中國礦業資源集團有限公司*
China Mining Resources Group Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 00340)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

The board of directors (the "Board") of China Mining Resources Group Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2014, with the comparative figures in 2013, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2014

		Six months ended 30 June	
		2014	2013
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**107,188**	90,046
Cost of sales		**(59,045)**	(40,484)
Gross profit		**48,143**	49,562
Other income		**6,370**	4,562
Other gains and losses		**634**	(9,574)
Selling and distribution expenses		**(22,674)**	(20,234)
Administrative expenses		**(38,950)**	(31,770)
Finance costs	*4*	**(13,140)**	(11,394)
Loss before tax		**(19,617)**	(18,848)
Income tax expenses	*5*	**—**	(2,051)
Loss for the period	*6*	**(19,617)**	(20,899)

* *For identification purpose only*

	Note	Six months ended 30 June 2014 HK$'000 (Unaudited)	2013 HK$'000 (Unaudited)
Other comprehensive (expense) income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**(475)**	3,511
Fair value gain on available-for-sale investments, net		**1,752**	6,860
Actuarial loss on defined benefit pension plans		**(4,387)**	(896)
Other comprehensive (expense) income for the period, net of income tax		**(3,110)**	9,475
Total comprehensive expense for the period		**(22,727)**	(11,424)
Loss for the period attributable to:			
Owners of the Company		**(18,769)**	(19,094)
Non-controlling interests		**(848)**	(1,805)
		(19,617)	(20,899)
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(20,716)**	(10,264)
Non-controlling interests		**(2,011)**	(1,160)
		(22,727)	(11,424)
Loss per share:	*8*		
Basic		**(0.21) cent**	(0.21) cent
Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014

	Notes	**30 June 2014 HK$'000 (Unaudited)**	31 December 2013 HK$'000 (Audited)
Non-current Assets			
Property, plant and equipment		**88,684**	93,623
Prepaid lease payments — non-current portion		**30,240**	31,174
Exploration and evaluation assets		**—**	—
Goodwill		**—**	—
Other intangible assets		**96,481**	100,226
Biological assets		**9,504**	10,219
Available-for-sale investments		**71,875**	69,819
Other non-current financial assets		**3,776**	7,610
		300,560	312,671
Current Assets			
Inventories		**179,022**	174,514
Trade and other receivables	*9*	**144,489**	135,311
Prepaid lease payments		**546**	549
Short-term loan and loan interest receivables		**—**	—
Bank balances and cash		**131,531**	118,555
		455,588	428,929
Current Liabilities			
Trade and other payables	*10*	**303,921**	271,787
Bank borrowings		**128,398**	107,806
Other borrowings		**2,339**	2,357
Provisions		**11,508**	11,630
Tax liabilities		**55,209**	56,943
		501,375	450,523
Net Current Liabilities		**(45,787)**	(21,594)
Total Assets less Current Liabilities		**254,773**	291,077

	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
Non-current Liabilities		
Deferred income	**108,096**	107,487
Other borrowings — non-current portion	**4,320**	4,353
Provisions — non-current portion	**82,291**	76,031
Other long-term payables	**21,410**	42,061
Non-redeemable convertible preference shares	**53,363**	53,125
	269,480	283,057
Net (Liabilities) Assets	**(14,707)**	8,020
Capital and Reserves		
Share capital	**913,878**	913,878
Share premium and reserves	**(1,083,646)**	(1,062,762)
Equity attributable to owners of the Company	**(169,768)**	(148,884)
Non-controlling interests	**155,061**	156,904
Total (Deficit) Equity	**(14,707)**	8,020

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

1. BASIS OF PREPARATION

(a) Statement of compliance

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

(b) Basis of preparation of Condensed Consolidated Financial Statements

In preparing the condensed consolidated financial statements, the management has given careful consideration to the future liquidity of the Group in light of the fact that the Group incurred a net loss of approximately HK$19,617,000 for the six months ended 30 June 2014 and, as of that date, the Group's current liabilities exceed its current assets by approximately HK$45,787,000 and had net liabilities of approximately HK$14,707,000.

