

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2015**

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 2015, with the comparative figures in 2014, as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME**

For the six months ended 30 June 2015

| | <i>Notes</i> | Six months ended 30 June 2015 HK\$'000 (Unaudited) | 2014 HK\$'000 (Unaudited) (Restated) |
|---|--------------|---|---|
| Continuing operation | | | |
| Revenue | 3 | 60,839 | 55,773 |
| Cost of sales | | <u>(34,843)</u> | <u>(29,296)</u> |
| Gross profit | | 25,996 | 26,477 |
| Other income | | 4,456 | 5,827 |
| Other gains and losses | | (4,192) | 156 |
| Selling and distribution expenses | | (19,199) | (21,202) |
| Administrative expenses | | (24,129) | (24,076) |
| Finance costs | 4 | (5,056) | (7,299) |
| Impairment loss recognised in respect of available-for-sale investments | | <u>(3,974)</u> | <u>—</u> |
| Loss before tax | | (26,098) | (20,117) |
| Income tax expense | 5 | <u>—</u> | <u>—</u> |
| Loss for the period from continuing operation | 6 | (26,098) | (20,117) |
| Discontinued operations | | | |
| (Loss) profit for the period from discontinued operations | 7 | <u>(255)</u> | <u>500</u> |
| Loss for the period | | <u>(26,353)</u> | <u>(19,617)</u> |

* For identification purpose only

| | Six months ended 30 June | |
|---|---------------------------------|------------------------|
| | 2015 | 2014 |
| <i>Notes</i> | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| | | (Restated) |
| Other comprehensive (expense) income | | |
| Items that will not be reclassified to profit or loss: | | |
| Actuarial loss on defined benefit pension plans | — | (4,387) |
| Items that may be subsequently reclassified to profit or loss: | | |
| Exchange differences arising on translation of financial statements of foreign operations | 414 | (475) |
| Fair value (loss) gain on available-for-sale investments, net | <u>(2,691)</u> | <u>1,752</u> |
| | <u>(2,277)</u> | <u>1,277</u> |
| Other comprehensive expense for the period, net of income tax | <u>(2,277)</u> | <u>(3,110)</u> |
| Total comprehensive expense for the period | <u>(28,630)</u> | <u>(22,727)</u> |
| (Loss) profit for the period attributable to: | | |
| Owners of the Company | | |
| — from continuing operation | (24,997) | (18,809) |
| — from discontinued operations | <u>(180)</u> | <u>40</u> |
| | <u>(25,177)</u> | <u>(18,769)</u> |
| Non-controlling interests | | |
| — from continuing operation | (1,101) | (1,308) |
| — from discontinued operations | <u>(75)</u> | <u>460</u> |
| | <u>(1,176)</u> | <u>(848)</u> |
| Loss for the period | <u>(26,353)</u> | <u>(19,617)</u> |
| Total comprehensive expense for the period attributable to: | | |
| Owners of the Company | (27,539) | (20,716) |
| Non-controlling interests | <u>(1,091)</u> | <u>(2,011)</u> |
| | <u>(28,630)</u> | <u>(22,727)</u> |
| Loss per share: | 9 | |
| From continuing and discontinued operations | | |
| Basic (HK cents) | <u>(0.22) cents</u> | <u>(0.21) cents</u> |
| Diluted (HK cents) | <u>(0.22) cents</u> | <u>(0.21) cents</u> |
| From continuing operation | | |
| Basic (HK cents) | <u>(0.22) cents</u> | <u>(0.21) cents</u> |
| Diluted (HK cents) | <u>(0.22) cents</u> | <u>(0.21) cents</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

