

[For Immediate Release]



China Mining Resources announces 2006 Annual Results

HONG KONG, April 10 – China Mining Resources Group Limited (“China Mining” or the “Group”; HKSE: 340) has announced its annual results for the year ended 31 December 2006.

For the year under review, the Group reported a consolidated turnover of HK\$17,366,000 (2005: HK\$15,634,000) and gross profit of HK\$9,306,000 (2005: HK\$8,587,000) from continuing operations, representing an increase of 11% and 8%, respectively, over the previous year.

In line with the redefined corporate strategy on high-value-added products, the trading activities and property investment operation were discontinued during the year, and the profit from discontinued operations attributable to the Group was HK\$10,950,000 (2005: loss of HK\$29,991,000). The Group’s loss attributable to shareholders was HK\$8,244,000 (2005: HK\$55,200,000).

The Board does not recommend the payment of a dividend for the year ended 31 December 2006 (2005: nil).

Continuing Operations

Rutile Mining

The Group commenced its business in mining in November 2006, with the acquisition of 57% of Lead Sun Investments Limited and its subsidiaries (“Lead Sun Group”). Lead Sun Group is principally engaged in the exploration and exploitation of natural rutile, and the processing and trading of rutile- and titanium-related products. The rutile mine covers an area of two square kilometers, with an estimated exploration potential of approximately 1.9 million tonnes. There are plans to develop an annual production capacity of 21,400 tonnes of rutile concentrate. The Group also plans to build a facility to produce titanium chloride and titanium sponge from rutile concentrate. The rutile mine

is still under construction and therefore did not generate revenue for the Group during the year.

Umbilical Cord Blood Storage

During the year, revenue from the umbilical cord blood storage service amounted to HK\$17,366,000 (2005: HK\$15,634,000), an increase of 11%. The Group performed an impairment review for goodwill which is attributed to the processing and storage of its cord blood business. An impairment loss of HK\$7,400,000 was made during the year.

Discontinued Operations

Investment

The rental income for ten months generated from GITIC Plaza was HK\$7,796,000(2005: HK\$8,684,000). After completing the transfer of the entire issued share capital of a subsidiary - which ultimately owns 100% interest in GITIC Plaza - as a partial consideration for the acquisition of Lead Sun Group, the Group's property investment operation was discontinued in November 2006.

During the year under review, the Group invested in some listed securities. In line with the redefined corporate strategy, the trading of investment was discontinued during the year.

International Trade

Due to the low profit margin for the trading of pharmaceutical ingredients and chemicals, and other miscellaneous products, the Group also discontinued such trading during this financial year.

Prospects

China's economic development in the last few years has reaffirmed that the country's prospects rely on sustainable and sufficient supply of natural

resources in the future. According to the 11th Five-Year plan covering the time period 2006 to 2010, the central government will support a number of major projects requiring titanium. The Group acquired last year a 57% stake in Lead Sun Group, which is principally engaged in rutile-related business. Rutile is the raw material for titanium tetrachloride and titanium sponge. Titanium has a wide range of applications in the aerospace and military industries, and in industrial and consumer products.

Given the continuing increase in the demand and application of titanium, the Group is confident that the investment will produce considerable returns in the future. China Mining believes that as a result of the acquisition the Group will have a dominating position in terms of the supply of rutile as the principal raw material for titanium production, as well as in the production of titanium sponge and titanium tetrachloride.

Following the Lead Sun Group acquisition, the Group continues to identify premium mining assets acquisition opportunities in an effort to expand its portfolio of mining business, creating a solid foundation to becoming a leading player in the mining industry in Asia.

The Group reached an agreement to acquire a 75.08% equity interest in Harbin Songjiang Copper (Group) Company Limited ("Harbin Songjiang"), a PRC-based company which specializes in the mining and processing of molybdenum, copper and zinc, as announced on 11 March 2007.

The acquisition of Harbin Songjiang provides the Group with an immediate stream of revenue and brings in a team of mining industry experts, which will strengthen the Group's operational capabilities in mining activities and in making further quality acquisitions in this industry.

China Mining is continuously searching for other opportunities to build a portfolio of strong mining businesses, with an emphasis on high-value-added products. This is crucial for the Group's transformation into a major participant, and ultimately a leading player, in the mining sector.

- End -

	2006	2005
	\$'000	\$'000 (restated)
Continuing operations		
Turnover	17,366	15,634
Cost of sales	(8,060)	(7,047)
Gross profit	9,306	8,587
Other revenue	4,250	1,231
Selling expenses	(4,276)	(3,149)
Administrative expenses	(21,269)	(29,657)
Impairment loss of goodwill	(7,400)	(2,126)
Loss from operations	(19,389)	(25,114)
Finance costs	(1,169)	(20)
Share of profits less losses of an associate	-	1,373
Loss on disposal of an associate	-	(1,373)
Loss before taxation	(20,558)	(25,134)
Income tax	366	(75)
Loss for the year from continuing operations	(20,192)	(25,209)
Discontinued operations		
Profit/(loss) for the year from discontinued operations	(10,950)	(29,991)
Loss for the year	(9,242)	(55,200)
Attributable to:		
Equity shareholders of the company	(8,244)	(55,200)
Minority interests	(998)	-
Loss for the year	(9,242)	(55,200)
(Loss)/ earnings per share – basic		
From continuing and discontinued operations	(0.29)cents	(2.24) cents
From continuing operations	(0.67)cents	(1.02) cents
From discontinued operations	0.38 cents	(1.22) cents

About China Mining Resources Group Limited

China Mining Resources Group Limited is engaged in the exploration and extraction of rutile; the processing and trading of titanium products; and a storage service for stem cells from umbilical cords.

In 2006, the Group secured a license for a rutile mine covering an area of two square kilometers, with an estimated exploration potential of approximately 1.9 million tonnes. It plans to develop an annual production capacity of 21,400 tonnes of rutile concentrate. The Group also plans to build a facility to produce titanium chloride and titanium sponge from rutile concentrate. The expertise from Harbin Songjian will strengthen the operational capabilities of the projects. The license makes it possible for China Mining to become a major player in the Chinese rutile industry.

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