In order to improve the Group's financial position, to provide liquidity and cash flows and to sustain the Group as a going concern, the management has taken and/or will take the following measures:

(a) The management has taken various cost control measures to tighten the costs of operations and reduce various general and administrative expenses;

(b) The Group has been implementing various sales and marketing strategies to reduce the losses of the Group;

(c) On 27 March 2014, one of the substantial shareholders of the Company (the "Substantial Shareholder"), who beneficially own 1,633,334,286 ordinary issued shares of the Company, representing 17.87% of the total issued ordinary share capital of the Company (the "Shares") on 27 March 2014, entered into the deed of undertaking (the "Deed of Undertaking") and agreed 1) to provide financial support to the Company until the Company has sufficient funds to meet its operations and to pay financial obligations as they fall due for the period from 27 March 2014 to 31 March 2015; 2) to use the Shares and/or converting the Shares to procure loan facilities which will make available to the Company in meeting the Company's operation requirements; and 3) not to pledge and/or dispose of the Shares to any other parties other than the purpose as stated in item 2 above for the period from 27 March 2014 to 31 March 2015.

The directors of the Company (the "Directors") are of the opinion that, taking into account the above measures, the Group will have sufficient working capital to finance its operations and to pay financial obligations as and when they fall due for the foreseeable future. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain assets and financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2013.

In the current interim period, the Group has applied, for the first time, the following new interpretation and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards ("HKASs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) — Interpretation 21	Leives

* *IFRIC represents the International Financial Reporting Interpretations Committee*

The application of the above new interpretations and amendments to HKFRSs and HKASs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

Information reported to the Group's chief executive officer, being the chief operation decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided. This is also the basis upon which the Group is organised and specifically focuses on the Group's operating divisions. No operating segments identified by the CODM have been aggregated in arriving at the reporting segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

Tea products	—	production and sales of tea
Molybdenum	—	mining, processing and sales of molybdenum
Online video business ("iTV")	—	online video broadcasting

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment:

Six months ended 30 June 2014

	Tea products *HK$'000* **(Unaudited)**	**Molybdenum** *HK$'000* **(Unaudited)**	**iTV** *HK$'000* **(Unaudited)**	**Total** *HK$'000* **(Unaudited)**
REVENUE				
Segment revenue — external sales	**55,773**	**51,415**	**—**	**107,188**
RESULTS				
Segment (loss) profit	**(2,372)**	**7,503**	**(1,731)**	**3,400**
Unallocated corporate income				**1,330**
Unallocated corporate expenses				**(11,207)**
Finance costs				**(13,140)**
Loss before tax				**(19,617)**

Six months ended 30 June 2013

	Tea products *HK$'000* (Unaudited)	Molybdenum *HK$'000* (Unaudited)	iTV *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
REVENUE				
Segment revenue — external sales	66,534	23,511	1	90,046
RESULTS				
Segment profit (loss)	10,327	2,399	(1,645)	11,081
Unallocated corporate income				486
Unallocated corporate expenses				(19,021)
Finance costs				(11,394)
Loss before tax				(18,848)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	30 June 2014 *HK$'000* **(Unaudited)**	31 December 2013 *HK$'000* (Audited)
Segment assets		
Tea products	**288,484**	266,941
Molybdenum	**342,093**	339,139
iTV	**2,196**	3,933
Unallocated assets	**123,375**	131,587
Total segment assets	**756,148**	741,600
Segment liabilities		
Tea products	**167,739**	139,287
Molybdenum	**540,149**	535,755
iTV	**368**	421
Unallocated liabilities	**62,599**	58,117
Total segment liabilities	**770,855**	733,580

Other segment information

For the six months ended 30 June 2014

	Tea Products *HK$'000* (Unaudited)	Molybdenum *HK$'000* (Unaudited)	iTV *HK$'000* (Unaudited)	Sub-total *HK$'000* (Unaudited)	Unallocated *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets excluding financial instruments	**2,917**	**1,236**	**—**	**4,153**	**—**	**4,153**
Depreciation of property, plant and equipment	**2,620**	**3,176**	**93**	**5,889**	**251**	**6,140**
Amortisation of prepaid lease payments	**617**	**72**	**—**	**689**	**—**	**689**
Amortisation of other intangible assets	**185**	**468**	**—**	**653**	**—**	**653**
Loss on disposal of property, plant and equipment	**—**	**171**	**—**	**171**	**2**	**173**
Reversal of impairment loss recognised in respect of trade and other receivables	**(3,269)**	**—**	**—**	**(3,269)**	**—**	**(3,269)**
Impairment loss recognised in respect of trade and other receivables	**2,667**	**—**	**—**	**2,667**	**—**	**2,667**
Impairment loss recognised in respect of inventories	**22**	**—**	**—**	**22**	**—**	**22**
Written-off of trade and other receivables	**2,297**	**—**	**—**	**2,297**	**—**	**2,297**
Impairment loss recognised in respect of other intangible assets	**1,563**	**—**	**—**	**1,563**	**—**	**1,563**
Gain on changes in fair value less costs to sell for biological assets	**(4)**	**—**	**—**	**(4)**	**—**	**(4)**

