



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 2013

**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 2013		
	(HK\$'000)		
	2013	2012	Change (%)
Turnover	90,046	79,878	12.73%
Gross Profit	49,562	39,328	26.02%
Gross Profit Margin	55%	49%	6ppt
Net Loss	(19,094)	(21,794)	-
LBITDA	(256)	(4,462)	-
Loss per share			
Basic	(0.21) cent	(0.24) cent	-
Diluted	(0.21) cent	(0.24) cent	-

(Hong Kong, 26 August, 2013) – **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 2013 (the “Period”).

During the period, the Group recorded a consolidated revenue of HK\$90,046,000 (six months ended 30 June 2012: HK\$79,878,000) and gross profit of HK\$49,562,000 (six months ended 30 June 2012: HK\$39,328,000), representing an increase of 13% and 26% respectively as compared with the corresponding period in 2012. The increase in revenue in the first half of 2013 was mainly attributable to the significant increase of revenue generated from Harbin Songjiang Copper (Group) Company Limited (“Harbin Songjiang”) and its subsidiaries (together with Harbin Songjiang, “Harbin Songjiang Group”) and an increase of revenue generated from King Gold Investments Limited (“King Gold”) and its subsidiaries (together with King Gold, “King Gold Group”).

During the period, The Group's unaudited loss attributable to owners of the Company amounted to HK\$19,094,000 (six months ended 30 June 2012: HK\$21,794,000). The Group's loss before interest, taxes, depreciation and amortisation ("LBITDA") was HK\$256,000 for the six months ended 30 June 2013 (six months ended 30 June 2012: HK\$4,462,000).

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. With the implementation of quantitative easing measures in Europe and Japan, the management of the Group is confident that the global financial environment is improving. Look ahead, we will continue to adhere to our established business strategy of strengthening the internal management process, optimizing product mix, promoting efficient cost control and improving capital utilization, thereby further improving the Group's performance. We will strive to increase our 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 sales of molybdenum. Harbin Songjiang Group contributed HK\$23,511,000 (six months ended 30 June 2012: HK\$16,910,000) and HK\$2,399,000 (six months ended 30 June 2012: loss of HK\$4,443,000) to the Group's revenue and profit respectively for the six months ended 30 June 2013. Mining business revenue for the six months ended 30 June 2013 increased by 39% to HK\$23,511,000 compared to corresponding period in the previous financial year. The increase was mainly attributable to the significant increase in sales volume of ferro molybdenum during the six months ended 30 June 2013. The sales volume of ferro molybdenum increased from 118 tonnes for the six months ended 30 June 2012 to 190 tonnes for the six months ended 30 June 2013. The average selling price of ferro molybdenum fell to around HK\$123,750 per tonne during the six months ended 30 June 2013 (six months ended 30 June 2012: HK\$143,000 per tonne). The cost of sales of Harbin Songjiang Group for the six months ended 30 June 2013 was HK\$8,888,000 (six months ended 30 June 2012: HK\$9,068,000) and the gross profit margin was 62% (six months ended 30 June 2012: 46%). The increase in gross profit margin was primarily attributable to the lower unit production cost of ferro molybdenum due to tightened cost control applied by the Group during the period.

King Gold Group

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 and widely distributed throughout the country. King Gold Group contributed HK\$66,534,000 (six months ended 30 June 2012: HK\$62,968,000) and HK\$10,327,000 (six months ended 30 June 2012: HK\$5,780,000) to the Group’s revenue and profit respectively for the six months ended 30 June 2013. For the six months ended 30 June 2013, King Gold Group generated revenue of HK\$66,534,000. This represented an increase of HK\$3,566,000 or 6% in revenue when compared with the revenue of HK\$62,968,000 generated in the first half of 2012. 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 2013. The cost of sales of King Gold Group increased from HK\$31,482,000 for the six months ended 30 June 2012 to HK\$31,596,000 for the six months ended 30 June 2013. The average gross profit margin for the current period was 53%, representing an increase of 3% as compared with 50% in the first half of 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. iTV business started generated revenue since second half of 2012. The iTV business is still in the stage of developing client network. Year Joy and its subsidiaries (together with Year Joy, “Year Joy Group”) contributed HK\$1,000 (six months ended 30 June 2012: Nil) and HK\$1,645,000 (six months ended 30 June 2012: HK\$2,391,000) to the Group’s revenue and loss respectively for the six months ended 30 June 2013.

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 six months ended 30 June 2013. The investment portfolio of the Group, including available-for-sale investments, recorded appreciation during the first half of 2013. The net increase in fair value of the investment portfolio during the six months ended 30 June 2013 was HK\$6,860,000 (six months ended 30 June 2012: the net decrease in fair value of HK\$56,352,000) and was recorded in the change of investment revaluation reserve.

PROSPECTS

The domestic and international ferro molybdenum markets in the first half of 2013 remained in the doldrums, and the price has not improved. Despite the challenging economic conditions, the Group has maintained a stable business performance of ferro molybdenum during the period thereby positioning itself to grasp the opportunities that will come with the recovery of the market. The tea business continued to make a steady contribution throughout the first half of the year. The Group focused on distribution tea products under the well-established “Wuyi star” and “Wuyi” brands in the PRC market and it has increased the number of stores cities and regions by opening new stores, including self-operated stores and franchise stores, to maintain regional dominance. Looking ahead, the management of the Group remains cautiously optimistic with respect to the overall consumer market sentiment in China. In order to improve the profitability and market share, the Group will continue to provide high quality tea products, launch new and exclusive tea products, and expand the distribution network. 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. The ultimate goal for the online video business is to have a long-term and stable cooperative relationship with the major telecommunications operators in the PRC and to 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