



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 2011

**CONTINUE TO ACTIVE DEVELOPMENT STRATEGIES, DEEPEN MARKET PENETRATION, INCREASE
PRODUCT INNOVATION DEVELOP NEW PROFIT GROWTH SPOTS**

<u>Financial Highlights</u>	For the Six Months Ended 30 June 2011		
	(HK\$'000)		
	2011	2010	Change (%)
<i>Continuing operation</i>			
Turnover	117,642	86,554	35.92%
Gross Profit	55,604	13,741	304.66%
Gross Profit Margin	47%	16%	31ppt
<i>Discontinuing operation</i>			
Turnover	-	4,124	-
Gross Profit	-	1,125	-
Net loss	-	(3,023)	-
EBITDA (LBITDA) before Impairment losses	57,800	(11,983)	-
Earning (loss) per share From continuing and discontinued operations			
Basic	0.45 cents	(7.33) cents	-
Diluted	0.32 cents	(7.33) cents	-

(Hong Kong, 29 August, 2011) – **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, 2011 (the “Period”).

During the Period, the Group recorded a consolidated revenue of HK\$117,642,000 (six months ended 30 June 2010: HK\$86,554,000) and gross profit of HK\$55,604,000 (six months ended 30 June 2010: HK\$13,741,000), representing an increase of 36% and 305% respectively as compared with the corresponding period in 2010. The increase in revenue in the first half of 2011 was primarily due to the significant increase of revenue generated from Harbin Songjiang Copper (Group) Company Limited (“Harbin Songjiang”) and its subsidiaries (“Harbin Songjiang Group”).

During the Period, The Group's unaudited profit attributable to owners of the Company amounted to HK\$41,396,000 (six months ended 30 June 2010: loss of HK\$468,417,000). The Group's profit before interest, taxes, depreciation and amortisation ("EBITDA") was HK\$57,800,000 for the six months ended 30 June 2011 (six months ended 30 June 2010: loss before interest, taxes, depreciation and amortisation ("LBITDA") of HK\$11,983,000).

Mr. Chen Shou Wu, CEO of China Mining, said: "During the first half of 2011, the global economy is still fluctuating and the PRC inflation pressure was further intensified. Under the even-changing market environment, we overcome all difficulties with concerted efforts through strengthening our internal management process and promoting efficient cost control and capital utilization so as to enhance economic benefit. Looking ahead, we will 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 mining, tea and iTV business sectors, so that to generate the greatest returns for 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 for the period ended 30 June 2011. The mining processing and sales business of copper and zinc has been terminated in the year ended 31 December 2010.

Harbin Songjiang Group contributed HK\$69,486,000 (six months ended 30 June 2010: HK\$43,941,000) and HK\$60,280,000 including a gain on disposal of a subsidiary of HK\$12,311,000 (six months ended 30 June 2010: loss of HK\$12,129,000) to the Group's revenue and profit respectively for the six months ended 30 June 2011.

Revenue

The revenue of the mining business for the six months ended 30 June 2011 increased by 58% to HK\$69,486,000 compared to corresponding period in the previous financial year. The increase was mainly attributable to the continuing moderate recovery of the ferro molybdenum market in the PRC in the first half of 2011.

The average selling prices of ferro molybdenum was HK\$157,923 per tonne for the six months ended 30 June 2011 (six months ended 30 June 2010: HK\$172,230 per tonne).

Cost of Sales and Gross Profit

The cost of sales of Harbin Songjiang Group for the six months ended 30 June 2011 was HK\$40,769,000 (six months ended 30 June 2010: HK\$40,075,000) and the gross profit margin was 41% (six months ended 30 June 2010: 9%). The increase in gross profit margin was primarily due to the relatively lower unit cost of production of ferro molybdenum which was sold during the period.

King Gold Group

King Gold and its subsidiaries (“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 widely distributed throughout the country.

King Gold Group contributed HK\$48,156,000 and HK\$3,343,000 to the Group’s revenue and profit for the six months ended 30 June 2011 respectively (six months ended 30 June 2010: HK\$46,737,000 and loss of HK\$448,709,000 respectively). As there is no impairment loss recognised for goodwill and brand name which were recognised in the period end 30 June 2011, the tea business recorded a profit in the first half of 2011 from its business operations. There were one-off impairment losses of approximately HK\$423,086,000 and HK\$44,091,000 recognised in the consolidated statement of comprehensive income for the goodwill and brand name respectively during the six months ended 30 June 2010.