For the six months ended 30 June 2013

	Tea Products *HK$'000* (Unaudited)	Molybdenum *HK$'000* (Unaudited)	iTV *HK$'000* (Unaudited)	Sub-total *HK$'000* (Unaudited)	Unallocated *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets excluding financial instruments	10,976	19,661	—	30,637	15	30,652
Depreciation of property, plant and equipment	4,112	2,245	204	6,561	278	6,839
Amortisation of prepaid lease payments	607	71	—	678	—	678
Amortisation of other intangible assets	450	—	—	450	—	450
(Gain) loss on disposal of property, plant and equipment	(9)	211	(1)	201	—	201
Reversal of impairment loss recognised in respect of trade and other receivables	(1,866)	—	—	(1,866)	—	(1,866)
Impairment loss recognised in respect of trade and other receivables	1,097	—	—	1,097	—	1,097
Gain on changes in fair value less costs to sell for biological assets	(2,061)	—	—	(2,061)	—	(2,061)

4. FINANCE COSTS

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Imputed interest expenses on long-term payables and provisions	**4,444**	3,934
Interest expenses on bank and other borrowings wholly repayable within five years	**4,494**	3,291
Effective interest expenses on non-redeemable convertible preference shares	**4,202**	4,169
	13,140	11,394

5. INCOME TAX EXPENSES

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax:		
PRC Enterprise Income Tax	—	2,448
Deferred tax:		
Current period	—	(397)
	—	2,051

No provision for Hong Kong Profits Tax has been provided for both periods as the Group had no assessable profit arising in Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 2008 onwards.

6. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging (crediting):

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Directors' and chief executives' remuneration	**4,616**	4,313
Other staff's salaries, bonus and allowances	**14,371**	9,559
Other staff's contribution to retirement benefits schemes	**549**	1,009
Share-based payments expenses	**—**	212
Total staff costs	**19,536**	15,093
Auditor's remuneration — non-audit service	**510**	520
Amortisation of prepaid lease payments	**689**	678
Amortisation of other intangible assets	**653**	450
Costs of inventories recognised as an expense	**57,481**	40,484
Depreciation of property, plant and equipment	**6,140**	6,839
Government grants	**(3,177)**	(603)
Loss on disposal of property, plant and equipment	**173**	201
Interest income	**(2,873)**	(3,803)
Reversal of impairment loss recognised in respect of trade and other receivables	**(3,269)**	(1,866)
Impairment loss recognised in respect of inventories	**22**	—
Impairment loss recognised in respect of trade and other receivables	**2,667**	1,097
Written-off of trade and other receivables	**2,297**	—
Gain on changes in fair value less costs to sell for biological assets	**(4)**	(2,061)
Impairment loss recognised in respected of other intangible assets	**1,563**	—

7. DIVIDENDS

No dividends were paid, declared or proposed during the interim period, nor has any dividend been proposed since the end of the reporting period (for the six months ended 30 June 2013: Nil).

8. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share *(Note)*	**(18,769)**	(19,094)

	Six months ended 30 June	
	2014	2013
	'000	*'000*
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share *(Note)*	**9,138,782**	9,138,782

Note:

For the six months ended 30 June 2014 and 30 June 2013, diluted loss per share was not presented as the assumed exercise of share options and non-redeemable convertible preference shares during both periods has an anti-dilutive effect.

