

To: Business Editor (For immediate release)



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

(Stock Code: 340)

ANNOUNCES ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

CONTINUE TO CAPTURE ANY OPPORTUNITIES TO DEVELOP AND EXPAND ITS BUSINESSES

Financial Highlights	For the Year Ended 31 December 2010		
	(HK\$'000)		
	2010	2009	Change (%)
Continuing operation			
Turnover	337,732	218,626	54.48%
Gross Profit	120,345	101,780	18.24%
Gross Profit Margin	36%	47%	-11ppt
Discontinuing operation			
Turnover	4,195	31,477	-86.70%
Gross Profit	1,137	18,851	-93.97%
Net Loss	-1,749,676	-321,876	444%
EBITDA before Impairment and purchase costs recognised as expense	57,488	220,124	-
loss per share –From continuing and discontinued operations Basic and diluted	(26.10) cents	(5.27) cents	-

(Hong Kong, 31 March, 2011) – **China Mining Resources Group Limited** (“China Mining” or the “Group”) (Stock Code: 340), today announced its annual results for the year ended 31 December, 2010 (the “Year”).

During the Year, the Group recorded a consolidated revenue of HK\$337,732,000 (2009: HK\$218,626,000) and gross profit of HK\$120,345,000 (2009: HK\$101,780,000) from continuing operations, representing an increase of 54% and of 18% respectively as compared with last year. The increase in revenue was mainly due to significant increase of revenue generated from Harbin Songjiang Copper (Group) Company Limited (“Harbin Songjiang”) and its subsidiaries (“Harbin Songjiang Group”).

During the Year, the Group's loss attributable to owners of the Company amounted to HK\$1,749,676,000 (2009: loss HK\$321,876,000). In particular, the loss was mainly attributable to purchase costs recognised as expense of HK\$1,299,511,000, the impairment losses of HK\$423,086,000 on goodwill, impairment losses of HK\$44,091,000 on brand name (attributable to owners of the Company of which HK\$35,273,000), impairment losses of HK\$46,678,000 on property, plant and equipment and prepaid lease payments (attributable to owners of the Company of which HK\$35,046,000) and impairment losses of HK\$46,729,000 on available-for-sale investments.

Mr. Chen Shou Wu, Chief Executive Officer of China Mining, said: "The significant loss for the year is mainly due to the accounting treatment in relation to the excess of the purchase consideration over the attributable assets and liabilities of Year Joy Investments Limited ("Year Joy") and its subsidiaries ("Year Joy Group") amounts to approximately HK\$1,299,511,000 as the auditors of the Company are of the view that the Contractual Relationships are not exclusive to China iTV and do not meet the definition of intangible assets. We are of the views that the Contractual Relationships are not exclusive does not affect the future economic benefits expected to be derived from the Acquisition and have appointed Roma Appraisals Limited, an independent valuer, to perform valuation on the Contractual Relationships and its value attributable to the Group amounted to HK\$1,321,962,000 at 31 December 2010. Looking forward, the Group will continue to capture any opportunities to develop and expand its business in the mining, tea and iTV business sectors, by way of strategic layout optimizations and explore opportunities to generate the greatest return to its shareholders and reward their long term support."

Review of Operations

Harbin Songjiang Group

Harbin Songjiang is based in Harbin, Heilongjiang Province, the People's Republic of China (the "PRC") and specialises in the mining and processing of molybdenum, copper and zinc, of which molybdenum accounts for the majority of its production and earnings.

Harbin Songjiang Group contributed HK\$201,395,000 (2009: HK\$104,290,000) and HK\$49,773,000 (2009: loss of HK\$547,021,000) to the Group's revenue and profit respectively for the year ended 31 December 2010.

Revenue

Mining business revenue for the year ended 31 December 2010 increased by HK\$97,105,000 or 93% to HK\$201,395,000 in 2010 from HK\$104,290,000 in 2009. The increase was mainly attributable to the moderate recovery of the ferro molybdenum market in PRC in 2010, the average selling price of ferro molybdenum for the year 2010 was HK\$156,820 per tonne, up by 30% compared with last year. In view of the recovery of the ferro molybdenum market, the directors of the Company determined to sell out the molybdenum inventories to realise profit in the year.

