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 2016

The board of directors (the "Board") of China Mining Resources Group Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2016, with the comparative figures for the corresponding period in 2015, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	Notes	Six months ended 30 June **2016** ***HK$'000*** **(Unaudited)**	2015 *HK$'000* (Unaudited) (Restated)
Continuing operation			
Revenue	*3*	**48,478**	60,839
Cost of sales		**(26,682)**	(35,121)
Gross profit		**21,796**	25,718
Other income		**6,959**	4,456
Other gains and losses		**573**	(4,643)
Selling and distribution expenses		**(17,446)**	(19,199)
Administrative expenses		**(17,820)**	(24,129)
Finance costs	*4*	**(2,302)**	(5,056)
Impairment loss recognised in respect of available-for-sale investments		**—**	(3,974)
Loss before tax		**(8,240)**	(26,827)
Income tax expense	*5*	**—**	—
Loss for the period from continuing operation		**(8,240)**	(26,827)
Discontinued operation	*6*		
Loss for the period from discontinued operation		**—**	(255)
Loss for the period	*7*	**(8,240)**	(27,082)

* *For identification purpose only*

	Notes	Six months ended 30 June **2016** ***HK$'000*** **(Unaudited)**	 2015 *HK$'000* (Unaudited) (Restated)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**(1,653)**	414
Net fair value gain (loss) on available-for-sale investments		**7,537**	(2,691)
Other comprehensive income for the period, net of income tax		**5,884**	(2,277)
Total comprehensive income for the period		**(2,356)**	(29,359)
Loss for the period attributable to:			
Owners of the Company			
— from continuing operation		**(7,895)**	(25,580)
— from discontinued operation		**—**	(180)
		(7,895)	(25,760)
Non-controlling interests			
— from continuing operation		**(345)**	(1,247)
— from discontinued operation		**—**	(75)
		(345)	(1,322)
Loss for the period		**(8,240)**	(27,082)
Total comprehensive income for the period attributable to:			
Owners of the Company		**(1,812)**	(28,122)
Non-controlling interests		**(544)**	(1,237)
		(2,356)	(29,359)
Loss per share	*9*		
From continuing and discontinued operation			
Basic and diluted		**HK(0.05) cents**	HK(0.23) cents
From continuing operation			
Basic and diluted		**HK(0.05) cents**	HK(0.23) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

	Notes	**30 June 2016 HK$'000 (Unaudited)**	31 December 2015 HK$'000 (Audited) (Restated)	1 January 2015 HK$'000 (Audited) (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		**16,117**	10,716	31,317
Prepaid lease payments — non-current portion		**14,757**	15,313	25,945
Goodwill		**—**	—	—
Other intangible assets		**5,871**	6,153	11,484
Available-for-sale investments		**151,542**	143,951	20,537
Loan and loan interest receivables		**200,933**	—	—
		389,220	176,133	89,283
CURRENT ASSETS				
Inventories		**98,223**	96,278	106,789
Trade and other receivables	*10*	**69,643**	79,012	87,527
Prepaid lease payments		**441**	450	348
Bank balances and cash		**228,449**	447,570	214,170
		396,756	623,310	408,834
CURRENT LIABILITIES				
Trade and other payables	*11*	**62,870**	70,226	63,440
Bank borrowings		**43,199**	51,150	90,770
Tax liabilities		**15,977**	16,001	16,065
		122,046	137,377	170,275
NET CURRENT ASSETS		**274,710**	485,933	238,559
TOTAL ASSETS LESS CURRENT LIABILITIES		**663,930**	662,066	327,842

	30 June 2016 HK$'000 (Unaudited)	31 December 2015 HK$'000 (Audited) (Restated)	1 January 2015 HK$'000 (Audited) (Restated)
NON-CURRENT LIABILITIES			
Bank borrowings	**38,528**	34,617	—
Deferred income	**2,982**	2,673	1,914
Non-redeemable convertible preference shares	—	—	53,619
	41,510	37,290	55,533
NET ASSETS	**622,420**	624,776	272,309
CAPITAL AND RESERVES			
Share capital	**169,150**	1,691,497	913,878
Share premium and reserves	**454,908**	(1,065,627)	(651,613)
Equity attributable to owners of the Company	**624,058**	625,870	262,265
Non-controlling interests	**(1,638)**	(1,094)	10,044
TOTAL EQUITY	**622,420**	624,776	272,309

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

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 2016 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "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").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value, 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 2016 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015.

