



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 2012

**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**

<u>Financial Highlights</u>	For the Year Ended 31 December 2012		
	(HK\$'000)		
	2012	2011	Change (%)
CONTINUING OPERATIONS			
Turnover	221,646	241,649	-8%
Gross Profit	95,023	105,459	-10%
Gross Profit Margin	43%	44%	-1ppt
Net (loss) profit	(110,858)	82,109	-
(LBITDA) EBITDA before Impairment losses	(80,613)	136,094	-
(Loss) earnings per share From continuing and discontinued operations			
Basic	(1.21) cents	0.90 cents	-
Diluted	(1.21) cents	0.70 cents	-

(Hong Kong, 25 March, 2013) – **China Mining Resources Group Limited** (“China Mining” or the “Group”) (Stock Code: 340) today announced its annual results for the year ended 31 December 2012 (the “Year”).

During the year, the Group recorded a consolidated revenue of HK\$221,646,000 (2011: HK\$241,649,000) and gross profit of HK\$95,023,000 (2011: HK\$105,459,000) from continuing operations, representing a decrease of 8% and 10% respectively as compared with last year. The decrease in revenue was mainly due to the combined effect of a significant decrease of revenue generated from Harbin Songjiang Copper (Group) Company Limited (“Harbin Songjiang”) and its subsidiaries (together with Harbin Songjiang, “Harbin Songjiang Group”) and a moderate increase 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 loss attributable to owners of the Company amounted to HK\$110,858,000 (2011: profit of HK\$82,109,000). In particular, the significant increase in loss was mainly attributable to: 1) The impairment losses of HK\$57,913,000 on available-for-sale investments (HK\$57,913,000 attributable to equity owners), impairment losses on property, plant and equipment of HK\$16,832,000 (HK\$13,466,000 attributable to equity owners), impairment losses on inventories of HK\$13,018,000 (HK\$9,799,000 attributable to equity owners), and impairment losses on other intangible assets of HK\$7,874,000 (HK\$5,512,000 attributable to equity owners); and 2) significant decrease in other gains during the year ended 31 December 2012 compared to an one off other gains transaction in respect of a disposal of a number of subsidiaries of the Company in the amount of HK\$146,780,000 in the year ended 31 December 2011 whereas there was no such other gains recorded in the year ended 31 December 2012.

Mr. Chen Shou Wu, CEO of China Mining, said: "The future economic outlook is positive both in Mainland China and the US, the two world's largest economies. In addition, the commodity market stands to gain from the US QEs and the Japan monetary easing. We are confident that we can enhance the Group's economic benefits by strengthening our internal management process, promoting efficient cost control and improving capital utilization. We will continue with our active development strategies in 2013 so that the Group will be able to increase its 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 sale of molybdenum. Harbin Songjiang Group contributed HK\$50,761,000 (2011: HK\$94,004,000) and HK\$6,362,000 (2011: HK\$45,897,000) to the Group's revenue and profit respectively for the year ended 31 December 2012. Revenue in respect of the mining business for the year ended 31 December 2012 has decreased by 46% to HK\$50,761,000 in the year 2012 from HK\$94,004,000 in the year 2011. The decrease was mainly attributable to the decrease of sales volume of ferro molybdenum from 605 tonnes in the year 2011 to 385 tonnes in the year 2012 and the decrease in the selling prices of ferro molybdenum under the influence of the international market price. Considering the current relative lower market price of ferro molybdenum, the management of Harbin Songjiang Group strategically minimised its selling efforts until the market price recovers. The average selling price of ferro molybdenum fell to around HK\$131,847 per tonne during the year ended 31 December 2012 (2011: HK\$155,379 per tonne). The cost of sales of Harbin Songjiang Group decreased from HK\$72,019,000 in 2011 to HK\$40,445,000 in the year 2012. The average gross profit margin was 20% in the year 2012 (2011: 23%). The decrease in gross profit margin was mainly due to the higher unit production cost of ferro molybdenum due to the increase in labour cost in Mainland China during the year and the decrease in the selling prices of ferro molybdenum.

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\$170,870,000 (2011: HK\$147,645,000) and HK\$13,733,000 (2011: profit of HK\$16,369,000) to the Group's revenue and loss for the year ended 31 December 2012 respectively. For the financial year ended 31 December 2012, King Gold Group generated a revenue of HK\$170,870,000 (2011: HK\$147,645,000). This represented an increase of 16% in revenue when compared with last year. The increase in revenue was mainly attributable to the expansion of the distribution network within the market in the PRC during the year 2012. The cost of sales of King Gold Group for the year was HK\$86,177,000 (2011: HK\$64,170,000). The increasing competition in the tea product market, coupled with rising labour costs and raw material costs (raw material being the tea leaves), led to a further shrinking profit margin in our tea business. The average gross profit margin was 50%, representing a decrease of 7% as compared with an average gross profit margin of 57% last year.

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 delivers various value-added services to the customers of telecommunication operators in the PRC. For the financial year ended 31 December 2012, iTV business started generating revenue. It is expected that the revenue from iTV business will increase in the foreseeable future. Year Joy and its subsidiaries (“Year Joy Group”) contributed HK\$15,000 and HK\$13,836,000 (2011: profit of HK\$42,543,000) to the Group's revenue and loss for the year ended 31 December 2012.

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 2012. The investment portfolio of the Group, including available-for-sale investments, recorded a depreciation during the year ended 31 December 2012. The net decrease in fair value of the investment portfolio during the year was HK\$97,732,000 (2011: HK\$182,393,000 including decrease in fair value and net losses on disposal).

PROSPECTS

The domestic and international ferro molybdenum markets in 2012 continued to grow slowly and the price of ferro molybdenum has remained at a relatively low level in recent years. Despite the challenging economic conditions, the Group has maintained a stable mining production for the year 2012 thereby positioning itself to grasp the opportunities that will come with the recovery of the market. In the meanwhile, the Group has strategically slowed down the sales of ferro molybdenum until the market price recovers sufficiently.

The tea business maintained a stable growth of revenue throughout the year and the Group increased the number of stores in a city or a region by opening new stores, including self-operated stores and franchise stores, to maintain regional dominance. Going forward, in order to improve the profitability and market share, the Group will continue to provide high quality tea products, develop new and exclusive tea products, and expand its market channels through the establishment of more chain stores.

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. Moreover, the Group plans to purchase additional popular Japanese animations to enhance its content library and to 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 telecommunications operators and to continue to develop relevant internet and mobile value-added service applications to the end-users of the telecommunications operators.

— End —

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