or substantial or controlling shareholders of the Company or its subsidiaries.

Mr. Fang did not hold any other directorships in any listed public companies in the last three years.

As at the Latest Practicable Date, Mr. Fang does not have any interests in shares of the Company within the meaning of Part XV of the SFO.

#### 4. MR. CHONG CHA HWA — INDEPENDENT NON-EXECUTIVE DIRECTOR

**Mr. Chong Cha Hwa** ("Mr. Chong"), aged 45, was appointed as an independent non-executive director of the Company on 23 November 2011.

Mr. Chong is a fellow member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants. Mr. Chong has obtained a degree of bachelor of management with honours from the University of Science, Malaysia. Prior to joining the Group, Mr. Chong has gained more than 15 years of experience in the accounting and finance area servicing private and publicly listed companies in Hong Kong and the Southern Asia region. He is an independent non-executive director of Longlife Group Holdings Limited (Stock Code: 8037), a company listed on The Growth Enterprise Market of the Stock Exchange. During the period from 19 October 2006 to 18 August 2011, Mr. Chong was an independent non-executive director of CGN Mining Company Limited (formerly known as Vital Group Holdings Limited) (Stock Code: 1164), a company listed on the Main Board of the Stock Exchange. Saved as disclosed above, Mr. Chong did not hold any other directorship in other listed public companies in the last three years.

Pursuant to a letter of appointment dated 23 November 2011 entered into between the Company and Mr. Chong, (i) the appointment of Mr. Chong is for an initial term of one year and is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-Laws, (ii) Mr. Chong shall be entitled to an annual remuneration of HK\$180,000 and (iii) Mr. Chong is also entitled to a join-in bonus by way of share options to be granted under the share option scheme of the Company to subscribe for 3,000,000 shares of the Company. As the trading of shares of the Company is suspended as at the date of appointment of Mr. Chong as the Director and up to the Latest Practicable Date, the Board will grant the share options to Mr. Chong as and when trading of shares of the Company is resumed. Mr. Chong's remuneration was fixed with reference to his duties and responsibilities with the Company as well as the Company's remuneration policy. Mr. Chong will not be entitled to any bonus payment.

Save as disclosed above, Mr. Chong has no relationship with any directors, senior management or substantial or controlling shareholders of the Company or its subsidiaries.

As at the Latest Practicable Date, Mr. Chong does not have any interests in shares of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, the Company is not aware of any other matters in relation to the above Directors that would need to be brought to the attention of the Shareholders or any other information that would need to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules.

This Appendix contains the particulars that are required by the Listing Rules to be included in an explanatory statement to enable the Shareholders to make an informed view on whether to vote for or against the resolution to be proposed at the AGM in relation to the proposed Repurchase Mandate.

### **SHARE CAPITAL**

As at the Latest Practicable Date, the issued ordinary share capital of the Company was HK\$913,878,221.10 divided into 9,138,782,211 Shares.

Subject to the passing of the resolution granting the proposed Repurchase Mandate and on the basis that no further Shares are issued or repurchased before the AGM, the Company will be allowed to repurchase a maximum of 913,878,221 Shares, representing 10% of the issued ordinary share capital of the Company as at the Latest Practicable Date, during the period ending on the earliest of the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held by law or the date upon which such authority is revoked or varied by a resolution of the Shareholders in general meeting.

### **REASONS FOR REPURCHASES**

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Company to repurchase its Shares on the Stock Exchange. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets value of the Company and/or earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

The Directors have no present intention to repurchase any Shares and they would only exercise the power to repurchase in circumstances where they consider that the repurchase would be in the best interests of the Company and in circumstances where they consider that the Shares can be repurchased on the terms favourable to the Company. On the basis of the combined financial position of the Company as at 31 December 2011, being the date to which the latest published audited accounts of the Company were made up, the Directors consider that if the Repurchase Mandate was to be exercised in full at the currently prevailing market value, it may have a material adverse impact on the working capital position and gearing level of the Company. The Directors do not propose to exercise the mandate to repurchase Shares to such an extent as would, in the circumstances, have a material adverse effect on the working capital position of the Company as compared with the position disclosed in the latest published audited financial statements or the gearing level which, in the opinion of the Directors, are from time to time appropriate for the Company.