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

HKFRS 14	Regulatory Deferral Accounts
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Annual Improvements Project	Annual Improvements to HKFRSs 2012-2014 Cycle

Amendments to HKAS 16 and HKAS 41 *Agriculture: Bearer Plants*

The Group has applied the amendments to HKAS 16 and HKAS 41 *Agriculture: Bearer Plants* for the first time in the current interim period. The amendments to HKAS 16 *Property, Plant and Equipment* and HKAS 41 *Agriculture* define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with HKAS 16, instead of HKAS 41. The produce growing on bearer plants continues to be accounted for in accordance with HKAS 41.

In prior periods, the bearer plants, including the produce growing on the bearer plants, are measured at fair value less costs-to-sell at initial recognition and at the end of each reporting period, with any change therein recognised in profit or loss in accordance with HKAS 41. Following the adoption of the Amendments to HKAS 16 and HKAS 41 *Agriculture: Bearer Plants*, the Group's tea plantation, which meets the definition of bearer plants, is measured using cost model set out in HKAS 16 and stated at cost less accumulated depreciation and accumulated impairment losses, if any. The produce growing on the bearer plants continues to be accounted for in accordance with HKAS 41. This change in accounting policy has been applied retrospectively.

Summary of the effect of the above changes in accounting policy

The effects of the changes in the Group's accounting policy described above on the results for the preceding interim period by line items presented in the condensed consolidated statement of profit or loss or other comprehensive income is as follows:

Impact on loss and total comprehensive income for the preceding interim period

	Six months ended 30 June 2015 *HK$'000* (Unaudited)
Decrease in changes in fair value of biological assets less costs-to-sell included in other gains and losses	(451)
Increase in depreciation of property, plant and equipment included in cost of sales	(278)
Net increase in loss and total comprehensive income for the preceding interim period	(729)

Increase in loss and total comprehensive income for the preceding interim period attributable to:

	Six months ended 30 June 2015 *HK$'000* (Unaudited)
Owners of the Company	(583)
Non-controlling interests	(146)
	(729)

The effects of the changes in the Group's accounting policy described above on the financial positions of the Group as at the end of the immediately preceding financial year, i.e. 31 December 2015, is as follows:

	As at 31 December 2015 (Originally stated) HK$'000	Adjustments *HK$'000*	As at 31 December 2015 (Restated) *HK$'000*
Property, plant and equipment	119	10,597	10,716
Biological assets	9,603	(9,603)	—
Total effects on net assets	9,722	994	10,716
Accumulated losses	(4,674,959)	827	(4,674,132)
Translation reserve	48,957	(32)	48,925
Non-controlling interests	(1,293)	199	(1,094)
Total effects on equity	(4,627,295)	994	(4,626,301)

The effects of the changes in the Group's accounting policy described above on the financial positions of the Group as at the beginning of the comparative period, i.e. 1 January 2015, is as follows:

	As at 1 January 2015 (Originally stated) *HK$'000*	Adjustments *HK$'000*	As at 1 January 2015 (Restated) *HK$'000*
Property, plant and equipment	19,572	11,745	31,317
Biological assets	11,745	(11,745)	—
Total effects on net assets	31,317	—	31,317

Impact on basic loss per share on continuing and discontinued operations

	Six months ended 30 June 2015 *HK cents* (Unaudited)
Basic loss per share before adjustments	(0.22)
Adjustments arising from change in accounting policy in relation to:	
— Amendments to HKAS 16 and HKAS 41 *Agriculture: Bearer Plants*	(0.01)
Reported basic loss per share	(0.23)