| | | 30 June | 31 December |
|---|--------------|------------------------|------------------------|
| | | 2015 | 2014 |
| | <i>Notes</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | | (Unaudited) | (Audited) |
| Non-current Assets | | | |
| Property, plant and equipment | | 23,245 | 19,572 |
| Prepaid lease payments | | | |
| — non-current portion | | 25,300 | 25,945 |
| Goodwill | | — | — |
| Other intangible assets | | 11,666 | 11,484 |
| Biological assets | | 12,235 | 11,745 |
| Available-for-sale investments | | 9,420 | 20,537 |
| Deposit paid for acquisition of subsidiaries | <i>10</i> | 90,000 | — |
| | | 171,866 | 89,283 |
| Current Assets | | | |
| Inventories | | 114,984 | 106,789 |
| Trade and other receivables | <i>11</i> | 90,827 | 87,527 |
| Prepaid lease payments | | 352 | 348 |
| Short-term loan and loan interest receivables | | — | — |
| Bank balances and cash | | 95,576 | 214,170 |
| | | 301,739 | 408,834 |
| Current Liabilities | | | |
| Trade and other payables | <i>12</i> | 67,474 | 63,440 |
| Tax liabilities | | 16,070 | 16,065 |
| Bank borrowings | | 90,883 | 90,770 |
| | | 174,427 | 170,275 |
| Net Current Assets | | 127,312 | 238,559 |
| Total Assets less Current Liabilities | | 299,178 | 327,842 |

| | 30 June 2015 HK\$'000 (Unaudited) | 31 December 2014 HK\$'000 (Audited) |
|--|--|--|
| Non-current Liabilities | | |
| Deferred income | 1,880 | 1,914 |
| Non-redeemable convertible preference shares | — | 53,619 |
| | <u>1,880</u> | <u>55,533</u> |
| Net Assets | <u>297,298</u> | <u>272,309</u> |
| Capital and Reserves | | |
| Share capital | 1,291,497 | 913,878 |
| Share premium and reserves | <u>(1,003,152)</u> | <u>(651,613)</u> |
| Equity attributable to owners of the Company | 288,345 | 262,265 |
| Non-controlling interests | <u>8,953</u> | <u>10,044</u> |
| Total Equity | <u>297,298</u> | <u>272,309</u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

1. BASIS OF PREPARATION

The condensed consolidated financial statements of China Mining Resources Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2015 have been prepared in accordance with the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2014 except as described below.

In the current interim period, the Group has applied, for the first time, the following new standards, amendments and interpretation (“new HKFRS”) which are effective for the Group’s financial year beginning 1 January 2015.

| | |
|---|---|
| Amendments to HKAS 19 (2011) Defined Benefits Plans: Employee Contributions | |
| Annual Improvements Project | Annual Improvements to HKFRSs 2010-2012 Cycle |
| Annual Improvements Project | Annual Improvements to HKFRSs 2011-2013 Cycle |

The application of the above new and revised HKFRSs in the current interim period has had no material effect on the Group’s financial performance and positions for the current and prior years and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

Information reported to the board of directors (the “Board”), being the chief operation decision maker, for the purposes of resource allocation and assessment of segment performance focuses on the 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 Board have been aggregated in arriving at the reporting segments of the Group.

Specifically, the Group’s reportable and operating segment under HKFRS 8 is as follows:

Tea products — production and sales of tea

Two reportable and operating segments (mining, processing and sales of molybdenum (the “Molybdenum”) and online video broadcasting (the “iTV”)) were discontinued during the year ended 31 December 2014. Therefore, the Group has only one operating and reportable segment, represented the production and sales of tea, for the six months ended 30 June 2015 and the year ended 31 December 2014. Since this is the only operating and reportable segment of the Group, no further analysis of i) segment results for the six months ended 30 June 2015 and 2014; and ii) segment assets and liabilities as at 30 June 2015 and 31 December 2014 thereof are presented. All the revenue of the Group are generated from production and sales of tea for the six months ended 30 June 2015.

4. FINANCE COSTS

| | Six months ended 30 June | |
|--|---------------------------------|-----------------|
| | 2015 | 2014 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Unaudited) | (Unaudited) |
| | | (Restated) |
| Continuing operation | | |
| Interest on bank borrowings wholly repayable within five years | 3,044 | 3,097 |
| Interest on non-redeemable convertible preference shares | 2,012 | 4,202 |
| | <u>5,056</u> | <u>7,299</u> |

5. INCOME TAX EXPENSE

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. No provision for PRC Enterprise Income Tax has been provided for both periods as the Group had no assessable profit arising in the PRC.

No provision for profits tax have been provided for as no assessable profits were generated in other jurisdictions.