## FUNDING OF REPURCHASES

Repurchases to be made pursuant to the proposed Repurchase Mandate would be financed out of funds legally available for the purpose in accordance with the Bye-Laws and applicable laws in Hong Kong and Bermuda. Such funds include, but are not limited to, funds available for dividend or distribution.

## EFFECT OF THE TAKEOVERS CODE

Upon the exercise of the power to repurchase the Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder or group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of the Company and, depending on the level of increase of the Shareholders' interests, may become obliged to make a mandatory general offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons who were interested in 5% or more of the Shares of the Company, according to the register of interests required to be kept under Section 336 of the SFO:

Name	Number of Shares			Approximate percentage to the issued ordinary share capital of the Company as at the Latest Practicable Date	Approximate percentage to the issued ordinary share capital of the Company if the Repurchase Mandate is exercised in full
	Personal interests	Corporate interests	Total		
(i) Interests in the Shares					
Wong Chiu Fung	—	1,633,334,286 <i>(Note 1)</i>	1,633,334,286	17.87%	19.86%
(ii) Interests in underlying Shares in the Company					
Wong Chiu Fung	—	476,190,000 <i>(Note 1)</i>	476,190,000	5.21%	5.79%
Ho Ping Tanya	3,300,000,000 <i>(Note 2)</i>	—	3,300,000,000	36.11%	40.12%

*Notes:*

1. These shares are held by Double Joy Enterprise Limited which is 100% beneficially owned by Mr. Wong Chiu Fung. Pursuant to a sale and purchase agreement dated 2 October 2010 entered into among Famous Class Limited, a wholly-owned subsidiary of the Company, Ms. Ho Ping Tanya, Double Joy Enterprise Limited, Skypro Holdings Limited and Mr. Wong Chiu Fung in relation to the acquisition of an aggregate of 70 shares of Year Joy Investments Limited, representing 70% of the total issued share capital of Year Joy Investments Limited by Famous Class Limited (the “Agreement”), 2,064,760,000 Shares at an issue price of HK\$0.21 per Share and 476,190,000 convertible preference shares which is convertible into Shares at a conversion price of HK\$0.21 per Share were issued and allotted to Double Joy Enterprise Limited on 14 December 2010.
2. Pursuant to the Agreement, 3,300,000,000 convertible preference shares which is convertible into Shares at a conversion price of HK\$0.21 per Share were allotted and issued to Ms. Ho Ping Tanya on 14 December 2010.

In the event that the Directors exercise in full the power to repurchase Shares under the Repurchase Mandate, and assuming that no further Shares are issued or repurchased prior to the AGM, the total interests of the above Shareholders would be increased to approximately the percentages shown in the last column of the above table and such increase of interest will not give rise to an obligation to make a mandatory general offer under Rules 26 and 32 of the Takeovers Code and would not reduce the number of Shares held by the public to less than 25% of the issued share capital of the Company.

The Directors have no present intention to repurchase Shares if the proposed Repurchase Mandate is approved at the AGM.

**PRICE OF THE SHARES**

The following table shows the highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the past twelve months:

	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2011</b>		
April	0.160	0.130
May	0.150	0.117
June	0.134	0.106
July	0.211	0.111
August	0.195	0.128
September	0.167	0.117
October ( <i>Note</i> )	0.120	0.096
November	N/A	N/A
December	N/A	N/A
<b>2012</b>		
January	N/A	N/A
February	N/A	N/A
March	N/A	N/A
April (up to the Latest Practicable Date)	N/A	N/A

*Note:* Trading of the Shares was suspended on the Stock Exchange from 11 October 2011.