9. TRADE AND OTHER RECEIVABLES

	30 June 2014	31 December 2013
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**47,798**	49,888
Less: Allowance for doubtful debts	**(14,639)**	(13,851)
	33,159	36,037
Other receivables	**77,618**	78,114
Less: Allowance for doubtful debts	**(54,798)**	(60,271)
	22,820	17,843
Bill receivables	**12,563**	13,887
Deposits and prepayments	**21,119**	12,206
Advance to suppliers *(Note (a))*	**58,604**	59,143
	92,286	85,236
Total trade and other receivables	**148,265**	139,116
Analysed for reporting purposes as:		
— Current assets	**144,489**	135,311
— Non-current assets included in other non-current financial assets *(Note (b))*	**3,776**	3,805
	148,265	139,116

Notes:

(a) The amount represented advance payments to several suppliers for sourcing of goods from them. Out of which, amounting to approximately HK$50,352,000 (for the year ended 31 December 2013: approximately HK$50,732,000) represented the sourcing of teas from several suppliers which the goods will be delivered on or before May 2015. Prior to the delivery of teas to the Group, these suppliers will pay an interest at the rate of 11.152% (for the year ended 31 December 2013: 11.152%) on the outstanding balances to the Group. During the period ended 30 June 2014, interest income from these suppliers of approximately HK$2,346,000 (equivalents to RMB1,859,000) (for the year ended 31 December 2013: HK$5,583,000 (equivalent to RMB4,402,000)) were recognised by the Group as other income in the condensed consolidated statement of profit or loss and other comprehensive income.

(b) Included in the Group's other receivables, an amount of approximately HK$7,552,000 (equivalent to RMB6,000,000) represented the proceeds from the disposal of certain plant and equipment of the Group during the year ended 31 December 2013. Pursuant to the asset disposal agreement, an amount of approximately HK$3,776,000 will be settled in September 2014 and the remaining amount of approximately HK$3,776,000 will be settled in September 2015. Accordingly, an amount of approximately HK$3,776,000 was reclassified as other non-current financial assets in the condensed consolidated statement of financial position at 30 June 2014 (31 December 2013: HK$3,805,000).

The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the delivery date, which approximated the revenue recognition date, at the end of the reporting period:

	30 June 2014 *HK$'000* **(Unaudited)**	31 December 2013 *HK$'000* (Audited)
0 — 30 days	**5,472**	3,621
31 — 60 days	**902**	2,289
61 — 90 days	**1,071**	1,417
Over 90 days	**25,714**	28,710
	33,159	36,037

10. TRADE AND OTHER PAYABLES

	30 June 2014 *HK$'000* **(Unaudited)**	31 December 2013 *HK$'000* (Audited)
Trade payables	**35,292**	15,151
Mining right payables *(Note)*	**117,301**	118,186
Other payables and accruals	**172,738**	180,511
	325,331	313,848
Analysed for reporting purposes as:		
— Current liabilities	**303,921**	271,787
— Non-current liabilities (classified as "other long-term payables")	**21,410**	42,061
	325,331	313,848

Note: Mining right payables

	30 June 2014 *HK$'000* **(Unaudited)**	31 December 2013 *HK$'000* (Audited)
Analysed for reporting purposes as:		
— Current liabilities	**95,891**	76,125
— Non-current liabilities (classified as "other long-term payables")	**21,410**	42,061
	117,301	118,186

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	30 June 2014 *HK$'000* **(Unaudited)**	31 December 2013 *HK$'000* (Audited)
0 — 90 days	**27,073**	6,473
91 — 180 days	**1,838**	4,169
181 — 365 days	**2,014**	660
Over 1 year	**4,367**	3,849
	35,292	15,151

EXTRACT OF INDEPENDENT AUDITOR'S REVIEW REPORT

The following is an extract of the independent Auditor's Report on Review of Condensed Consolidated Financial Statements of the Group for the six months ended 30 June 2014:

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

EMPHASIS OF MATTERS

Without qualifying our opinion, we draw attention to Note 1(b) to the condensed consolidated financial statements, which indicates that as at 30 June 2014, the Group had incurred loss of approximately HK$19,617,000 for the six months ended 30 June 2014 and, as of that date, the Group's current liabilities exceeds its current assets by approximately HK$45,787,000 and the Group had net liabilities of approximately HK$14,707,000. These conditions along with other matters set forth in Note 1(b) to the condensed consolidated financial statements indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The Group's ability to continue as a going concern is highly dependent on the ongoing availability of finance to the Group, including from the substantial shareholder of the Company. The condensed consolidated financial statements do not include any adjustments that may be necessary should the Group fail to finance its future working capital and financial requirements. We consider that adequate disclosures have been made.