6. LOSS FOR THE PERIOD FROM CONTINUING OPERATION

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

| | Six months ended 30 June | |
|--|---------------------------------|--------------------|
| | 2015 | 2014 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| | | (Restated) |
| Directors' and chief executives' remuneration | 1,734 | 3,689 |
| Other staff's salaries, bonus and allowances | 8,844 | 7,320 |
| Other staff's contribution to retirement benefits schemes | 570 | 549 |
| | <hr/> | <hr/> |
| Total staff costs | 11,148 | 11,558 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Auditor's remuneration | | |
| — audit service | 460 | — |
| — non-audit service | 350 | 510 |
| Amortisation of prepaid lease payments | 721 | 617 |
| Amortisation of other intangible assets | 161 | 185 |
| Costs of inventories recognised as an expense | 34,510 | 28,867 |
| Depreciation of property, plant and equipment | 2,379 | 2,871 |
| Government grants | (230) | (2,901) |
| (Gain) loss on disposal of property, plant and equipment | (4) | 2 |
| Loss on written-off of property, plant and equipment | 6 | — |
| Interest income | (4,160) | (2,783) |
| Reversal of impairment loss recognised in respect of trade and other receivables | (718) | (3,269) |
| Impairment loss recognised in respect of inventories | — | 22 |
| Impairment loss recognised in respect of trade and other receivables | 5,030 | 2,667 |
| Written-off of trade and other receivables | 84 | 2,297 |
| Gain on changes in fair value less costs-to-sell for biological assets | (967) | (4) |
| Impairment loss recognised in respect of other intangible assets | — | 1,563 |
| | <hr/> <hr/> | <hr/> <hr/> |

7. DISCONTINUED OPERATIONS

Disposal of molybdenum operation

Pursuant to the Company's circular dated 22 September 2014, the Company entered into a disposal agreement on 3 September 2014 with a purchaser (the "Purchaser"), an independent third party, in respect of the disposal of the 75.08% equity interests in Harbin Songjiang Copper (Group) Company Limited* and its subsidiaries (collectively referred to as the "Disposed Subsidiaries") at a consideration of approximately HK\$113,854,000 (equivalent to RMB90,096,000). The principal activities of the Disposed Subsidiaries are engaged in the mining, processing and sales of molybdenum, which represents the molybdenum segment of the Group. The disposal was effected in order to generate cash flows for the Group of which the Group intends to apply in future investment opportunities, including opportunities in the mining sector or other profitable investments opportunities, and the discontinuity of the molybdenum segment is consistent with the Group's long-term policy to focus its activities on the tea and other business which has a higher profit margin or better operating prospects. The disposal was completed on 31 October 2014, on which date the control of the molybdenum operations passed to the Purchaser.

Cease of the iTV business

On 27 November 2014, the directors of the Company (the "Directors") announced a plan to cease the Group's iTV business. The cessation of iTV business is consistent with the Group's long-term policy to redirect its resources to the tea and other businesses of the Group.

The combined results of the discontinued operations (i.e. Molybdenum and iTV business) included in the (loss) profit for the period are set out below. The comparative (loss) profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current period:

| | Six months ended 30 June | |
|---|--------------------------|-------------|
| | 2015 | 2014 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| (Loss) profit for the period from discontinued operations | <u>(255)</u> | <u>500</u> |
| | Six months ended 30 June | |
| | 2015 | 2014 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Attributable to: | | |
| Owners of the Company | (180) | 40 |
| Non-controlling interests | <u>(75)</u> | <u>460</u> |
| | <u>(255)</u> | <u>500</u> |

* For identification purpose only

The results of the discontinued operations (i.e. Molybdenum and iTV business) included in the (loss) profit for the period are set out below:

For the six months ended 30 June 2015

iTV
HK\$'000
(Unaudited)

Loss for the period from discontinued operation

| | |
|---|---------------------|
| Revenue | — |
| Administrative expenses | (180) |
| Impairment loss recognised in respect of property, plant and equipment | <u>(75)</u> |
| Loss before tax | (255) |
| Income tax expense | <u>—</u> |
| Loss for the period from discontinued operation | <u><u>(255)</u></u> |
| Net cash outflows from operating activities | (125) |
| Net cash inflows from financing activities | <u>13</u> |
| Net cash outflows | <u><u>(112)</u></u> |