**REPURCHASE OF SHARES**

No Shares have been repurchased by the Company or any of its subsidiaries during the 6 months immediately preceding the Latest Practicable Date.

**GENERAL**

To the best of their knowledge and having made all reasonable enquiries, none of the Directors nor any of their associates has any present intention to sell any Shares to the Company or its subsidiaries if the Repurchase Mandate is exercised by the Company.

No connected persons of the Company (as defined in the Listing Rules) have notified the Company that they have a present intention to sell any Shares to the Company, or have undertaken not to do so in the event that the Company is authorised to make repurchases of the Shares.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate to repurchase Shares in accordance with the Listing Rules and applicable laws of Hong Kong and Bermuda.

*The following is a summary of the main terms of the New Share Option Scheme proposed to be adopted at the AGM.*

**1. PURPOSE OF THE NEW SHARE OPTION SCHEME**

- (a) The New Share Option Scheme is a share incentive scheme and is established to recognize and acknowledge the contributions which the Eligible Participants have made or may make to the Group.
- (b) The New Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with a view to achieving the following objectives:
  - (i) motivate the Eligible Participants to utilise their performance and efficiency for the benefit of the Group; and
  - (ii) attract and retain or otherwise maintain on-going relationship with the Eligible Participants whose contributions are or will be beneficial to the long term growth of the Group.

**2. ELIGIBLE PARTICIPANTS**

- (a) The Board may at its discretion invite anyone belonging to any of the following classes of persons to take up options to subscribe for Shares, subject to such conditions as the Board may think fit:
  - (i) any director (whether executive or non-executive or independent non-executive), employee (whether full time or part time), officer, consultant, customer, supplier, agent, partner or advisers of or contractor to the Group or any Invested Entity; and
  - (ii) any discretionary trust who discretionary objects include any director (whether executive or non-executive or independent non-executive), employee (whether full time or part time), officer, consultant, customer, supplier, agent, partner or adviser of or contractor to the Group or any Invested Entity;

and for the purpose of the New Share Option Scheme, the option may be granted to any corporation wholly-owned by any person mentioned in subparagraph (i) of this paragraph (a).

- (b) The eligibility of any of the above persons to the grant of any option shall be determined by the Board from time to time on the basis of his contribution to the development and growth of the Group. The Company shall be entitled to cancel any option granted to a grantee but not exercised if such grantee fails to meet the eligibility criteria determined by the Board.
- (c) Any person being an Eligible Participant must remain eligible during the period when any option granted to him remains outstanding. If he ceases to be eligible by reason of any of the events set out in paragraph 13, then the provisions of such paragraph shall apply in respect of the exercise of any option granted to him which remains outstanding.

### **3. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION UNDER THE NEW SHARE OPTION SCHEME**

#### **(a) 10% limit**

Subject to the following paragraphs, the total number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of the Shares in issue as at the date of approval of the New Share Option Scheme (excluding any options which have lapsed) (the “Scheme Mandate Limit”).

The Company may, from time to time, refresh the Scheme Mandate Limit by obtaining the approval of the Shareholders in general meeting. A circular containing the information required by the Listing Rules will be issued to the Shareholders in connection with seeking Shareholders’ approval for refreshing the Scheme Mandate Limit. Once refreshed, the total number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and all other share option schemes of the Company under the limit, as refreshed, must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the New Share Option Scheme and any other share option schemes, including without limitation any options which are outstanding, cancelled, lapsed or exercised, will not be counted for the purpose of calculating the refreshed 10% limit.



The Company may seek separate approval of the Shareholders in general meeting for granting options beyond the Scheme Mandate Limit or the refreshed limit provided the options in excess of such limit are granted only to participants specifically identified by the Company before such approval is sought. A circular containing a generic description of the specified participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose and other information required under the Listing Rules must be sent to the Shareholders.

**(b) 30% limit**

The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time.

