



(Stock Code: 340)

**ANNOUNCES INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017**

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

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<b>Financial Highlights</b>	<b>For the Six Months Ended 30 June 2017</b>		
	<b>(HK\$'000)</b>		
	<b>2017</b>	<b>2016</b>	<b>Change (%)</b>
<b>Turnover</b>	134,443	48,478	177%
<b>Gross Profit</b>	38,479	21,796	77%
<b>Gross Profit Margin</b>	29%	45%	-16 ppt
<b>Loss for the period attributable to:</b>			
<b>Owners of the Company</b>	(55,917)	(7,895)	
<b>Non-controlling interests</b>	<u>(1,226)</u>	<u>(345)</u>	
	<u>(57,143)</u>	<u>(8,240)</u>	
<b>Loss per share</b>			
<b>Basic</b>	HK(0.26) cents	HK(0.05) cents	
<b>Diluted</b>	HK(0.26) cents	HK(0.05) cents	

(Hong Kong, 29 August, 2017) – **China Mining Resources Group Limited** (“China Mining” or the “Group”) (Stock Code: 340) today hereby announced its interim results for the six months ended 30 June 2017 (the “Interim Period”).

During the Interim Period, the Group recorded a revenue of HK\$134,443,000 (six months ended 30 June 2016: HK\$48,478,000) and gross profit of HK\$38,479,000 (six months ended 30 June 2016: HK\$21,796,000), representing an increase of 177% and 77% respectively as compared with the corresponding period in 2016. The increase in revenue and gross profit in the six months ended 30 June 2017 (the “Interim Period”) was mainly attributable to the consolidation of the results of One Champion International Limited (“One Champion”) and its subsidiaries (together with One Champion, “One Champion Group”) following the acquisition of remaining 73% equity interest in One Champion which was completed on 27 January 2017.

During the Interim Period, the Group's unaudited loss attributable to owners of the Company amounted to HK\$55,917,000 (six months ended 30 June 2016: HK\$7,895,000). The increase in loss attributable to the owners of the Company was mainly due to the impairment loss of goodwill amounted to HK\$52,202,000, which is non-recurring and non-cash in nature.

## **REVIEW OF OPERATIONS**

### ***Gold Mining Operation — One Champion Group and Perfect Major Group***

The Group engaged in the gold mining operation since 27 January 2017 after the acquisition of remaining 73% equity interest in One Champion. Details of the acquisition of remaining 73% equity interest in One Champion were disclosed in the circular of the Company dated 31 October 2016 and the announcement of the Company dated 27 January 2017.

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, namely Tongguan County Xiangshun Mining Development Co., Ltd. (潼關縣祥順礦業發展有限公司) ( "Xiangshun Mining" ), and Xiangshun Mining 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.

The completion of the acquisition of remaining 73% equity interest in One Champion during the period provided the Group with an immediate revenue stream and cash. Excluding the effect of the one-off impairment loss of goodwill amounted HK\$52,202,000, during the post-acquisition period, One Champion Group contributed HK\$92,789,000 and HK\$19,991,000 to the Group's revenue and profit before tax respectively for the six months ended 30 June 2017.

On 24 April 2017, the Group further completed the acquisition of the entire equity interest in Perfect Major Holdings Limited ("Perfect Major"). Details of the acquisition of the entire equity interest in Perfect Major were disclosed in the announcements of the Company dated 5 April 2017 and 24 April 2017.

Perfect Major and its subsidiaries (together with Perfect Major, "Perfect Major Group") are principally engaged in the exploration of gold and related minerals. The principal asset of Perfect Major is its indirect equity interest in PRC companies, namely Luonan Jinhui Mining Co., Ltd. (洛南縣金輝礦業有限公司) ( "Jinhui Mining" ) and Shaanxi Tongxin Mining Co., Ltd. (陝西潼鑫礦業有限公司) ( "Tongxin Mining" ), which hold the exploration licences in respect of two gold mines located in Tongguan and Luonan Counties in the Shaanxi Province of the PRC.

