



(Stock Code: 340)

**ANNOUNCES INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016**

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

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<u>Financial Highlights</u>	For the Six Months Ended 30 June 2016		
	(HK\$'000)		
	2016	2015 (Restated)	Change (%)
<b>CONTINUING OPERATION</b>			
<b>Turnover</b>	48,478	60,839	-20%
<b>Gross Profit</b>	21,796	25,718	-15%
<b>Gross Profit Margin</b>	45%	42%	3%
<b>Loss for the period attributable to:</b>			
<b>Owners of the Company</b>			
- from continuing operation	(7,895)	(25,580)	
- from discontinued operation	-	(180)	
	<u>(7,895)</u>	<u>(25,760)</u>	
<b>Loss per share</b>			
<b>From continuing and discontinued operations</b>			
<b>Basic</b>	HK(0.05) cents	HK(0.23) cents	
<b>Diluted</b>	HK(0.05) cents	HK(0.23) cents	

(Hong Kong, 29 August, 2016) – **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 2016 (the “Period”).

During the period, the Group recorded a revenue of HK\$48,478,000 (six months ended 30 June 2015: HK\$60,839,000) and gross profit of HK\$21,796,000 (six months ended 30 June 2015: HK\$25,718,000), representing a decrease of 20% and a decrease of 15% respectively as compared with the corresponding period in 2015. The decrease in revenue in the first half of 2016 was mainly attributable to the decrease of revenue generated from King Gold Investments Limited (“King Gold”) and its subsidiaries (together with King Gold,

“King Gold Group”).

The Group’s unaudited loss attributable to owners of the Company amounted to HK\$7,895,000 (six months ended 30 June 2015: HK\$25,760,000).

## **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 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\$48,478,000 (six months ended 30 June 2015: HK\$60,839,000) and HK\$1,719,000 (six months ended 30 June 2015: HK\$5,396,000) to the Group’s revenue and loss respectively for the six months ended 30 June 2016. This represented a decrease of HK\$12,361,000 or 20% in revenue when compared with the revenue of HK\$60,839,000 generated in the corresponding period in 2015. Decrease in revenue was mainly attributable to the demand for discretionary consumer products in the PRC remained to be sluggish. The cost of sales of King Gold Group decreased from HK\$35,121,000 for the six months ended 30 June 2015 to HK\$26,682,000 for the six months ended 30 June 2016. The average gross profit margin for the current period was 45%, representing an increase of 3 percentage points as compared with 42% of average gross profit margin in the corresponding period in 2015.

### ***Investment in One Champion International Limited***

One Champion International Limited (“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 licences in respect of a gold mine located in Tongguan County, Shaanxi Province in the PRC; and (ii) owns and operates an ore-processing plant.

As at 30 June 2016, the carrying value of the investment in One Champion was HK\$140,400,000 (31 December 2015: HK\$140,400,000).

On 4 August 2016, Combined Success Investments Limited (“Combined Success”), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (as purchaser) with Forever Success Investments Limited and Supreme Success Group Limited (collectively referred to as the “Vendors”) and Mr. Ma Dongsheng and Ms. Lin Yuhua (collectively referred to as the “Guarantors”) for the acquisition of the remaining 73% equity interests in One Champion at a consideration of HK\$438,000,000 (the “Transaction”). The details of the Transaction were set out in the Company’s announcement dated 4 August 2016.

## **PROSPECTS**

### ***Tea business***

The economic growth in the PRC is gradually decelerating over past years. For premier brands with quality-driven products like “Wuyi” and “Wuyi star”, undoubtedly the Group is facing challenges in the difficult consumer market where people are trying to reduce their spending over discretionary consumer products.

Nevertheless, the Group continues to dedicate its effort to the development of the Chinese tea culture. The management of the Group believes our devotion would associates our brands firmly with tea culture and the cultural bonding would become a crucial competitive edge of the Group in the long-run.

We will also continue to develop and launch new and exclusive tea products and 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 the possibilities of new sales channels to broaden its customer base.

### ***Mining and other businesses***

After the initial investment of 27% equity interest in One Champion Group, the Group is able to obtain first-hand information on the operation of One Champion Group and indeed the Group has provided to One Champion Group with shareholders’ loans of HK\$199,000,000 in aggregate to support its recent development during the first half of 2016. The Group is delighted to its present participation in One Champion Group as this demonstrates the commitment of the Group in the mining industry.

On 4 August 2016, the Group, via Combined Success as purchaser, entered into a sale and purchase agreement with the Vendors and the Guarantors for the acquisition of the remaining 73% equity interests in One Champion at a consideration of HK\$438,000,000.

In view of the challenging market conditions currently facing in the tea business, and after careful assessment on the information available from One Champion Group, the Directors of the Company are optimistic over the future development and prospects of One Champion Group and the gold mining industry in China as a whole.

Leveraging on the Group’s expertise and experience in the natural resources industry, the Company believes that further investing into One Champion Group will enhance the financial conditions of the Group and the Group would be re-energized with growth potential. The Group is in the view that this would be a precious investment opportunity that would enable the Group to broaden its revenue base and increase its shareholders’ value.

— **End** —

**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*