**4. MAXIMUM ENTITLEMENT OF EACH PARTICIPANT**

Unless approved by the Shareholders, the total number of Shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue. Where any further grant of options to a grantee would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such grantee and his associates abstaining from voting. A circular containing the information required by the Listing Rules will be issued to the Shareholders in connection with seeking Shareholders' approval for such further grant.

**5. PERFORMANCE TARGET**

The Board may at its discretion when offering the grant of any option impose any performance targets which must be met before the option shall vest and become exercisable.

**6. MINIMUM PERIOD FOR WHICH AN OPTION MUST BE HELD**

The Board may at its discretion when offering the grant of any option impose any minimum period for which an option must be held.

**7. PRICE OF SHARES**

The exercise price shall be determined by the Board but shall be at least the highest of: (a) the closing price of a Share as shown in the daily quotations sheet of the Stock Exchange on the date of grant which must be a business day, and (b) the average closing price of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the date of grant; and (c) the nominal value of a Share.

**8. AMOUNT PAYABLE UPON ACCEPTANCE OF OPTION**

HK\$1.00 is payable by each Eligible Participant to the Company on acceptance of an offer of an option, which shall be paid within 30 days from the date of the offer.

**9. TERM OF THE NEW SHARE OPTION SCHEME**

The New Share Option Scheme shall commence on the day it becomes unconditional and shall continue in force until the tenth anniversary of such date.

**10. RIGHTS PERSONAL TO THE OPTION HOLDER**

An option shall be personal to the option holder and shall not be assignable and no option holder shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any option or enter into any agreement so to do.

**11. TIME OF EXERCISE OF OPTION**

An option shall be exercisable at any time during such period(s) to be notified by the Board to each grantee, provided that no option shall be exercisable later than 10 years after its date of grant.

**12. GRANT OF OPTION TO DIRECTOR, CHIEF EXECUTIVE OR  
SUBSTANTIAL SHAREHOLDER**

- (a) Any grant of options to a Director, chief executive or substantial shareholder of the Company or any of their respective associates under the New Share Option Scheme must be approved by independent non-executive Directors (excluding any independent non-executive Director who is a grantee of such option).
- (b) Where an option is proposed to be granted to a substantial shareholder of the Company or an independent non-executive Director, or any of their respective associates, and where the Shares issued and to be issued upon exercise of all options granted and to be granted to such person under the New Share Option Scheme (including options exercised, cancelled and outstanding) in the 12-month period up to and including the date of such grant:
- (i) representing in aggregate over 0.1% of the Shares in issue as at such date of grant, and
  - (ii) at such date of grant have an aggregate value in excess of HK\$5,000,000, based on the closing price of the Shares at such date of grant,

then the proposed grant must be subject to the approval by the Shareholders at a general meeting taken on a poll. The connected persons involved and all other connected persons of the Company must abstain from voting in such general meeting (except where any connected person intends to vote against the proposed grant and that his intention to do so has been stated in the circular mentioned in this paragraph). The Company shall issue a circular to the Shareholders explaining the proposed grant, disclosing the number and terms (including the subscription price) of the options to be granted to each grantee and containing a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a grantee of such option) on whether or not to vote in favour of the proposed grant and including all the information required under the Listing Rules.

**13. RIGHTS ON CEASING TO BE AN ELIGIBLE PARTICIPANT**

- (a) In the event of the grantee (being an individual) ceasing to be an Eligible Participant by reason of his death before exercising his option in full, such option period shall be deemed to expire 6 months after the date of such grantee's death and, if none of the events under paragraphs 14 to 16 existed with respect to such grantee at the time of his death, his personal representative(s) may exercise such option (to the extent not already exercised) in whole or in part within such period of 6 months, provided that where any of the events set out in paragraphs 14 to 16 occurs prior to his death or within such period of 6 months following his death, then his personal representative(s) may so exercise the option within such of the various periods respectively set out in such paragraphs, and any option not so exercised shall lapse and determine at the expiry of such 6 months or any applicable shorter period set out in paragraphs 14 to 16.
- (b) In the event of the grantee ceasing to be an Eligible Participant for any reason other than as described in sub-paragraph (a), then all his options shall lapse and determine on the date he so ceases (to the extent not already exercised), unless the Board gives notice in writing to the grantee within one month of the date the grantee ceasing to be an Eligible Participant that his option (to the extent not exercised) may be exercised at any time within such period set out in the notice from the Board.

