



(Stock Code: 340)

**ANNOUNCES ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014**

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**CONTINUE TO EXPLORE FUTURE INVESTMENT OPPORTUNITIES INCLUDING OPPORTUNITIES IN THE MINING SECTOR OR OTHER PROFITABLE INVESTMENT OPPORTUNITIES SO AS TO GENERATE THE BEST RETURN TO OUR SHAREHOLDERS**

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<u>Financial Highlights</u>	For the Year Ended 31 December 2014		
	(HK\$'000)		
	2014	2013 (Restated)	Change (%)
<b>CONTINUING OPERATION</b>			
<b>Turnover</b>	133,007	140,421	-5%
<b>Gross Profit</b>	60,472	60,832	-1%
<b>Gross Profit Margin</b>	45%	43%	2%
<b>Net profit (loss)</b>			
- from continuing operation	(51,633)	(250,276)	-
- from discontinued operations	<u>682,045</u>	<u>(60,772)</u>	-
	<u>630,412</u>	<u>(311,048)</u>	-
<b>Earnings (loss) per share</b>			
<b>From continuing and discontinued operations</b>			
<b>Basic</b>	6.90 cents	(3.40) cents	-
<b>Diluted</b>	6.90 cents	(3.40) cents	-

(Hong Kong, 25 March, 2015) – **China Mining Resources Group Limited** (“China Mining” or the “Group”) (Stock Code: 340) today announced its annual results for the year ended 31 December 2014 (the “Year”).

During the year, the Group recorded a revenue of HK\$133,007,000 (2013: HK\$140,421,000) and gross profit of HK\$60,472,000 (2013: HK\$60,832,000) from continuing operation, representing a decrease of 5% and 1% in revenue and gross profit respectively as compared with last year. The decrease in revenue was mainly due to the slight decrease of revenue generated from King Gold Investment Limited (“King Gold”) and its subsidiaries (together with King Gold, “King Gold Group”).

During the year, The Group's gain attributable to owners of the Company amounted to HK\$630,412,000 (2013: loss of HK\$311,048,000). In particular, the significant increase in gain was mainly attributable to the one-off gain of HK\$710,703,000 arising from the disposal of Harbin Songjiang Copper (Group) Company Limited ("Harbin Songjiang") and its subsidiaries ("Harbin Songjiang Group"), and the significant decrease of impairment losses of HK\$172,558,000 (HK\$138,046,000 attributable to equity owners) on goodwill, brand name, property, plant and equipment of tea business provided during the year 2014.

Mr. Wang Hui, Executive Director of China Mining, said: "The disposal in 2014 has generated cash flow for the Group of which the Group intends to apply in future investment opportunities including opportunities in the mining sector or other profitable investment opportunities that are in line with the Group's development strategy to diversify the Group's business stream, steadily developing the Group's tea business, and thereby further expand the Group's source of revenue, enhance the Group's profitability, so as to enhance the long-term benefits of the Company and our shareholders as a whole".

## **REVIEW OF OPERATIONS**

### **Continuing operation**

#### ***King Gold Group***

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" which are well-recognised in the PRC as premium tea products and widely distributed throughout the country. King Gold Group contributed HK\$133,007,000 (2013: HK\$140,421,000) and HK\$5,547,000 (2013: HK\$187,891,000) to the Group's revenue and loss for the year ended 31 December 2014 respectively. For the financial year ended 31 December 2014, King Gold Group generated revenue of HK\$133,007,000 (2013: HK\$140,421,000). This represented a decrease of 5% in revenue when compared with last year. Decrease in revenue was mainly attributable to the effects of slowdown of the economic development in the PRC and various austerity measures implemented by the PRC government which had affected the general spending sentiment and confidence of customer market in the PRC. The cost of sales of King Gold Group decreased from HK\$79,589,000 in the year 2013 to HK\$72,535,000 in the year 2014. The average gross profit margin was 45%, representing a slight increase of 2% as compared with an average gross profit margin of 43% last year.

Brand name are allocated to the Group's tea business cash-generating unit and arises from the acquisition of King Gold Group in 2009. In view of the deterioration of the Group's tea business in year 2014 as a result of the aforementioned reasons, the directors of the Company has determined that there would be an impairment indication in the brand name of the tea business of King Gold Group as at the year ended 31 December 2014. A valuation was performed by an independent valuer to assess the impairment by a cash flow projection basis. Accordingly, impairment losses in respect of the brand name of HK\$4,172,000 (2013: HK\$27,777,000) was recognised in the consolidated statement of profit or loss and other comprehensive income during the year 2014.

### ***Investments in Canada listed mining companies and other securities***

The Group has invested in several Canada listed mining companies which were held for the purpose of long-term investments and capital gain and dividend income. The Group has disposed the shares of a Canada listed company during the year ended 31 December 2014. The investment portfolio of the Group, including available-for-sale investments, recorded a depreciation during the year ended 31 December 2014. The net decrease in fair value of the investment portfolio during the year 2014 was HK\$27,352,000 (2013: HK\$58,330,000).

### **Discontinued operations**

#### ***Disposal of Harbin Songjiang Group***

On 31 October 2014, the Group has disposed of 75.08% equity interests of Harbin Songjiang (the “Disposal”), a group which is based in Harbin, Heilongjiang Province, the People’s Republic of China (the “PRC”) and specifies in the mining, processing and sales of molybdenum. Upon completion of the Disposal, Harbin Songjiang ceased to be a subsidiary of the Group. During the period from 1 January 2014 to 31 October 2014, Harbin Songjiang Group contributed HK\$51,393,000 (2013: HK\$46,163,000) and HK\$673,144,000 (2013: Loss of HK\$63,501,000) to the Group’s revenue and profit. The significant increase of operating profit of Harbin Songjiang Group was mainly contributed by the one-off gain of approximately HK\$710,703,000 arising from the Disposal. Such gain was derived from (i) the sales proceed of HK\$113,854,000; and (ii) the net liabilities and others reserves of Harbin Songjiang Group of HK\$596,849,000 upon the Disposal.

#### ***Cessation of online video broadcasting business (“iTV Business”)***

Year Joy Investments Limited (“Year Joy”) indirectly 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 providing 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. Year Joy and its subsidiaries (“Year Joy Group”) contributed HK\$nil (2013: HK\$1,000) and HK\$3,089,000 (2013: HK\$18,708,000) to the Group’s revenue and loss for the year ended 31 December 2014.

## **PROSPECTS**

The poor spending sentiment in the PRC was affecting the tea business market in year 2014. Notwithstanding adverse conditions of the tea business market, the management of the Group has put great effort to overcome the difficulties, and adopted a series of market promotion to expand the customer base, explore additional distribution channels for its products and promote the “Wuyi star” and “Wuyi” brands in the PRC market. Looking ahead, the future operating environment of tea industry in the PRC is expected to face significant challenge and uncertainties. We will focus our resources to further promote and strengthen the existing tea products under “Wuyi star” and “Wuyi” brands, develop and launch new and exclusive tea products, focus on the optimizing and adjusting our distribution resources in terms of number of stores and coverage, we will also explore new sales platforms and channels to broaden its customer base.

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

China Mining is principally engaged in the business of sales of tea products. The Group's core-holding is 80% equity interest in King Gold Group, which is principally engaged in cultivation, research, production, and sale of Chinese tea products.

*Released by China Mining Resources Group Limited*