For the six months ended 30 June 2014

| | Molybdenum <i>HK\$'000</i> | iTV <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|--|-------------------------------|------------------------|--------------------------|
| <i>Profit (loss) for the period from discontinued operations</i> | | | |
| Revenue | 51,415 | — | 51,415 |
| Cost of sale | (29,748) | — | (29,748) |
| Other income | 539 | 4 | 543 |
| Other gains and losses | 649 | — | 649 |
| Selling and distribution expenses | (1,473) | — | (1,473) |
| Administrative expenses | (13,144) | (1,730) | (14,874) |
| Loss on disposal of property, plant and equipment | (171) | — | (171) |
| Finance cost | (5,841) | — | (5,841) |
| | <hr/> | <hr/> | <hr/> |
| Profit (loss) before tax | 2,226 | (1,726) | 500 |
| Income tax expense | — | — | — |
| | <hr/> | <hr/> | <hr/> |
| Profit (loss) for the period from discontinued operations | <u>2,226</u> | <u>(1,726)</u> | <u>500</u> |
| Net cash inflows (outflows) from operating activities | 10,323 | (1,519) | 8,804 |
| Net cash outflows from investing activities | (1,320) | — | (1,320) |
| Net cash (outflows) inflows from financing activities | (1,916) | 64 | (1,852) |
| | <hr/> | <hr/> | <hr/> |
| Net cash inflows (outflows) | <u>7,087</u> | <u>(1,455)</u> | <u>5,632</u> |

8. DIVIDENDS

No dividends were paid 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 2014: Nil).

9. LOSS PER SHARE

From continuing and discontinued operations

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

| | Six months ended 30 June | |
|---|--|--|
| | 2015 <i>HK\$'000</i> (Unaudited) | 2014 <i>HK\$'000</i> (Unaudited) |
| Loss for the period attributable to owners of the Company for the purpose of basic loss per share | (25,177) | (18,769) |
| Effect of dilutive potential ordinary shares: | | |
| Interest on non-redeemable convertible preference shares (<i>Note</i>) | <u>N/A</u> | <u>—</u> |
| Loss for the period attributable to the owners of the Company for the purpose of diluted loss per share | <u>(25,177)</u> | <u>(18,769)</u> |
| | | |
| | Number of shares | |
| | Six months ended 30 June | |
| | 2015 <i>'000</i> | 2014 <i>'000</i> |
| Weighted average number of ordinary shares for the purpose of basic loss per share | 11,248,990 | 9,138,782 |
| Effect of dilutive potential ordinary shares: | | |
| Non-redeemable convertible preference shares (<i>Note</i>) | <u>N/A</u> | <u>—</u> |
| Share options issued by the Company (<i>Note</i>) | <u>N/A</u> | <u>—</u> |
| Weighted average number of ordinary shares for the purpose of diluted loss per share | <u>11,248,990</u> | <u>9,138,782</u> |

Note: The computation of diluted earnings per share for the six months ended 30 June 2014 do not assume the conversion of the Company's outstanding share options and non-redeemable convertible preference shares since their exercise would result in decrease in loss per share.

All share options have been cancelled during the year ended 31 December 2014 and all non-redeemable convertible preference shares have been converted during the six months ended 30 June 2015.

From continuing operation

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

| | Six months ended 30 June | |
|--|--------------------------|---------------------------|
| | 2015 | 2014 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) (Restated) |
| Loss figures are calculated as follows: | | |
| Loss for the period attributable to owners of the Company | (25,177) | (18,769) |
| Less: loss (profit) for the period from discontinued operations | <u>180</u> | <u>(40)</u> |
| Loss for the purpose of basic loss per share from continuing operation | (24,997) | (18,809) |
| Effect of dilutive potential ordinary shares: | | |
| Interest on non-redeemable convertible preference shares (<i>Note</i>) | <u>N/A</u> | <u>—</u> |
| Loss for the purpose of diluted loss per share from continuing operation | <u>(24,997)</u> | <u>(18,809)</u> |

The denominators used are the same as those detailed above for both basic and diluted loss per share.

Note: The computation of diluted loss per share for the six months ended 30 June 2014 does not assume the conversion of the Company's outstanding share options and non-redeemable convertible preference shares since their exercise would result in a decrease in loss per share.