**14. EFFECT ON TAKEOVER**

If in consequence of any general offer made to all the Shareholders (or all such Shareholders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) (including an offer made in the first instance on a condition such that, if it is satisfied, the offeror will have control of the Company) or otherwise, and such offer becomes or is declared unconditional, then the Directors shall as soon as practicable thereafter notify every grantee accordingly and each grantee shall be entitled at any time within the period of 21 days of the notice given by the offeror, to exercise all of his outstanding option, and such option shall, to the extent not having been exercised, lapse and determine upon the expiry of such period.

**15. EFFECT OF WINDING UP**

In the event a notice is given by the Company to the Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution for the voluntary winding up of the Company, the Company shall forthwith give notice thereof to every grantee and the grantee shall be entitled by notice in writing to the Company (such notice to be received by the Company not later than 4 business days prior to the proposed Shareholders' meeting) exercise his option (to the extent not already exercised) either to its full extent or to the extent specified in such notice and the Company shall as soon as possible and in any event not later than the day immediately prior to the date of the proposed Shareholders' meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise and all options shall, to the extent not having been exercised, lapse and determine.

**16. EFFECT ON RECONSTRUCTION**

If a compromise or arrangement between the Company and the Shareholders or its creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to every grantee on the same day as it despatches to each Shareholder or creditor of the Company a notice summoning the meeting to consider such a compromise or arrangement, and thereupon each grantee shall be entitled by notice in writing to the Company accompanied by the remittance for the subscription price in respect of his option (such notice to be received by the Company not later than 2 business days prior to the proposed meeting) exercise his option (to the extent not already exercised) to its full extent. With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent not having been exercised, thereupon lapse and determine. The Directors shall endeavour to procure that the Shares issued as a result of the exercise of options under this paragraph 16 shall for the purposes of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the relevant court having jurisdiction (the "Court") (whether upon the terms presented to the Court or upon any other terms as may be approved by such Court), the rights of the grantees to exercise their respective options shall with effect from the date of the making of the order by the Court be restored in full and shall thereupon become exercisable (but subject to

the other terms of the scheme) as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any grantee as a result of the aforesaid suspension.

#### **17. RANKING OF SHARES**

Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Bye-laws of the Company for the time being in force and will rank *pari passu* in all respects with the existing fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members) (the “Exercise Date”) and accordingly will entitle the holders thereof to participate in all dividends or other distributions (including distributions made upon the liquidation of the Company) paid or made on or after the Exercise Date, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted and issued upon the exercise of an option shall not carry voting rights until the name of the grantee has been duly entered onto the register of members of the Company as the holder thereof.

#### **18. EFFECT OF ALTERATION TO CAPITAL**

- (a) In the event of any alteration in the capital structure of the Company whilst any option remains exercisable or the New Share Option Scheme remains in effect, and such event arises from a capitalisation of profits or reserves, rights issues, consolidation, sub-division of Shares or reduction of share capital of the Company, then, in any such case (other than in the case of capitalisation of profits or reserves), the Board shall instruct the Auditors or an independent financial adviser to certify in writing:
  - (i) the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular grantee, to:
    - (1) the number or nominal amount of Shares to which the New Share Option Scheme or any option(s) relates (insofar as it is/they are unexercised); and/or

(2) the subscription price; and/or

(3) the maximum number of Shares referred to in paragraph 3 above,

and an adjustment as so certified by the Auditors or the independent financial adviser shall be made, provided that:

(aa) any such adjustment shall be made on the basis that the proportion of the issued share capital of the Company for which any grantee would have been entitled had he exercised all the options held by him in full immediately prior to such adjustment shall equal to the proportion of the issued share capital of the Company for which he would have been entitled had he exercised all the options held by him in full immediately after such adjustment;

(bb) any such adjustment shall be made on the basis that the aggregate subscription price payable by a grantee on the full exercise of any option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event;

(cc) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; and

(dd) the issue of Shares as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and

(ii) the adjustment (other than an adjustment made in the event of a capitalisation issue) so made satisfy the requirements set out in sub-paragraphs (aa) to (dd) of paragraph 18(a)(i) above.