The Perfect Major Group has not commenced any business operations during the Interim Period.

### ***Tea Business — King Gold Group***

King Gold Investments Limited (“King Gold”) and its subsidiaries (together with King Gold, “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\$41,654,000 (six months ended 30 June 2016: HK\$48,478,000) and HK\$15,829,000 (six months ended 30 June 2016: HK\$1,719,000) to the Group’s revenue and loss before tax respectively for the six months ended 30 June 2017. This represented a decrease of HK\$6,824,000 or 14% in revenue when compared with the corresponding period in 2016. Decrease in revenue was mainly attributable to the fierce competition of the market for high-end tea products. The cost of sales of King Gold Group slightly increased from HK\$26,682,000 for the six months ended 30 June 2016 to HK\$28,506,000 for the six months ended 30 June 2017. The average gross profit margin for the current period was 32%, representing a decrease of 13 percentage points as compared with 45% of average gross profit margin in the corresponding period in 2016. Decrease in gross profit margin was mainly attributable to the intensified competition of the market and increasing effort in launching products in varied price points to strive for better market share.

### **PROSPECTS**

#### ***Gold Mining Operation***

Following the completion of the One Champion Acquisition during the Interim Period, the Group owns its own mineral portfolio as well as its ore-processing facilities. This also marked the re-entry to the mining industry of the Group after the disposal of the molybdenum operation by the Group in 2014.

The post-acquisition operating results of the Gold Mining Operation has been promising and in line with the management expectations. During the Interim Period, the financial performance of the Group has improved compared to that of 2016 (excluding the one-off effect of the impairment loss of goodwill) and the management is optimistic on the Group’s financial performance turnaround in the near future.

The Group is also actively looking for opportunities to maintain a self-sufficient mineral portfolio for its facilities. The Group further completed the Perfect Major Acquisition during the Interim Period and expanded the Group’s mineral portfolio which would be available for extraction in later years. As mentioned in the announcement of the Company dated 14 June 2017, the Group planned to expand its processing capacity by constructing a new processing plant with an ultimate daily processing capacity of 3,000 tonnes. The construction progress of first phase of the processing plant with a daily processing capacity of 1,500 tonnes is satisfactory and is expected to be completed in or around June 2018 as previously planned.

The market prices of gold (and other precious metals) are highly correlated with the global economic growth and stability. The looming geopolitical tension between the United States and North Korea and the weak United States dollar have both contributed to the rising gold price in the recent months. It is expected the Group will be continued to be benefited by the safe-haven effect of gold from the risk-averse sentiments of the market. Nevertheless, the Group will cautiously monitor the market trend and to take necessary actions to minimize the

impact to the Group in any unlikely or sudden event of drastic fluctuation in commodity prices.

The Group will continue to leverage its management expertise in the mining industry with the aim of optimizing the financial performance the Gold Mining Operation so as to increase the shareholders' value of the Group as a whole.

***Tea business***

The market for high-end tea products remains challenging and competitive and the consumer markets overall continued to sluggish. The Group continued to suffer in the weak market sentiment.

The Group puts its effort in maintaining its market share through competing in varied price points. However, at the current stage the gross profit margin will unavoidably be affected.

The Group will continue to put the Chinese tea culture first in its marketing campaigns. The management of the Group believes our continued effort would bond our brands tightly with tea culture and the cultural bonding would become a crucial competitive edge of the Group in the long-run. The Group will also explore various business options in cope with the market change for Tea Business.

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**About China Mining Resources Group Limited (Stock Code: 340)**

China Mining is principally engaged in the operation of exploration, mining, processing and sale of gold and related products and production and sales of tea products. The Group's operations are mainly carried out in the People's Republic of China (the "PRC").

***Released by China Mining Resources Group Limited***