All share options have been cancelled during the year ended 31 December 2014 and all non-redeemable convertible preference shares have been converted during the six months ended 30 June 2015.

From discontinued operations

Basic and diluted loss per share for the discontinued operations is HK0.0016 cents per share (for the six months ended 30 June 2014: earnings of HK0.0004 cents per share), based on the loss for the period of approximately HK\$180,000 (for the six months ended 30 June 2014: earnings for the period of approximately HK\$40,000) from the discontinued operations and the denominators detailed above for both basic and diluted (loss) earnings per share.

10. DEPOSIT PAID FOR ACQUISITION OF SUBSIDIARIES

| | 30 June 2015 | 31 December 2014 |
|--|-------------------------|---------------------|
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Audited) |
| Deposit paid for acquisition of subsidiaries | 90,000 | — |

As at 30 June 2015, the deposit represents deposit paid for the acquisition of entire issued share capital of One Champion International Limited (the “Acquisition”). The amount is non-interest bearing and refundable.

Pursuant to the announcement of the Company dated 27 April 2015, Combined Success Investments Limited (“Combined Success”), a wholly-owned subsidiary of the Company, has entered into a conditional sale and purchase agreement (the “Sale and Purchase Agreement”) with Forever Success Investments Limited and Supreme Success Group Limited (collectively referred to as the “Vendors”), which are independent third parties to the Group, to acquire the entire issued share capital of One Champion International Limited (“One Champion”), a company incorporated in the British Virgin Islands, at a consideration of HK\$700,000,000. One Champion is engaged in investment holding.

One Champion and its subsidiaries (collectively referred to as the “Target Group”) is in the process of completing the acquisition of 90% equity interest of Xiang Shun Mining Development Company Limited* (the “Project Company”), a company established in the PRC and principally engaged in the exploration, mining, processing, and sale of gold. Pursuant to the Sale and Purchase Agreement, completion of the Acquisition is conditional upon the completion of the acquisition of 90% equity interest of the Project Company by the Target Group.

The initial consideration of HK\$450,000,000 shall be satisfied by (i) HK\$150,000,000 by way of cash, of which HK\$90,000,000 to be paid as deposit; and (ii) HK\$300,000,000 by way of allotment and issue of 3,000,000,000 consideration shares at the issue price of HK\$0.1 per consideration share.

A further consideration of not more than HK\$250,000,000 will be payable to the Vendors if an updated valuation of the Target Group indicates more than HK\$450,000,000. The difference between the valuation and HK\$450,000,000 shall be settled by way of issue of promissory note. Details are disclosed in the Company’s announcement dated 27 April 2015.

At 30 June 2015, HK\$90,000,000 has been paid in cash as deposit (31 December 2014: Nil).

* *For identification purpose only*

11. TRADE AND OTHER RECEIVABLES

| | 30 June 2015 HK\$'000 (Unaudited) | 31 December 2014 HK\$'000 (Audited) |
|--------------------------------------|--|--|
| Trade receivables | 21,627 | 22,749 |
| Less: Allowance | <u>(14,542)</u> | <u>(10,127)</u> |
| | <u>7,085</u> | <u>12,622</u> |
| Other receivables | 17,288 | 10,801 |
| Less: Allowance | <u>(3,615)</u> | <u>(3,666)</u> |
| | <u>13,673</u> | <u>7,135</u> |
| Deposits and prepayments | 15,162 | 13,773 |
| Advance to suppliers (<i>Note</i>) | <u>54,907</u> | <u>53,997</u> |
| | <u>70,069</u> | <u>67,770</u> |
| Total trade and other receivables | <u><u>90,827</u></u> | <u><u>87,527</u></u> |

Note:

The amount represented advance payments to several suppliers for sourcing of goods from them. Out of which, amounting to approximately HK\$50,596,000 (for the year ended 31 December 2014: approximately HK\$50,428,000) represented the sourcing of teas from several suppliers which the goods shall be delivered during the year ending 31 December 2016. 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 2014: 11.152%) on the outstanding balances to the Group. During the period ended 30 June 2015, interest income from these suppliers of approximately HK\$2,795,000 (equivalent to RMB2,213,000) (for the year ended 31 December 2014: HK\$5,626,000 (equivalent to RMB4,461,000)) were recognised by the Group as other income in the condensed consolidated statement of profit or loss and other comprehensive income.

