

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 2016**

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**CONTINUE TO EXPLORE POSSIBLE INVESTMENT OPPORTUNITIES IN ORDER TO  
GENERATE THE BEST RETURN TO OUR SHAREHOLDERS**

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<b><u>Financial Highlights</u></b>	<b>For the Year Ended 31 December 2016</b>		
	<b>(HK\$'000)</b>		
	<b>2016</b>	<b>2015 (Restated)</b>	<b>Change (%)</b>
<b>Turnover</b>	112,372	114,404	-2%
<b>Gross Profit</b>	47,039	40,743	15%
<b>Gross Profit Margin</b>	42%	36%	6%
<b>Loss for the period attributable to:</b>			
<b>Owners of the Company</b>	(21,130)	(75,663)	
<b>Non-controlling interests</b>	<u>(2,007)</u>	<u>(9,878)</u>	
	<u>(23,137)</u>	<u>(85,541)</u>	
<b>Loss per share</b>			
<b>Basic</b>	HK(0.12) cents	HK(0.62) cents	
<b>Diluted</b>	HK(0.12) cents	HK(0.62) cents	

(Hong Kong, 29 March, 2017) – **China Mining Resources Group Limited** (“China Mining” or the “Group”) (Stock Code: 340) today hereby announced its annual results for the year ended 31 December 2016 (the “Year”).

During the year, the Group recorded a revenue of approximately HK\$112,372,000 (2015: HK\$114,404,000) and gross profit of HK\$47,039,000 (2015 (restated): HK\$40,743,000), representing a slight decrease of 2% in revenue and an increase of 15% in gross profit respectively as compared with that of last year. The decrease in revenue was mainly due to the decrease in revenue contribution from King Gold Investments Limited (“King Gold”) and its subsidiaries (together with King Gold, “King Gold Group”).

During the year, the loss attributable to owners of the Company amounted to approximately HK\$21,130,000 (2015 (restated): HK\$75,663,000). Such reduction in loss was mainly attributable to the one-off effect of the impairment losses on property, plant and equipment amounted to approximately HK\$21,006,000 and prepaid lease payments amounted to approximately HK\$8,333,000 recognised after the impairment assessment on the tea business during the year ended 31 December 2015.

## **REVIEW OF OPERATIONS**

### ***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 approximately HK\$112,372,000 (2015: HK\$114,404,000) and approximately HK\$9,860,000 (2015 (restated): HK\$48,864,000) to the Group’s revenue and loss for the year ended 31 December 2016 respectively. This represented a slight decrease of 2% in revenue when compared with last year. The cost of sales of King Gold Group decreased from approximately HK\$73,661,000 in 2015 to approximately HK\$65,333,000 in 2016. The average gross profit margin was 42%, representing an increase of 6 percentage points as compared with an average gross profit margin of 36% last year.

The market in the PRC remained to be challenging for discretionary consumer products in 2016. The Group has committed its every effort to improve the product mix and distribution channels during the year in order to improve the operation of the tea business and the improvement is encouraging. The Group recorded an increase in gross profit. Overall the loss for the year from the operation of King Gold Group has significantly reduced in 2016.

### ***Investment in One Champion International Limited***

One Champion International Limited (“One Champion”) and its subsidiaries (together with One Champion, “One Champion Group”) are principally engaged in the exploration, mining, processing, and sale of gold and related products. The principal asset of One Champion is its indirect 90% equity interest in a PRC company and the PRC company holds (i) the mining licenses and the exploration license in respect of a gold mine located in Tongguan County, Shaanxi Province in the PRC (the “Gold Mine”) and (ii) owns and operates an ore-processing plant.

As at 31 December 2016, the Group held 27% equity interest in One Champion and the carrying value of the investment in One Champion, as included in available-for-sale investments, was HK\$140,400,000 (31 December 2015: HK\$140,400,000).

On 27 January 2017, the Group completed the acquisition of remaining 73% equity interest in One Champion for a total consideration of HK\$360,620,000. Details of the acquisition of remaining 73% equity interest in One Champion were disclosed in the circular of the Company dated 31 October 2016 and the announcement of the Company dated 27 January 2017.

Subsequent to the completion of the major transaction in regard to the acquisition of the remaining 73% equity interest in One Champion on 27 January 2017, the Company would disclose further information of the Gold Mine as required by the chapter 18 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in 2017 interim report and annual report of the Company.

## **PROSPECTS**

### ***Tea business***

The poor spending sentiment casts a shadow over the consumer market in the PRC over the past years and undoubtedly presents to the Group a challenging and competitive environment where all market players are struggling in stimulating consumer spending.

The Group continues to cautiously dedicate its effort to the development of the Chinese tea culture. The management of the Group believes the continuous effort would bond our brands tightly with tea culture and the cultural bonding would become a crucial competitive edge of the Group in the long-run.

The year of 2016 also marked the 15th anniversary of the brand “Wuyi Star” and the Group had launched various innovative anniversary products. The Group will continue to fine-tune the product mix, to optimize our distribution network and extend its coverage to broaden our customer base. Our dedicated hard work is proven into narrowed loss in the past year and we will strive for a sustainable improvement in the near term.

### ***Mining and other businesses***

Leveraging on the Group’s expertise and experience in the natural resources industry, the Company had further acquired the remaining equity interest in the One Champion Group and the transaction completed in January 2017. The Group believes that further investing into One Champion Group will enhance the financial conditions of the Group. The Group also believes that the future revenue contribution of the One Champion Group would enable the Group to broaden its revenue base and increase its shareholder value.

The primary strategic objective of the Group is to maximize shareholder value over the long term. In such regard, the Group will continue to explore new investment opportunities with strong business potential, particularly on those in the mining sector. The Group will also regularly review its different business streams strategically so as to ensure resources are allocated to maximize the sustainable shareholder value. Different business options will be evaluated to keep up the Group with the ever-changing business environment.

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

China Mining is principally engaged in the production and sales of tea products. The Group’s production and sales of tea products are mainly carried out in the People’s Republic of China (the “PRC”).

***Released by China Mining Resources Group Limited***