(b) If there has been any alteration in the capital structure of the Company as a result of the circumstances set out in sub-paragraph (a) of this paragraph 18, the Company shall, upon receipt of a notice from a grantee as mentioned above inform the grantee of such alteration and shall either inform the grantee of the adjustment to be made in accordance with the certificate of the Auditors or the independent financial adviser obtained by the Company for such purpose or, if no such certificate has yet been obtained, inform the grantee of such fact and instruct the Auditors or the independent financial adviser as soon as practicable thereafter to issue a certificate in that regard.

- (c) In giving any certificate under this paragraph 18, the Auditors and the independent financial adviser shall be deemed to be acting as experts and not as arbitrators and their certificate shall, in the absence of manifest error, be final, conclusive and binding on the Company and all persons who may be affected thereby.

### **19. LAPSE OF OPTION**

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (a) subject to sub-paragraph (b) of this paragraph 19, the expiry of the option period in respect of such option;
- (b) the expiry of any of the periods referred to in paragraphs 13 to 16;
- (c) the date of commencement of the winding up of the Company;
- (d) the date on which the grantee sells, transfers, charges, mortgages, encumbrances or creates any interest in favour of any other party, over or in relation to any option in breach of the rules of the New Share Option Scheme;
- (e) the date on which any of the following events, unless otherwise waived by the Board, happens:
  - (i) any liquidator, provisional liquidator, receiver or any person carrying out any similar function has been appointed anywhere in the world in respect of the whole or any part of the assets or undertaking of the grantee (being a corporation) of such option;
  - (ii) the grantee (being a corporation) of such option has ceased or suspended payment of its debts, become unable to pay its debts or otherwise become insolvent;
  - (iii) there is unsatisfied judgment, order or award outstanding against the grantee of such option;
  - (iv) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of the type mentioned in sub-paragraphs (i), (ii) and (iii) above in respect of the grantee of such option;



- (v) a bankruptcy order has been made against any director of the grantee (being a corporation) of such option in any jurisdiction; or
- (vi) a petition for bankruptcy has been presented against any director of the grantee (being a corporation) of such option in any jurisdiction;
- (f) the date on which the grantee commits a breach of any condition, restriction or limitation attached to the grant of any option, if the Board shall exercise the Company's right to cancel such option; or
- (g) the date on which the Board considers that the grantee fails to meet any eligibility criteria set out by the Board, if the Board shall exercise the Company's right to cancel the option.

**20. RESTRICTION ON THE TIME OF GRANT OF OPTION**

No offer of any option shall be made by the Board in the following circumstances:

- (a) after a price sensitive event of the Company has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced by the Company pursuant to the requirements of the Listing Rules; and
- (b) during the period of one month immediately preceding the earlier of:
  - (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's interim or annual result; and
  - (ii) the deadline for the Company to publish its interim or annual results announcement under the Listing Rules;

and ending on the date of the results announcement.