Impact on diluted loss per share on continuing and discontinued operations

	Six months ended 30 June 2015 *HK cents* (Unaudited)
Diluted loss per share before adjustments	(0.22)
Adjustments arising from change in accounting policy in relation to:	
— Amendments to HKAS 16 and HKAS 41 *Agriculture: Bearer Plants*	(0.01)
Reported diluted loss per share	(0.23)

Other than the above, the application of the amendments to HKFRSs 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 board of directors of the Company (the "Board"), being the chief operating 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 only reportable and operating segment under HKFRS 8 is as follows:

Tea products — production and sales of tea

The Group has only one reportable and operating segment, represented the tea products segment, for the six months ended 30 June 2016 and the year ended 31 December 2015. Since this is the only reportable and operating segment of the Group, no further analysis thereof is presented. All the revenue of the Group are generated from the tea products segment for the six months ended 30 June 2016 and 2015.

4. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Continuing operation		
Interest on bank borrowings	**2,302**	3,044
Interest on non-redeemable convertible preference shares	**—**	2,012
	2,302	5,056

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 from continuing operation.

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 has had no assessable profit arising in the PRC from continuing operation.

6. DISCONTINUED OPERATION

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 results of the discontinued operation included in the loss for the six months ended 30 June 2015 are set out below.

	HK$'000 (Unaudited)
Loss for the period from discontinued operation	(255)

	HK$'000 (Unaudited)
Attributable to:	
Owners of the Company	(180)
Non-controlling interests	(75)
	(255)

	HK$'000 (Unaudited)
Revenue	—
Administrative expenses	(180)
Impairment loss recognised in respect of property, plant and equipment	(75)
Loss before tax	(255)
Income tax expense	—
Loss for the period from discontinued operation	(255)

	HK$'000 (Unaudited)
Net cash outflows from operating activities	(125)
Net cash inflows from financing activities	13
Net cash outflows	(112)

7. LOSS FOR THE PERIOD — CONTINUING OPERATION

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

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Directors' and chief executives' remuneration (including contribution to retirement benefit schemes)	**1,731**	1,734
Other staff's salaries, bonus and allowances	**8,547**	8,844
Other staff's contribution to retirement benefits schemes	**725**	570
Total staff costs	**11,003**	11,148
Amortisation of prepaid lease payments	**222**	721
Amortisation of other intangible assets	**149**	161
Costs of inventories recognised as an expense	**26,327**	34,788
Depreciation of property, plant and equipment	**281**	2,657
Government grants	**(745)**	(230)
Gain on disposal of property, plant and equipment	**(24)**	(4)
Loss on written-off of property, plant and equipment	**—**	6
Interest income	**(5,559)**	(4,160)
Reversal of impairment loss recognised in respect of trade and other receivables	**(372)**	(718)
Impairment loss recognised in respect of trade and other receivables	**1,062**	5,030
Written-off of trade and other receivables	**—**	84
Gain on changes in fair value less costs-to-sell for biological assets	**(513)**	(516)

8. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The Directors have determined no dividend will be paid in respect of the interim period.

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	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Loss for the purpose of basic loss per share:		
Loss for the period attributable to owners of the Company	**(7,895)**	(25,760)
Effect of dilutive potential ordinary shares:		
Interest on non-redeemable convertible preference shares *(Note)*	**N/A**	N/A
Loss for the purpose of diluted loss per share	**(7,895)**	(25,760)

	Number of shares	
	Six months ended 30 June	
	2016	2015
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic loss per share	**16,914,972**	11,248,990
Effect of dilutive potential ordinary shares:		
Non-redeemable convertible preference shares *(Note)*	**N/A**	N/A
Weighted average number of ordinary shares for the purpose of diluted loss per share	**16,914,972**	11,248,990

Note: All non-redeemable convertible preference shares had 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	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Loss figures are calculated as follows:		
Loss for the period attributable to owners of the Company	**(7,895)**	(25,760)
Less: loss for the period from discontinued operation	**—**	180
Loss for the purpose of calculating basic loss per share from continuing operation	**(7,895)**	(25,580)
Effect of dilutive potential ordinary shares:		
Interest on non-redeemable convertible preference shares *(Note)*	**N/A**	N/A
Loss for the purpose of calculating diluted loss per share from continuing operation	**(7,895)**	(25,580)

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

Note: All non-redeemable convertible preference shares have been converted during the six months ended 30 June 2015.