Revenue generated from ferro molybdenum and others were HK\$187,243,000 (2009: HK\$63,582,000), and HK\$9,957,000 (2009: HK\$9,231,000) respectively. The sales volume of ferro molybdenum increased from 527 tonnes in 2009 to 1,194 tonnes in 2010 due to the recovering of the ferro molybdenum market.

Cost of Sales and Gross Profit

The cost of sales of Harbin Songjiang Group increased from HK\$86,230,000 in 2009 to HK\$157,444,000 in 2010. The average gross profit margin was 22% in 2010 (2009: 17%). The increase in gross profit margin is primary due to the increase of selling price of ferro molybdenum during the year.

King Gold Group

The Group commenced its tea business since 30 April 2009 after the acquisition of 80% interest in King Gold Investments Limited (“King Gold”). King Gold and its subsidiaries (“King Gold Group”) is principally engaged in cultivation, research, production and sale of Chinese tea products, and its products selling under the brand names of “ 武夷 ” and “ 武夷星 ” are well-recognised in the PRC as premium tea products and widely distributed throughout the country.

King Gold Group contributed HK\$140,532,000 and HK\$432,363,000 to the Group’s revenue and loss for the year ended 31 December 2010 respectively. The loss in the year 2010 was mainly due to impairment losses of approximately HK\$423,086,000 and HK\$44,091,000 were recognised in the consolidated statement of comprehensive income for the goodwill and brand name respectively during the year. On exclusive the above impairment losses, King Gold Group’s profit for the year was HK\$23,791,000. In addition, due to the unexpected natural disasters of frozen ice and flood which took place in the first half year in the Group’s Wuyishan (“ 武夷山 ”) production sites, there was a significant increase in the cost of raw materials (being the tea leaves) of the tea products, which had lead to significant decrease in gross profit margin and sales volume for the first half year 2010 when compared with the corresponding period in year 2009.

Revenue

For the financial year ended 31 December 2010, King Gold Group generated a revenue of HK\$140,532,000 (2009: HK\$145,813,000). This represented a decrease of HK\$5,282,000 or 4% in revenue when compared with last year. The decrease was mainly due to the unexpected natural disasters of frozen ice and flood which took place in the first half year 2010 in the Group’s Wuyishan (“ 武夷山 ”) production sites mentioned above.

Cost of Sales and Gross Profit

The cost of sales of King Gold Group for the year was HK\$63,001,000 (2009: HK\$43,243,000). The average gross profit margin was 55%, representing a decrease of 15% as compared with 70% in the last year. The decrease in gross profit margin was mainly caused by the sharp increase in the purchase price of the raw materials being the tea leaves due to natural disasters as mentioned in above.

Online video (“iTV”) Business

The Group was engaged in the iTV business since 10 December 2010 after the acquisition of 70% interest in Year Joy Investments Limited (“Year Joy”) and its subsidiaries (“Year Joy Group”). Year Joy indirectly holds the entire interest in Beijing Nian Yue Technology Co., Ltd. (“Beijing Nian Yue”), a wholly foreign-owned company established in the PRC with limited liability. Beijing Nian Yue owns 100% of the economic benefit from the operation of the iTV business of China iTV Network Co., Ltd. (“China iTV”), a company established in the PRC on 7 September 1998 with limited liability, through an exclusive business operation agreement.