**21. ALTERATION OF THE NEW SHARE OPTION SCHEME**

The New Share Option Scheme may be altered in any respect by resolution of the Board, save that:

- (a) the provisions of the New Share Option Scheme relating to matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of any grantees or prospective grantees except with the prior sanction of an ordinary resolution of the Company in general meeting;
- (b) any alteration to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of the options granted prior to such alteration shall be approved by the Shareholders, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme;
- (c) the amended terms of the New Share Option Scheme or the amended options shall continue to comply with the relevant requirements of the Listing Rules;
- (d) any change to the authority of the Board in relation to any alteration to the terms of the New Share Option Scheme must be approved by the Shareholders in a general meeting; and
- (e) where there is any proposed change to the terms of any option granted to an Eligible Participant who is a substantial shareholder of the Company or an independent non-executive Director, or any of their respective associates, then the proposed change must be subject to the approval of the Shareholders taken on a poll at a general meeting and to any other requirements of the Listing Rules. The connected person involved in such proposed change and all other connected persons of the Company must abstain from voting at such general meeting (except where any connected person intends to vote against the proposed change, provided that his intention to do so has been stated in the circular mentioned in this paragraph). The Company shall issue a circular to the Shareholders explaining the proposed change and disclosing the original terms of the option to be granted and containing a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the holder of any option whose terms are to be changed) on whether or not to vote in favour of the proposed change and containing such information as is required under the Listing Rules to be set out in the circular.

**22. TERMINATION**

- (a) The Company may, by an ordinary resolution at a general meeting or of a resolution of the Board, at any time terminate the operation of the New Share Option Scheme and in such event no further option will be offered but in all other respects the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the New Share Option Scheme, and any option granted but not yet exercised prior to such termination shall continue to be valid and exercisable in accordance with the New Share Option Scheme.
- (b) The Board or the Shareholders (by an ordinary resolution) shall have the right, at any time and from time to time, by notice to a grantee forthwith to cancel, whether conditionally or unconditionally, any option granted to the grantee but not exercised. Cancelled options may be re-issued after such cancellation has been approved, provided that re-issued options shall only be granted in compliance with the terms of the New Share Option Scheme. For the avoidance of doubt, new options may be issued to an option holder in place of his cancelled options only if there are available unissued options (excluding cancelled options) within the limit approved by the Shareholders as mentioned in paragraph 3 above. The Board may also in its absolute discretion determine that against cancellation of all or any part of the outstanding options held by a grantee, a sum shall be paid to the grantee which sum shall be equal to the excess (if any) of the price of the Shares comprised in the outstanding options or the relevant part thereof calculated at the average of the closing prices of the Shares on the Stock Exchange according to the daily quotations published by the Stock Exchange during the 5 business days immediately preceding the date of the cancellation notice over the aggregate subscription price comprised in the outstanding options or the relevant part thereof.

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## NOTICE OF ANNUAL GENERAL MEETING

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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)**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of China Mining Resources Group Limited 中國礦業資源集團有限公司\* (the “Company”) will be held at Room 1306, 13/F., Bank of America Tower, 12 Harcourt Road, Admiralty, Hong Kong on Friday, 25 May 2012 at 2:30 p.m. for the following purposes:

1. To receive and adopt the audited financial statements and the reports of the directors and auditors of the Company for the year ended 31 December 2011.
2. To re-elect directors of the Company and authorise the board of directors of the Company to fix the directors’ remuneration. *(Note 4)*
3. To re-appoint ZHONGLEI (HK) CPA Company Limited as auditors of the Company and authorise the board of directors of the Company to fix their remuneration.
4. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution of the Company:

**“THAT:**

- (i) subject to sub-paragraph (iii) of this resolution, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot and issue or otherwise deal with additional shares in the ordinary share capital of the Company (“Shares”) and to make or grant offers, agreements and options which might require the exercise of such powers either during or after the Relevant Period, be and is hereby generally and unconditionally approved;
- (ii) the approval given in paragraph (i) of this resolution shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

\* *For identification purpose only*

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## NOTICE OF ANNUAL GENERAL MEETING

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- (iii) the aggregate nominal amount of ordinary share capital allotted and issued or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Company pursuant to the approval in sub-paragraph (i) of this resolution, otherwise than pursuant to (a) a Rights Issue (as hereinafter defined); (b) an issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares; (c) an issue of Shares as scrip dividends or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Bye-laws of the Company from time to time; or (d) an issue of Shares under any share option scheme or similar arrangement of the Company and/or any of its subsidiaries, shall not exceed 20% of the aggregate nominal amount of the issued ordinary share capital of the Company as at the date of passing of this resolution, and the said approval shall be limited accordingly; and
- (iv) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law to be held; or
- (c) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution in general meeting.