MANAGEMENT DISCUSSION AND ANALYSIS

Results Review

For the six months ended 30 June 2014, China Mining Resources Group Limited (the "Company") together with its subsidiaries (the "Group") recorded a consolidated revenue of HK$107,188,000 (six months ended 30 June 2013: HK$90,046,000) and gross profit of HK$48,143,000 (six months ended 30 June 2013: HK$49,562,000), representing an increase of 19% and a decrease of 3% respectively as compared with the corresponding period in 2013. The increase in revenue in the first half of 2014 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"), partially offset by a moderate 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$18,769,000 (six months ended 30 June 2013: HK$19,094,000).

The Group's earnings before interest, taxes, depreciation and amortisation ("EBITDA") was HK$1,988,000 for the six months ended 30 June 2014 (six months ended 30 June 2013: loss before interest, tax, depreciation and amortisation ("LBITDA") of HK$256,000).

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$51,415,000 (six months ended 30 June 2013: HK$23,511,000) and HK$7,503,000 (six months ended 30 June 2013: HK$2,399,000) to the Group's revenue and profit respectively for the six months ended 30 June 2014. Mining business revenue for the six months ended 30 June 2014 increased by 119% to HK$51,415,000 compared to corresponding period in the previous financial year. The increase was mainly attributable to the significant increase in sales volume of overseas ferro molybdenum sales during the six months ended 30 June 2014. The sales volume of ferro molybdenum increased from 190 tonnes for the six months ended 30 June 2013 to 459 tonnes for the six months ended 30 June 2014 which was mainly attributable from the 300 tonnes overseas sales, whereas there was no overseas sales in the corresponding period of 2013. The average selling price of ferro molybdenum fell to around HK$112,016 per tonne during the six months ended 30 June 2014 (six months ended 30 June 2013: HK$123,750 per tonne). The cost of sales of Harbin Songjiang Group for the six months ended 30 June 2014 was HK$29,748,000 (six months ended 30 June 2013: HK$8,888,000) and the gross profit margin was 42% (six months ended 30 June 2013: 62%). The decrease of the gross profit margin was mainly caused by the decrease of selling price of ferro molybdenum during the six months ended 30 June 2014.

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$55,773,000 (six months ended 30 June 2013: HK$66,534,000) and HK$2,372,000 (six months ended 30 June 2013: profit of HK$10,327,000) to the Group's revenue and loss respectively for the six months ended 30 June 2014. For the six months ended 30 June 2014, King Gold Group generated revenue of HK$55,773,000. This represented a decrease of HK$10,761,000 or 16% in revenue when compared with the revenue of HK$66,534,000 generated in the first half of 2013. Decrease in revenue was mainly attributable to the effects of slowdown of the economic development in the PRC and various austerity measures implemented by the PRC government which had affected the general spending sentiment and confidence of customer market in the PRC during the first half of 2014. The cost of sales of King Gold Group decreased from HK$31,596,000 for the six months ended 30 June 2013 to HK$29,297,000 for the six months ended 30 June 2014. The average gross profit margin for the current period was 47%, representing a decrease of 6% as compared with 53% of average gross profit margin in the first half of 2013.

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 providing 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 in the 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$Nil (six months ended 30 June 2013: HK$1,000) and HK$1,731,000 (six months ended 30 June 2013: HK$1,645,000) to the Group's revenue and loss respectively for the six months ended 30 June 2014.

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 2014. The investment portfolio of the Group, including available-for-sale investments, recorded appreciation during the first half of 2014. The net increase in fair value of the investment portfolio during the six months ended 30 June 2014 was HK$1,752,000 (six months ended 30 June 2013: HK$6,860,000) and was recorded in the change of investment revaluation reserve.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2014, the Group had total assets and net liabilities of HK$756,148,000 (31 December 2013: HK$741,600,000) and HK$14,707,000 (31 December 2013: net assets of HK$8,020,000), respectively. The current ratio was 0.91, as compared to 0.95 as of year ended 31 December 2013.

As at 30 June 2014, the Group had bank balances and cash, of HK$131,531,000 (31 December 2013: HK$118,555,000), of which most were denominated in Renminbi, Canadian dollar and Hong Kong dollar.