China iTV is principally engaged in iTV business which involves an online video platform that offers various video contents, including but not limited to TV programs, music videos, blockbusters and Japanese animations, and also provides online games and instant messengers on its website, and establish an extensive video library. Although the iTV Business is yet to be launched during the year 2010, China iTV has already entered into 戰略性框架協議 (the “Strategic Framework Agreement”) in 2008 to secure the operational support from Unicom Broadband Online Ltd. (“Unicom Broadband”) relating to system infrastructure, advertising and sales and the access to Unicom Broadband’s customer base and to obtain a variety of video and TV contents from 匯視海南有限公司 (Combined Television Networks Ltd.*) (“Huishi (Hainan)”). The Strategic Framework Agreement dated 27 October 2008 and supplemented by a supplement agreement dated 10 December 2009 entered into between China iTV, Unicom Broadband and Huishi (Hainan) pursuant to which (i) China iTV agree to be responsible for online video services, media dissemination platform, management, establishment of fee management system, operation and construction; (ii) Unicom Broadband agrees to provide machine room, broadband services, fee collection system, advertising and promotion, call centre services, SMS alert, repair and maintenance services, after sales services; and (iii) Huishi (Hainan), as established by the broadcasting stations of 36 provinces in the PRC including but limited to broadcasting stations in Guangdong, Beijing, Tianjin and Chongqing, agrees to provide various video contents such as TV dramas. The Strategic Framework Agreement has an initial term of six years and can be extended for another five years. On 13 January 2009, China iTV also entered into an Media Strategic Framework Agreement with Huishi (Hainan), pursuant to which Huishi (Hainan) agrees to provide different TV contents to China iTV for an initial term of 10 years, which can be extended for another 10 years. By way of the Strategic Framework Agreement, the Media Strategic Framework Agreement and the cooperation contracts with other content providers, China iTV is equipped to become an online video provider which provides streaming broadcasting of a wide range of video contents. It is expected that China iTV will commence the iTV business by the end of first half of 2011.

Investments in Canada listed mining companies and other securities

The Group invested in several Canada listed mining companies which were held for the purpose of long-term investments and capital gain and dividend income during the year ended 31 December 2010. The investment portfolio of the Group, including available-for-sale investments and held-for-trading investments, has achieved a significant appreciation during the year ended 31 December 2010. The net increase in fair value of the investment portfolio during the year was HK\$133,630,000 (2009: HK\$112,703,000) including increase in fair value and net gain on disposal.

Prospects

After facing grim conditions of the production suspension of the molybdenum mine in the first eight months of 2009, the mining business has recovered in 2010. The Group has maintained a stable mining production scale and steady sales for the past twelve months. The Group strategically has continued to increase its natural resources assets and production capabilities to enhance our position in mining industry.

However, the tea business has encountered unprecedented enormity natural disasters in the first half of 2010. The unexpected frozen ice and flood which took place in the Company’s Wuyishan production site, has seriously affected the tea business performance in the first half of 2010. Nevertheless, the management still tried to catch up the loss in the second half of 2010 and the results of the tea business rebound in profitability in second half 2010. Moreover, we anticipate the competition in China’s tea market will still be fierce. We believe the only way to inspire confidence in consumers is by providing them

high-quality tea products that are reliable and safe. Through brand-building and further developing retail market in China, we will be able to enlarge our market share and enhance our competitive strengths. We will continue to expand our selling network in cities where we have strong presence, as well as in others cities with high growth potential. We targets to open more shops in the major cities of PRC, including Beijing, Tianjing and Guangzhou in 2011.

During the year, the Group still actively looks for attractive merger and acquisition opportunities and strives to extend our business reach and enhance the profitability to maximize our shareholders' value. In December 2010, the Group penetrated into the online video business in PRC market through the acquisition of Year Joy Group. It is expected that Year Joy Group will launch its iTV business in coming months.

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About China Mining Resources Group Limited (Stock Code: 340)

China Mining is principally engaged in the business of exploration and mining of natural resources mainly molybdenum, sales of tea products and online video business. The Group's core holding a 75.08% equity interest in Harbin Songjiang, a leading miner and processor of molybdenum, a 80% equity interest in King Gold Group, which is principally engaged in cultivation, research, production, and sale of Chinese tea products, and a 70% equity interest in Year Joy Group, which is principally engaged in online video business.

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