



(Stock Code: 340)

ANNOUNCES ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

<u>Financial Highlights</u>	For the Year Ended 31 December 2015		
	(HK\$'000)		
	2015	2014	Change (%)
CONTINUING OPERATION			
Turnover	114,404	133,007	-14%
Gross Profit	41,289	60,472	-32%
Gross Profit Margin	36%	45%	-9%
Net (loss) profit			
- from continuing operation	(76,490)	(51,633)	-
- from discontinued operations	-	682,045	-
	<u>(76,490)</u>	<u>630,412</u>	-
(Loss) earnings per share			
From continuing and discontinued operations			
Basic and diluted	(0.63) cents	6.90 cents	

(Hong Kong, 30 March, 2016) – **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 2015 (the “Year”).

During the year, the Group recorded a revenue of approximately HK\$114,404,000 (2014: HK\$133,007,000) and gross profit of HK\$41,289,000 (2014: HK\$60,472,000) from continuing operation, representing a decrease of 14% and 32% in revenue and 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 Group's loss attributable to owners of the Company amounted to approximately HK\$76,490,000 (2014: profit of HK\$630,412,000). Such loss was mainly attributable to (i) the impairment losses on brand name amounted to approximately HK\$4,471,000, property, plant and equipment amounted to approximately HK\$21,006,000 and prepaid lease payments amounted to approximately HK\$8,333,000 recognised for the year 2015 after an impairment assessment on the tea business, of which in aggregate HK\$27,048,000 is attributable to the owners of the Company; and (ii) the effect of an one-off gain of approximately HK\$710,703,000 in respect to the disposal of molybdenum business in the year 2014.

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\$114,404,000 (2014: HK\$133,007,000) and approximately HK\$50,425,000 (2014: HK\$8,682,000) to the Group's revenue and loss for the year ended 31 December 2015 respectively. This represented a decrease of 14% in revenue when compared with last year. The cost of sales of King Gold Group slightly increased from approximately HK\$72,535,000 in 2014 to approximately HK\$73,115,000 in 2015. During 2015, in response to the continuous slowdown in economic growth in the PRC, and to stay competitive in the fierce market with a sluggish general spending sentiment, the Group had increased its marketing effort and competing for market share at varied price points. As a result, the decrease in sales of high-profit-margin superior products coupled with rising costs of sales had led to a further shrinking profit margin in our tea business. The average gross profit margin was 36%, representing a decrease of 9 percentage points as compared with an average gross profit margin of 45% last year.

Brand name is allocated to the Group's tea business cash-generating unit and was arisen from the acquisition of King Gold Group in 2009. In view of the deterioration of the Group's tea business in the current year as a result of the aforementioned reasons, the directors of the Company has determined that there would be an impairment indicator in the brand name and other assets of the tea business of King Gold Group as at the year ended 31 December 2015. 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 approximately HK\$4,471,000 (2014: HK\$4,172,000), property, plant and equipment of approximately HK\$21,006,000 (2014: HK\$Nil) and prepaid lease payments of approximately HK\$8,333,000 (2014: HK\$Nil) were recognised in the consolidated statement of profit or loss and other comprehensive income.

Investment in One Champion International Limited

On 22 December 2015, the Group completed the acquisition of 27% equity interest in One Champion International Limited (“One Champion”) for a total consideration of HK\$140,400,000 and was fully settled by internal resources. 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. Details of the acquisition of 27% equity interest in One Champion were disclosed in the announcement of the Company dated 7 December 2015.

As disclosed in the announcement of the Company dated 7 December 2015, as at 30 June 2015, the Gold Mine contains 622,400 tonnes of indicated mineral resources with 3,278 kilograms of gold (at an average grade of 5.3 grams/tonne), and 150,000 tonnes of inferred mineral resources with 1,050 kilograms of gold (at an average grade of 7.0 grams/tonne), there were no material changes for the indicated mineral resources and inferred mineral resources as disclosed above after 30 June 2015 and as at 31 December 2015.

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 investment portfolio of the Group, including available-for-sale investments, recorded a depreciation during the year ended 31 December 2015. The net decrease in fair value of the investment portfolio during the year 2015 was approximately HK\$13,649,000 (2014: HK\$27,352,000).

PROSPECTS

Tea business

The pessimistic spending sentiment is still affecting the tea business market and the overall economy in the PRC. The economic outlook for 2016 will be ever more challenging, especially for premier brands with quality-driven products.

Notwithstanding the unfavourable market conditions that the tea business is now facing, the management of the Group has put great effort to overcome the difficulties, by adopting a series of marketing strategies to expand the customer base, to explore additional distribution channels for its products and to promote the “Wuyi star” and “Wuyi” brands primarily in the PRC market.

Looking ahead, the operating environment of tea industry in the PRC would remain tough and full with uncertainties. Nevertheless the management of the Group also believes the fierce competition and the difficult environment would also eliminate sub-standard industry players and giving “Wuyi star” and “Wuyi” brands unique competitive edge to secure the success in long run.

We will continue to focus our resources to further strengthen the existing tea products under “Wuyi star” and “Wuyi” brands, to develop and launch new and exclusive tea products, Also, we will optimize our distribution network and coverage to ensure our products can easily be reached by the niche population that are looking for quality tea products. We will also explore new sales platforms and channels to broaden its customer base.

Mining and other businesses

The recent share placing that completed in December 2015 has provided the Group with ample resources to apply in future investment opportunities including opportunities in the mining industry as well as other opportunities with business potential and are in line with the Group’s long-term development strategy to diversify the Group’s business streams and thereby further expand the Group’s source of revenue and enhance the Group’s profitability, so as to enhance the long-term benefits of the Company and our shareholders as a whole.

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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