As at 30 June 2014, the Group had (i) bank borrowings of HK$128,398,000 (31 December 2013: HK$107,806,000) which were denominated in Renminbi and interest-bearing at floating rates with reference to the prevailing borrowing rate quoted by the People's Bank of China and (ii) other loans of HK$6,659,000 (31 December 2013: HK$6,710,000), which were denominated in Renminbi, of which HK$1,259,000 was interest-free and HK$5,400,000 was interest-bearing at 2.55% per annum. The gearing ratio, as a ratio of total borrowings to shareholders' fund was negative of 79.6% due to the Company's negative equity position (31 December 2013: 76.9%).

As at 30 June 2014, the Group has pledged a building and a prepaid lease payment with carrying values of approximately HK$20,487,000 (31 December 2013: HK$21,442,000) and HK$25,555,000 (31 December 2013: HK$19,938,000) respectively to secure general banking facilities grant to the Group.

Foreign Exchange Risk Management

As part of the Group's assets and liabilities are denominated in Hong Kong dollar and Canadian dollar, in order to minimize the foreign currency risk, the Group aims to utilise the fund for transactions that are denominated in the same currency.

Share Capital

As at 30 June 2014, the Company had 9,138,782,211 ordinary shares and 3,776,190,000 non-redeemable convertible preference shares in issue with total shareholders' fund of the Group amounting to approximately HK$1,291,497,000.

Contingent Liabilities

The Group has no material contingent liabilities as at 30 June 2014 (31 December 2013: Nil).

As disclosed in the announcement of the Company dated 8 November 2011, the Company has received a writ of summons issued by the High Court of Hong Kong Special Administrative Region on 8 November 2011 (the "Writ") pursuant to which Mr. Lin Min and Fujian Yuansheng Foods Industry Co. Ltd. ("Fujian Yuansheng") (named as the plaintiffs in the writ) alleged that, amongst other things, the Company and 27 other co-defendants and/or certain PRC government officials had acted in conspiracy in obtaining ownership and control of certain assets of the plaintiffs and they were claiming for, amongst other things, damages from all 28 defendants jointly and severally in the total amount of RMB1,589,000,000.

As announced by the Company on 8 November 2011 and 26 March 2010, the Company has not obtained any interests in Fujian Yuanshen and is seeking legal advice in response to the Writ, in the opinion of the directors, the possible of an outflow of resources embodying economic benefit is remote.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

There were no material acquisitions or disposals of subsidiaries and associated companies during the six months ended 30 June 2014.

Employees and Remuneration Policies

As at 30 June 2014, the Group had approximately 10 and 778 employees in Hong Kong and Mainland China respectively.

The staff cost of the Group (including directors' remuneration in form of salary and other benefits, share-based payments, performance related incentive payments and retirement benefit contributions) was approximately HK$19,536,000 for the six months ended 30 June 2014 (six months ended 30 June 2013: HK$15,093,000). There was a share-based payment of HK$212,000 arising from granting of share options to the directors of the Company during the six months ended 30 June 2013 and nil for the six months ended 30 June 2014.

Directors' remuneration were fixed with reference to their duties and responsibilities with the Company as well as the Company's remuneration policy.

Employees of the Group are remunerated at a competitive level and are rewarded according to their performance. Our Group's remuneration packages include medical scheme, group insurance, mandatory provident fund for Hong Kong employees, social insurance packages for Mainland China employees, performance bonus and share option scheme.

According to the share option scheme adopted by the Company on 25 May 2012, share options may be granted to directors, employees and other eligible participants of the Group to subscribe for shares in the Company in accordance with the terms and conditions stipulated therein.

Prospects

The international and domestic market of molybdenum remain at a low level with narrow fluctuations in the first half of 2014 as the market price of the molybdenum products continued to hover at a low level and the risks and pressure remained in this industry. Despite the adverse conditions of the complicated ferro molybdenum market, the Group is implementing cost reduction, and is enhancing the production efficiency, to well prepare itself to grasp the opportunities that will come with the recovery of the market.