Revenue

For the six months ended 30 June 2011, King Gold Group generated a revenue of HK\$48,156,000. This represented an increase of HK\$1,419,000 or 3% in revenue when compared with the HK\$46,737,000 revenue which generated in the first half of 2010.

Cost of Sales and Gross Profit

The cost of sales of King Gold Group decreased from HK\$35,737,000 for the six months ended 30 June 2010 to HK\$21,269,000 for the six months ended 30 June 2011. The average gross profit margin for the current period was 56%, compared to 24% in the same period last year. The increase in gross profit margin was mainly contributed by the decrease in raw materials cost of the tea leaves during the period.

Year Joy Group

The Group has been engaged in the iTV business since 10 December 2010 after the acquisition of 70% interest in Year Joy Investments Limited (“Year Joy”) and its subsidiaries (together with Year Joy, the “Year Joy Group”). Year Joy indirectly holds the entire interest in Beijing Nian Yue Technology Co., Ltd. (“Beijing Nian Yue”), a wholly foreign-owned company established in the PRC with limited liability. Beijing Nian Yue 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 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. Year Joy Group has not generated revenue in the first half of 2011 as the iTV business is still in the development stage during the period. In July 2011, the pilot program was run on the “WO” platform (“沃門戶”) of Unicom Broadband Online Ltd. It is expected that the iTV business will start generating revenue from October 2011. Year Joy Group incurred HK\$2,286,000 loss for the six months ended 30 June 2011 which was mainly attributable to operating expenses, e.g, staff costs, office expenses etc, of the iTV business during the period.

Investments in Canada listed mining companies and other securities

The Group invested in several Canada listed mining companies for the purpose of long-term investments and capital gain and dividend income during the six months ended 30 June 2011. The investment portfolio of the Group, including available-for-sale investments and held-for-trading investments, has recorded a depreciation during the first half of 2011. The net decrease in fair value of the investment portfolio during the six months ended 30 June 2011 was HK\$51,798,000 (31 December 2010: net increase of HK\$133,630,000) including decrease in fair value and net loss on disposal.

Prospects

After facing grim conditions of the production suspension of the molybdenum mine in the first eight months of 2009, the mining business has recovered since 2010. The Group has maintained a stable mining production and steady sales for the past six months. The Group has strategically continued to increase its natural resources assets and production capabilities to enhance our position in the mining industry.

The tea business maintained stable throughout the period. Under the fierce tea market environment in the PRC, we believe continue brand-building and retail market development will enlarge our market share and enhance our competitive strengths. Since August 2011, the Group has been promoting its brand national-wide through advertisements on various channels. In addition, the Group is cooperating with a famous PRC literature and art company to launch a new tea brand “Impression Dahongpao tea”(“印象大紅袍茶”). Meanwhile, the Group plans to establish more than 50 chain stores in 2011, including flagship stores, own-operated stores and stores operated through franchise arrangement. Furthermore, the Group will develop new and exclusive tea products, including products under the Impression Dahongpao series and some exclusive type of products for “Diao Yu Tai” (“釣魚臺”) boutiques.

For the online video business, the Group will continue to focus on the cooperation with the major telecommunication companies in the PRC and develop more value-added services, including but not limited to online video service to the telecommunication companies’ customer. Moreover, the Group plans to purchase more popular Japanese animations to enhance its content library and redistribute to other online video business Company. The ultimate goal for the online video business is to have a long-term and stable cooperative relationship with the PRC major telecommunications companies and continue to develop relevant internet and mobile value-added service applications to the end-users of the telecommunications companies. In the foreseeable future, the online video business will focus on providing the high quality and value-added products and services including animations, finance, and others video program channels, to smartphone and tablet computer’s users, including iphone and ipad’s users.

During the current period, the Group is actively looking for attractive merger and acquisition opportunities and strives to extend our business reach and enhance the profitability to maximize our shareholders’ value.

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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