The Group normally allows credit period of 90 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on date of delivery of goods, which approximates the respective recognition dates:

| | 30 June 2015 <i>HK\$'000</i> (Unaudited) | 31 December 2014 <i>HK\$'000</i> (Audited) |
|--------------|---|---|
| 0 — 30 days | 1,270 | 2,885 |
| 31 — 60 days | 1,390 | 2,491 |
| 61 — 90 days | 981 | 812 |
| Over 90 days | <u>3,444</u> | <u>6,434</u> |
| | <u>7,085</u> | <u>12,622</u> |

12. TRADE AND OTHER PAYABLES

| | 30 June 2015 <i>HK\$'000</i> (Unaudited) | 31 December 2014 <i>HK\$'000</i> (Audited) |
|-----------------------------|---|---|
| Trade payables | 30,497 | 19,159 |
| Other payables and accruals | <u>36,977</u> | <u>44,281</u> |
| | <u>67,474</u> | <u>63,440</u> |

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

| | 30 June 2015 <i>HK\$'000</i> (Unaudited) | 31 December 2014 <i>HK\$'000</i> (Audited) |
|----------------|---|---|
| 0 — 90 days | 24,264 | 11,829 |
| 91 — 180 days | 807 | 4,844 |
| 181 — 365 days | 3,425 | 651 |
| Over 1 year | <u>2,001</u> | <u>1,835</u> |
| | <u>30,497</u> | <u>19,159</u> |

13. EVENTS AFTER THE END OF THE REPORTING PERIOD

Pursuant to the Company's announcement dated 11 August 2015, Combined Success, the Vendors and the guarantors entered into a supplemental agreement to the Sales and Purchase Agreement, pursuant to which the parties agreed to amend and modify the consideration and payment terms.

The consideration shall be a fixed amount of HK\$520,000,000 and will be satisfied by (i) HK\$150,000,000 by way of cash; (ii) HK\$320,000,000 by way of allotment and issue of 3,200,000,000 consideration shares at the issue price of HK\$0.1 per consideration share; and (iii) HK\$50,000,000 by way of issue promissory notes by the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS REVIEW

For the six months ended 30 June 2015, China Mining Resources Group Limited (the "Company") together with its subsidiaries (the "Group") recorded a consolidated revenue of HK\$60,839,000 (six months ended 30 June 2014: HK\$55,773,000) and gross profit of HK\$25,996,000 (six months ended 30 June 2014: HK\$26,477,000) from continuing operation, representing an increase of 9% and a decrease of 2% respectively as compared with the corresponding period in 2014. The increase in revenue in the first half of 2015 was mainly attributable to a moderate increase 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\$25,177,000 (six months ended 30 June 2014: HK\$18,769,000).

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\$60,839,000 (six months ended 30 June 2014: HK\$55,773,000) and HK\$5,396,000 (six months ended 30 June 2014: HK\$2,372,000) to the Group's revenue and loss respectively for the six months ended 30 June 2015. This represented an increase of HK\$5,066,000 or 9% in revenue when compared with the revenue of HK\$55,773,000 generated in the corresponding period in 2014. Increase in revenue was mainly attributable to the strategy of production and selling of suitable tea products according to the consumers' preference and market demand which in turn stabilize the revenue, despite of the overall economics slowdown in the PRC during the first half of 2015. The cost of sales of King Gold Group increased from HK\$29,296,000 for the six months ended 30 June 2014 to HK\$34,843,000 for the six months ended 30 June 2015. The average gross profit margin for the current period was 43%, representing a slightly decrease of 4% as compared with 47% of average gross profit margin in the corresponding period in 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 2015. The investment portfolio of the Group, including available-for-sale investments, recorded a depreciation during the first half of 2015. The net decrease in fair value of the investment portfolio during the six months ended 30 June 2015 was HK\$6,665,000 (six months ended 30 June 2014: net increase of HK\$1,752,000).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2015, the Group had total assets and net assets of HK\$473,605,000 (31 December 2014: HK\$498,117,000) and HK\$297,298,000 (31 December 2014: HK\$272,309,000), respectively. The current ratio was 1.7, as compared to 2.4 as of year ended 31 December 2014.

