

To: Business Editor (For immediate release)



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 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 Six Months Ended 30 June 2012		
	(HK\$'000)		
	2012	2011	Change (%)
CONTINUING OPERATIONS			
Turnover	79,878	117,642	-32.10%
Gross Profit	39,328	55,604	-29.27%
Gross Profit Margin	49%	47%	2ppt
DISCONTINUED OPERATION			
Turnover	-	-	-
Gross Profit	-	-	-
Net (loss) profit	(21,794)	41,396	-
(LBITDA) EBITDA before Impairment losses	(4,462)	45,489	-
(Loss) earnings per share From continuing and discontinued operations			
Basic	(0.24) cent	0.45 cent	-
Diluted	(0.24) cent	0.35 cent	-

(Hong Kong, 27 August, 2012) – **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, 2012 (the “Period”).

During the Period, the Group recorded a consolidated revenue of HK\$79,878,000 (six months ended 30 June 2011: HK\$117,642,000) and gross profit of HK\$39,328,000 (six months ended 30 June 2011: HK\$55,604,000), representing a decrease of 32% and 29% respectively as compared with the corresponding period in 2011. The decrease in revenue in the first half of 2012 was primarily due to the significant decrease 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 loss attributable to owners of the Company amounted to HK\$21,794,000 (six months ended 30 June 2011: profit of HK\$41,396,000). The Group’s loss before interest, taxes, depreciation and amortisation (“LBITDA”) was HK\$4,462,000 for the six months ended 30 June 2012 (six months ended 30 June 2011: profit before interest, taxes, depreciation and amortisation of HK\$45,489,000).

Mr. Chen Shou Wu, CEO of China Mining, said: “During the first half of 2012, the global economy is still fluctuating and the PRC inflation pressure was further intensified. Under the ever-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 business sectors, so that to generate the greatest return 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. Harbin Songjiang Group contributed HK\$16,910,000 (six months ended 30 June 2011: HK\$69,486,000) and HK\$4,443,000 (six months ended 30 June 2011: profit of HK\$55,952,000, included a gain on disposal of prepaid lease payments of HK\$37,919,000) to the Group’s revenue and loss respectively for the six months ended 30 June 2012.

The revenue of the mining business for the six months ended 30 June 2012 decreased by 76% to HK\$16,910,000 compared to corresponding period in the previous financial year. The decrease was mainly due to the significant decrease in sales volume of ferro molybdenum during the six months ended 30 June 2012. 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 to be recovered.

The sales volume of ferro molybdenum decreased from 440 tonnes for the six months ended 30 June 2011 to 118 tonnes for the six months ended 30 June 2012. The average selling price of ferro molybdenum fell to around HK\$143,000 per tonne during the six months ended 30 June 2012 (six months ended 30 June 2011: HK\$158,000 per tonne).

The cost of sales of Harbin Songjiang Group for the six months ended 30 June 2012 was HK\$9,068,000 (six months ended 30 June 2011: HK\$40,769,000) and the gross profit margin was 46% (six months ended 30 June 2011: 41%). The increase in gross profit margin was primarily attributable to the lower unit production cost of ferro molybdenum due to tightened cost control posted by the management of Harbin Songjiang during the period.

King Gold Group

King Gold Investments Limited (“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\$62,968,000 and HK\$5,780,000 to the Group’s revenue and profit for the six months ended 30 June 2012 respectively (six months ended 30 June 2011: revenue of HK\$48,156,000 and profit of HK\$12,323,000 respectively).

For the six months ended 30 June 2012, King Gold Group generated revenue of HK\$62,968,000. This represented an increase of HK\$14,812,000 or 31% in revenue when compared with the revenue of HK\$48,156,000 generated in the first half of 2011. The increase in revenue was mainly attributable to the expansion of the distribution network within the market in the PRC during the first half of 2012.

The cost of sales of King Gold Group increased from HK\$21,269,000 for the six months ended 30 June 2011 to HK\$31,482,000 for the six months ended 30 June 2012. The average gross profit margin for the current period was 50%, representing a decrease of 6% as compared with 56% in the first half 2011. The decrease in gross profit margin was mainly caused by the increase in the price of the raw materials being the tea leaves due to the general inflation in the agricultural products market of the PRC during the first half 2012.

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 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. It is expected that the iTV business will start generating revenue in the foreseeable future. Year Joy and its subsidiaries (“Year Joy Group”) contributed HK\$2,391,000 (six months ended 30 June 2011: loss of HK\$2,678,000) to the Group’s loss for the six months ended 30 June 2012, 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 2012. The investment portfolio of the Group, including available-for-sale investments, has recorded a depreciation during the first half of 2012. The net decrease in fair value of the investment portfolio during the six months ended 30 June 2012 was HK\$56,352,000 (30 June 2011: HK\$51,798,000 including decrease in fair value and net losses on disposal) and recorded in the change of investment revaluation reserve.

PROSPECTS

The Group has maintained a stable mining production during the first half 2012. In view of the relatively low market price of ferro molybdenum in the first half 2012, the sales of ferro molybdenum is strategically slowdown until the market price has recovered. Facing the challenges ahead, the Group will grasp the opportunities in molybdenum market and maintain a stable mining production to wait for the recovery of the molybdenum market.

The tea business maintained a stable growth in revenue during the current period and the Group made steady progress in expanding its distribution network of tea business in the PRC. The Group has established more own-operated stores and franchise stores during the period and planned to continue expanding its market channels in the foreseeable future. Going forward, the management remains cautious about the general consumer market in the PRC, and the Group will continue to develop new and exclusive tea products, expand its market channels through the establishment of more chain stores in the second half year of 2012.

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 more popular Japanese animations to enhance its content library and 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 continue to develop relevant internet and mobile value-added service applications to the end-users of the telecommunications operators.

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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