“Rights Issue” means the allotment, issue or grant of Shares pursuant to an offer of Shares open for a period fixed by the Directors to holders of Shares whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restriction or obligations under the laws of, or the requirements of, any recognized regulatory body or any stock exchange in any territory applicable to the Company).”

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## NOTICE OF ANNUAL GENERAL MEETING

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5. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution of the Company:

“**THAT:**

- (i) subject to sub-paragraph (ii) of this resolution, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase issued shares in the ordinary share capital of the Company (“Shares”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any stock exchange on which the Shares may be listed and recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange under the Hong Kong Code on Share Repurchases, subject to and in accordance with all applicable laws and regulations and the Bye-laws of the Company, be and is hereby generally and unconditionally approved;
- (ii) the aggregate nominal amount of Shares which the Company is authorised to repurchase pursuant to the approval in subparagraph (i) above of this resolution shall not exceed 10% of the aggregate nominal amount of the issued ordinary share capital of the Company as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and
- (iii) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law to be held; or
- (c) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution in general meeting.”

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## NOTICE OF ANNUAL GENERAL MEETING

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6. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution of the Company:

“**THAT** conditional upon the passing of resolutions nos. 4 and 5 as set out in the notice convening the meeting of which this resolution forms part, the general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue or otherwise deal with additional shares in the ordinary share capital of the Company pursuant to resolution no. 4 as set out in the notice convening the Meeting of which this resolution forms part be and is hereby extended by the addition thereto an amount representing the aggregate nominal amount of the ordinary share capital of the Company repurchased by the Company under the authority granted pursuant to resolution no. 5 as set out in the notice convening the Meeting of which this resolution forms part, provided that such extended amount shall not exceed 10% of the aggregate nominal amount of the issued ordinary share capital of the Company as at the date of the passing of this resolution.”

7. To consider and, if thought fit, pass with or without amendments, the following resolution as on ordinary resolution of the Company:

“**THAT** the existing share option scheme (the “Existing Share Option Scheme”) of the Company adopted pursuant to a resolution of the Company passed on 26 June 2002 be and is hereby terminated provided that any option granted under the Existing Share Option Scheme prior to the passing of this resolution shall not, in any way, be affected or prejudiced and all such options shall continue to be valid and exercisable in accordance with the Existing Share Option Scheme.”

8. To consider and, if thought fit, pass with or without amendments, the following resolution as on ordinary resolution of the Company:

“**THAT** conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting approval of the listing of, and permission to deal in, the ordinary shares of HK\$0.10 each in the capital of the Company (“Shares”) which may fall to be issued upon the exercise of the subscription rights attaching to the options to be granted under the new share option scheme proposed to be adopted by the Company, a copy of which is marked “A” and produced to the meeting and for the purpose of identification signed by the chairman of the meeting (the “New Share Option Scheme”), the New Share Option Scheme be and is hereby approved and adopted as the share option scheme of the Company and that the board of directors of the Company be and is hereby authorized to grant options to subscribe for Shares under the New Share Option Scheme and to do all such acts and to enter into all such transactions and arrangements as may be necessary or expedient in order to give effect to the New Share Option Scheme.”

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

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## NOTICE OF ANNUAL GENERAL MEETING

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*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, Union Registrars Limited, at 18/F., Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, 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.
4. The biographical details of the directors of the Company who are subject to re-election are set out in the circular of the Company dated 19 April 2012.
5. The register of members of the Company will be closed from Wednesday, 23 May 2012 to Friday, 25 May 2012, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending the forthcoming annual general meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited, at 18/F., Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 22 May 2012.

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