As at 30 June 2015, the Group had bank balances and cash, of HK\$95,576,000 (31 December 2014: HK\$214,170,000), of which most were denominated in Renminbi and Hong Kong dollar.

As at 30 June 2015, the Group had bank borrowings of HK\$90,883,000 (31 December 2014: HK\$90,770,000) which were denominated in Renminbi and interest-bearing at fixed rates with reference to the prevailing borrowing rate quoted by the People's Bank of China. The gearing ratio, as a ratio of total borrowings to shareholders' fund was 31.5% (31 December 2014: 34.6%).

As at 30 June 2015, the Group has pledged certain buildings, certain prepaid lease payments and a forest use right with carrying values of approximately HK\$10,819,000 (31 December 2014: HK\$11,100,000), HK\$16,942,000 (31 December 2014: HK\$17,124,000) and HK\$7,247,000 (31 December 2014: HK\$7,384,000) 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

On 5 March 2015, the Company received a conversion notice from Ms Ho Ping Tanya ("Ms Ho") for converting 3,300,000,000 non-redeemable convertible preference shares of the Company held by Ms Ho into ordinary shares of HK\$0.1 each in the ordinary share capital of the Company, the ordinary shares were allotted and issued to Ms Ho on 10 March 2015.

On 5 June 2015, the Company received a conversion notice from Double Joy Enterprise Limited (“Double Joy”) for converting 476,190,000 non-redeemable convertible preference shares of the Company held by Double Joy into ordinary shares of HK\$0.1 each in the ordinary share capital of the Company, the ordinary shares were allotted and issued to Double Joy on 12 June 2015.

As at 30 June 2015, the Company had 12,914,972,211 ordinary shares in issue with a 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 2015 (31 December 2014: 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 Yuansheng 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 2015.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2015, the Group had approximately 10 and 335 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\$11,148,000 for the six months ended 30 June 2015 (six months ended 30 June 2014: HK\$19,536,000).

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

Despite the global economics and that in Mainland China continued facing uncertainties in the first half of year 2015, our tea business still recorded a moderate increase in revenue. The management of the Group has actively adopted a series of market promotion to expand the customer base, explore additional distribution channels for its products 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 expected to face significant challenge and uncertainties. For the second half of year 2015, the Group would further put great effort in optimize its distribution channel for its tea products; optimize the network of self-owned tea stores and franchised tea stores in order to increase the tea market share and penetrate into potential tea markets; develop and launch new and exclusive tea products to meet the constantly changing consumers' preferences and broaden the customer base; and at the same time ensure stability and growth of the tea business.

Since the disposal of the Group's interest in molybdenum mining business in end of year 2014, the Group has been actively exploring possible new investment projects to maximize the value of the shares of its shareholders. As disclosed in the announcement of the Company dated 27 April 2015 and 11 August 2015, a wholly-owned subsidiary of the Company has entered into an agreement dated 23 April 2015 and a supplemental agreement dated 11 August 2015 with certain vendors and guarantors, to acquire an effective 90% interest in 潼關縣祥順礦業發展有限公司 (Tongguan Xiang Shun Mining Development Company Limited) (“Xiang Shun Mining”). Xiang Shun Mining is principally engaged in the exploration, mining, processing and sale of gold and related products. The directors of the Company consider that the acquisition represents a strategic opportunity to expand its business to the gold mining industry in the PRC to broaden the Group's income base and diversify its investments.

Looking ahead, we would continue to explore possible investment opportunities in order 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 2014. 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 2015, 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 Mr. Wang Hui, the executive Director, as the new CEO on 29 January 2015, 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 29 May 2015 in accordance with the Bye-laws of the Company.

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 2015.

Audit Committee

The Audit Committee of the Company 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 2015. 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 2015.

REVIEW OF INTERIM RESULTS

The Audit Committee of the Company and management have reviewed the accounting principles and policies adopted by the Group and the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2015.

In addition, the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2015 have been reviewed by the Company’s external auditors, ZHONGLEI (HK) CPA Company Limited, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015.

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 and Chief Executive Officer

Hong Kong, 26 August 2015

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