



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

(Stock Code: 340)

ANNOUNCES INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

CONTINUE TO ADHERE TO OUR ESTABLISHED BUSINESS STRATEGY OF STRENGTHENING THE INTERNAL MANAGEMENT PROCESS, IMPLEMENTING THE COST EFFECTIVE STRATEGIES, IMPROVING CAPITAL UTILIZATION, OPTIMIZING THE RESOURCE ALLOCATION AND PRODUCT MIX, SO THAT TO ENHANCE THE GROUP'S OPERATIONAL EFFICIENCY

<u>Financial Highlights</u>	For the Six Months Ended 30 June 2014		
	(HK\$'000)		
	2014	2013	Change (%)
Turnover	107,188	90,046	19%
Gross Profit	48,143	49,562	-2.86%
Gross Profit Margin	45%	55%	-10ppt
Net Loss	(18,769)	(19,094)	-
EBITDA (LBITDA) before impairment losses	1,988	(256)	-
Loss per share			
Basic	(0.21) cent	(0.21) cent	-
Diluted	N/A	N/A	-

(Hong Kong, 26 August, 2014) – **China Mining Resources Group Limited** (“China Mining” or the “Group”) (Stock Code: 340) today announced its interim results for the six months ended 30 June 2014 (the “Period”).

During the period, the Group recorded a consolidated revenue of HK\$107,188,000 (six months ended 30 June 2013: HK\$90,046,000) and gross profit of HK\$48,143,000 (six months ended 30 June 2013: HK\$49,562,000), representing an increase of 19% and a decrease of 3% respectively as compared with the corresponding period in 2013. The increase in revenue in the first half of 2014 was mainly attributable to the significant increase of revenue generated from Harbin Songjiang Copper (Group) Company Limited (“Harbin Songjiang”) and its subsidiaries (together with Harbin Songjiang, “Harbin Songjiang Group”), partially offset by a moderate decrease of revenue generated from King Gold Investments Limited (“King Gold”) and its subsidiaries (together with King Gold, “King Gold Group”).

During the period, the Group's unaudited loss attributable to owners of the Company amounted to HK\$18,769,000 (six months ended 30 June 2013: HK\$19,094,000). The Group's earnings before interest, taxes, depreciation and amortisation ("EBITDA") was HK\$1,988,000 for the six months ended 30 June 2014 (six months ended 30 June 2013: loss before interest, tax, depreciation and amortisation ("LBITDA") of HK\$256,000).

Mr. Wang Hui, Executive Director of China Mining, said: "Looking ahead, we will continue to adhere to our established business strategy of strengthening the internal management process, implementing the cost effective strategies, improving capital utilization, optimizing the resource allocation and product mix, so that to enhance the Group's operational efficiency. We will strive to increase our competitiveness as well as gaining market share in all business segments so as to generate the best return to our 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\$51,415,000 (six months ended 30 June 2013: HK\$23,511,000) and HK\$7,503,000 (six months ended 30 June 2013: HK\$2,399,000) to the Group's revenue and profit respectively for the six months ended 30 June 2014. Mining business revenue for the six months ended 30 June 2014 increased by 119% to HK\$51,415,000 compared to corresponding period in the previous financial year. The increase was mainly attributable to the significant increase in sales volume of overseas ferro molybdenum sales during the six months ended 30 June 2014. The sales volume of ferro molybdenum increased from 190 tonnes for the six months ended 30 June 2013 to 459 tonnes for the six months ended 30 June 2014 which was mainly attributable from the 300 tonnes overseas sales, whereas there was no overseas sales in the corresponding period of 2013. The average selling price of ferro molybdenum fell to around HK\$112,016 per tonne during the six months ended 30 June 2014 (six months ended 30 June 2013: HK\$123,750 per tonne). The cost of sales of Harbin Songjiang Group for the six months ended 30 June 2014 was HK\$29,748,000 (six months ended 30 June 2013: HK\$8,888,000) and the gross profit margin was 42% (six months ended 30 June 2013: 62%). The decrease of the gross profit margin was mainly caused by the decrease of selling price of ferro molybdenum during the six months ended 30 June 2014.

King Gold Group

King Gold Group is principally engaged in cultivation, research, production and sale of Chinese tea products, and its products are 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\$55,773,000 (six months ended 30 June 2013: HK\$66,534,000) and HK\$2,372,000 (six months ended 30 June 2013: profit of HK\$10,327,000) to the Group's revenue and loss respectively for the six months ended 30 June 2014. For the six months ended 30 June 2014, King Gold Group generated revenue of HK\$55,773,000.

This represented a decrease of HK\$10,761,000 or 16% in revenue when compared with the revenue of HK\$66,534,000 generated in the first half of 2013. 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 during the first half of 2014. The cost of sales of King Gold Group decreased from HK\$31,596,000 for the six months ended 30 June 2013 to HK\$29,297,000 for the six months ended 30 June 2014. The average gross profit margin for the current period was 47%, representing a decrease of 6% as compared with 53% of average gross profit margin in the first half of 2013.

Year Joy Group

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 deliver various value-added services to the customers of the telecommunication companies in the PRC. iTV business started generated revenue in the second half of 2012. The iTV business is still in the stage of developing client network. Year Joy and its subsidiaries (together with Year Joy, “Year Joy Group”) contributed HK\$Nil (six months ended 30 June 2013: HK\$1,000) and HK\$1,731,000 (six months ended 30 June 2013: HK\$1,645,000) to the Group’s revenue and loss respectively for the six months ended 30 June 2014.

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 six months ended 30 June 2014. The investment portfolio of the Group, including available-for-sale investments, recorded appreciation during the first half of 2014. The net increase in fair value of the investment portfolio during the six months ended 30 June 2014 was HK\$1,752,000 (six months ended 30 June 2013: HK\$6,860,000) and was recorded in the change of investment revaluation reserve.

PROSPECTS

The international and domestic market of molybdenum remain at a low level with narrow fluctuations in the first half of 2014 as the market price of the molybdenum products continued to hover at a low level and the risks and pressure remained in this industry. Despite the adverse conditions of the complicated ferro molybdenum market, the Group is implementing cost reduction, and is enhancing the production efficiency, to well prepare itself to grasp the opportunities that will come with the recovery of the market.

Due to the slowdown of economic development in the PRC and the various austerity measures implemented by the PRC government, there is a declining trend of spending on luxury products and business gifts in the PRC’s domestic market, as the market condition for our tea business has remained difficult in the first half 2014.

During the reporting period, notwithstanding adverse conditions of the tea market, the management of the Group still put great effort to overcome the difficulties, and adopted a series of market promotion to expand the customer base 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 still expected to face significant challenge and uncertainties. The Group will continue to strengthen the existing tea products under “Wuyi star” and “Wuyi” brands, develop and launch new and exclusive tea products, focus on the promotion and expansion of the existing distribution networks in terms of number of stores and coverage, and explore new sales platforms and channels to broaden its customer base.

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 customers of telecommunication operators. The ultimate goal for the online video business is to have a long-term and stable cooperative relationship with the major telecommunications operators in the PRC and to continue to develop relevant internet and mobile value-added service applications to the end-users of the telecommunications operators.

Looking forward to the second half of 2014, we will continue to adhere to our established business strategy of strengthening the internal management process, implementing the cost effective strategies, improving capital utilization, optimizing the resource allocation and product mix, so that to enhance the Group’s operational efficiency. We will strive to increase our competitiveness as well as gaining market share in all business segments so as to generate the best return to our shareholders.

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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