Due to the slowdown of economic development in the PRC and the various austerity measures implemented by the PRC government, there is a declining trend of spending on luxury products and business gifts in the PRC's domestic market, as the market condition for our tea business has remained difficult in the first half 2014. During the reporting period, notwithstanding adverse conditions of the tea market, the management of the Group still put great effort to overcome the difficulties, and adopted a series of market promotion to expand the customer base and promote the "Wuyi star" and "Wuyi" brands in the PRC market. Looking ahead, the future operating environment of tea industry in the PRC is still expected to face significant challenge and uncertainties. The Group will continue to strengthen the existing tea products under "Wuyi star" and "Wuyi" brands, develop and launch new and exclusive tea products, focus on the promotion and expansion of the existing distribution networks in terms of number of stores and coverage, and explore new sales platforms and channels to broaden its customer base.

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.

Looking forward to the second half of 2014, we will continue to adhere to our established business strategy of strengthening the internal management process, implementing the cost effective strategies, improving capital utilization, optimizing the resource allocation and product mix, so that to enhance the Group's operational efficiency. 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.

CORPORATE GOVERNANCE

The Company is committed to comply with its established best practice in corporate governance and is acting in line with those practices as set out in the annual report of the Company for the financial year ended 31 December 2013. The Board believes that good corporate governance is crucial to enhance the performance of the Group and to safeguard the interests of the shareholders of the Company.

Compliance with The Corporate Governance Code of the Listing Rules

The Company has complied with the code provisions ("Code Provision(s)") of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") during the six months ended 30 June 2014, except for certain deviations as specified and explained below with considered reasons for such deviations.

1. Under Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same person.

   Since the resignation of Dr. You Xian Sheng as the chairman and the executive director of the Company ("Director") on 31 January 2014, the Company has not appointed a new chairman of the Board (the "Chairman"). Until the appointment of the new Chairman, the Board collectively focuses on the overall strategic planning and development of the Group and effective functioning of the Board.

Since the resignation of Mr. Chen Shou Wu as the chief executive officer of the Company (the "CEO") and the executive Director on 1 March 2014, the Company has not appointed a new CEO. Until the appointment of the new CEO, the executive Directors, possessing extensive relevant industry knowledge, collectively oversee the day-to-day management of the business and operations of the Group.

The Board believes that this arrangement still enables the Company to make and implement decisions promptly, and thus achieve the Company's objectives efficiently and effectively in response to the changing environment.

The Board will review the current situation from time to time and shall make necessary arrangements when the Board considers appropriate.

2. Under Code Provision E.1.2 of the CG Code, the Chairman should attend the annual general meeting. Since the new Chairman has not been appointed following the resignation of Dr. You Xian Sheng as the Chairman on 31 January 2014, Mr. Wang Hui, the executive Director, has been elected by other Directors present to act as the chairman of the annual general meeting of the Company held on 30 May 2014 in accordance with the Bye-laws of the Company.

3. Following the resignation of Mr. Lin Xiang Min as an independent non-executive Director on 31 January 2014, the Company has not complied with the requirements of the Listing Rules as follows:

    a. Rule 3.10(1) of the Listing Rules (i.e. having at least three independent non-executive directors); and

    b. Rule 3.21 of the Listing Rules (i.e. the audit committee must comprise a minimum of three members).

    Subsequent to the appointment of Mr. Ngai Sai Chuen as an independent non-executive Director on 1 March 2014, the above rules have been duly complied with.

Compliance with The Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. Upon specific enquiries, all Directors confirmed they had complied with the required standard set out in the Model Code during the six months ended 30 June 2014.

Audit Committee

The Audit Committee comprises three independent non-executive Directors. They are responsible for ensuring the quality and integrity of internal control, conducting review of the Group's accounting principles and practices, risk management and the Group's interim and annual accounts.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its securities during the six months ended 30 June 2014. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities during the six months ended 30 June 2014.

AUDIT COMMITTEE

The Audit Committee and management have reviewed the accounting principles and policies adopted by the Group and the unaudited interim financial statements for the six months ended 30 June 2014.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2014.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published in the Company's website (www.chinaminingresources.com) and the designated website of the Stock Exchange (www.hkexnews.hk). The interim report will be available on the websites of the Company and the Stock Exchange in due course.

By Order of the Board
China Mining Resources Group Limited
Wang Hui
Executive Director

Hong Kong, 26 August 2014

As at the date of this announcement, the board of directors of the Company comprises Mr. Wang Hui and Mr. Fang Yi Quan as executive Directors, Mr. Chong Cha Hwa, Mr. Chu Kang Nam and Mr. Ngai Sai Chuen as independent non-executive Directors.