

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 2011

**CONTINUE OUR ACTIVE DEVELOPMENT STRATEGIES, DEEPEN MARKET PENETRATION, INCREASE
PRODUCT INNOVATION, DEVELOP NEW PROFIT GROWTH SPOTS TO ENHANCE OUR
COMPETITIVENESS IN OUR BUSINESS SECTORS**

Financial Highlights	For the Year Ended 31 December 2011		
	(HK\$'000)		
	2011	2010 (Restated)	Change (%)
<i>Continuing operations</i>			
Turnover	241,649	327,775	-26.28%
Gross Profit	105,459	118,959	-11.35%
Gross Profit Margin	43.64%	36.29%	7.35ppt
<i>Discontinued operations</i>			
Turnover	-	14,152	-
Gross Profit	-	2,523	-
Net profit (loss)	82,109	(1,749,676)	-
EBITDA before Impairment losses	136,094	96,008	-
Earnings (loss) per share			
From continuing and discontinued operations			
Basic	0.90 cents	(26.10) cents	-
Diluted	0.70 cents	(26.10) cents	-

(Hong Kong, 31 March, 2012) – **China Mining Resources Group Limited** (“China Mining” or the “Group”) (Stock Code: 340) today announced its annual results for the year ended 31 December, 2011 (the “Year”).

During the Year, the Group recorded a consolidated revenue of HK\$241,649,000 (2010: HK\$327,775,000) and gross profit of HK\$105,459,000 (2010: HK\$118,959,000) from continuing operations, representing a decrease of 26% and 11% respectively as compared with last year. The decrease in revenue was mainly due to decrease of revenue generated from Harbin Songjiang Copper (Group) Company Limited (“Harbin Songjiang”) and its subsidiaries (“Harbin Songjiang Group”).

During the Year, the Group’s profit attributable to owners of the Company amounted to HK\$82,109,000 (2010: loss of HK\$1,749,676,000). The staff costs of HK\$29,768,000 (2010: HK\$12,699,000) representing an increase that arises from granting of share options to directors, employees and consulting firms of the Group was recognised as expenses during the year

Mr. Chen Shou Wu, CEO of China Mining, said: “We will continue our active development strategies, deepen market penetration, increase product innovation, develop new profit growth spots, in order to promote sales growth, increase market share and enhance our competitiveness in our business sectors, so that to generate the greatest return for shareholders.”

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, processing and sales of molybdenum. Harbin Songjiang Group contributed HK\$94,004,000 (2010: HK\$187,243,000) and HK\$3,404,000 (2010: loss of HK\$2,328,000) to the Group’s revenue and profit respectively for the year ended 31 December 2011. Despite the continuing moderate recovery of the ferro molybdenum market in the PRC, mining business revenue for the year ended 31 December 2011 decreased by HK\$93,239,000 or 50% to HK\$94,004,000 in 2011 from HK\$187,243,000 in 2010. The decrease was mainly attributable to the decrease of sales volume of ferro molybdenum from 1,194 tonnes in 2010 to 605 tonnes in 2011. Considering the current relative lower market price of ferro molybdenum in oversea market, the management of Harbin Songjiang Group strategically minimised its selling efforts and hold the ferro molybdenum inventory until the market price to be recovered. The cost of sales of Harbin Songjiang Group decreased from HK\$145,815,000 in 2010 to HK\$72,019,000 in 2011. The average gross profit margin was 23% in 2011 (2010: 22%).

King Gold Group

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\$147,645,000 (2010: HK\$140,532,000) and HK\$16,369,000 (2010: loss of HK\$435,687,000) to the Group’s revenue and profit for the year ended 31 December 2011 respectively. As there is no impairment loss recognised for goodwill and brand name for the year ended 31 December 2011, the tea business recorded a profit in the year of 2011 from its business operations. For the financial year ended 31 December 2011, King Gold Group generated a revenue of HK\$147,645,000 (2010: HK\$140,532,000). This represented an increase of HK\$7,113,000 or 5% in revenue when compared with last year as a result of tea market development. The cost of sales of King Gold Group for the year was HK\$64,170,000 (2010: HK\$63,001,000). The average gross profit margin was 57%, representing a slightly increase of 2% as compared with 55% in last year.

Year Joy Group

Year Joy Investments Limited (“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 mainly engaged in online video service which involves an online video platform that offers various contents and delivers various value-added services to the customers of telecommunication operators in the PRC. In July 2011, the pilot program was run on the “WO” platform (“ 沃門戶”) of Unicom Broadband Online Ltd, an internet provider in the PRC. It is expected that the iTV business will start generating revenue in the foreseeable future. Year Joy Group contributed HK\$42,543,000 (2010: loss of HK\$1,300,238,000) to the Group’s profit for the year ended 31 December 2011, which was mainly attributable to the net off effect of the reversal of purchase costs recognised as expenses of approximately HK\$50,449,000 and recognition of operating expenses, e.g. staff costs, office expenses etc, of the iTV business of approximately HK\$8,996,000 during the year ended 31 December 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 2011. The investment portfolio of the Group, including available-for-sale investments and held-for-trading investments, had a depreciation during the year ended 31 December 2011. The net decrease in fair value of the investment portfolio during the year was HK\$182,393,000 (2010: increase of HK\$133,630,000) including decrease in fair value and net loss on disposal.

Prospects

The Group has maintained a stable mining production for the year 2011. In view of the relatively low market price of ferro molybdenum in 2011, the sales of ferro molybdenum is strategically slowdown until the market price has recovered. In October 2011, Harbin Songjiang was awarded by the Ministry of Land and Resources of the PRC and the Ministry of Finance as one of top forty consolidated utilisation of mining resources model base (礦產資源綜合利用示範基地).

The tea business maintained stable throughout the year. Under the fierce tea market environment in the PRC, we believe continuous brand-building and retail market development will enlarge our market share and enhance our competitive strengths. Since August 2011, the Group has been promoting its brand national-wide through advertisements on various channels. In addition, the Group is cooperating with a famous PRC literature and art company to launch a new tea brand “Impression Dahongpao tea”(“印象大紅袍茶”). In November 2011, the brand name of “武夷星 WUYI STAR 及圖” has obtained the accolade of “Famous brand of China”(中國馳名商標) from National Industry and Commerce Bureau Trademark Bureau(國家工商總局商標局). Meanwhile, the Group plans to expand its marketing channels through the establishment of more chain stores in 2012 including flagship stores, own-operated stores and franchised stores, and building the online sale platform, e.g. the Taobao shop etc. Furthermore, the Group will develop new and exclusive tea products, including products under the Impression Dahongpao series, some exclusive types of products for “Diao Yu Tai”(“釣魚臺”) boutiques and some new types of products for online sale.

For the online video business, the Group will continue to focus on the cooperation with the major telecommunication operators in the PRC and develop more value-added services, including, but not limited to, online video service, mobile value-added service to the telecommunication operators customers. Moreover, the Group plans to purchase more popular Japanese animations to enhance its content library and redistribute to other online video companies. The ultimate goal for the online video business is to have a long-term and stable cooperative relationship with the PRC major telecommunication operators and continue to develop relevant internet and mobile value-added service applications to the end-users of the telecommunication operators.

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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.

Released by China Mining Resources Group Limited