From discontinued operation

Basic and diluted loss per share for the discontinued operation is HK0.0016 cents per share for the six months ended 30 June 2015, based on the loss for the period of approximately HK$180,000 for the six months ended 30 June 2015 from the discontinued operation and the denominators detailed above for both basic and diluted loss per share.

10. TRADE AND OTHER RECEIVABLES

	30 June 2016 *HK$'000* **(Unaudited)**	31 December 2015 *HK$'000* (Audited)
Trade receivables *(Note (a))*	**18,476**	23,617
Less: Allowance	**(12,714)**	(12,051)
	5,762	11,566
Other receivables	**6,910**	10,305
Less: Allowance	**(2,965)**	(3,280)
	3,945	7,025
Deposits and prepayments	**10,133**	9,670
Advance to suppliers *(Note (b))*	**49,803**	50,751
	59,936	60,421
Total trade and other receivables	**69,643**	79,012

Notes:

(a) Trade receivables

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 revenue recognition dates:

	30 June 2016 *HK$'000* **(Unaudited)**	31 December 2015 *HK$'000* (Audited)
0 — 30 days	**1,920**	6,518
31 — 60 days	**1,368**	899
61 — 90 days	**381**	1,178
Over 90 days	**2,093**	2,971
	5,762	11,566

(b) Advance to suppliers

The amount represented advance payments to two suppliers for sourcing of goods from them. Out of which, amounting to approximately HK$46,701,000 (equivalent to RMB40,000,000) (for the year ended 31 December 2015: approximately HK$47,748,000 (equivalent to RMB40,000,000)) represented the sourcing of teas from two suppliers which the goods shall be delivered before May 2017. Prior to the delivery of teas to the Group, these suppliers will pay an interest at the rate of 11.152% per annum (for the year ended 31 December 2015: 11.152% per annum) on the outstanding balances to the Group. During the six months ended 30 June 2016, interest income from these suppliers of approximately HK$3,260,000 (equivalent to RMB2,769,000) (for the year ended 31 December 2015: HK$5,336,000 (equivalent to RMB4,294,000)) were recognised by the Group as other income in the condensed consolidated statement of profit or loss and other comprehensive income.

11. TRADE AND OTHER PAYABLES

	30 June 2016 *HK$'000* **(Unaudited)**	31 December 2015 *HK$'000* (Audited)
Trade payables	**24,905**	17,945
Other payables and accruals	**37,965**	52,281
	62,870	70,226

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

	30 June 2016 *HK$'000* **(Unaudited)**	31 December 2015 *HK$'000* (Audited)
0 — 90 days	**19,094**	6,475
91 — 180 days	**3,746**	8,203
181 — 365 days	**1,863**	1,037
Over 1 year	**202**	2,230
	24,905	17,945

12. EVENT AFTER THE REPORTING PERIOD

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 International Limited at a consideration of HK$438,000,000, which shall be settled by a combination of cash consideration of HK$80,000,000 and the issue of 4,475,000,000 consideration shares by the Company at the issue price of HK$0.08 each (the "Transaction"). The details of the Transaction were set out in the Company's announcement dated 4 August 2016. The Transaction is yet to be completed up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS REVIEW

For the six months ended 30 June 2016, China Mining Resources Group Limited (the "Company") together with its subsidiaries (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.

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 for capital gain and dividend income during the six months ended 30 June 2016. The investment portfolio of the Group, including available-for-sale investments, recorded an appreciation during the first half of 2016 as benefited from the appreciation of both the market price and favourable changes on exchange rate of Canadian dollar. The net increase in fair value of the investment portfolio during the six months ended 30 June 2016 was HK$7,537,000 (six months ended 30 June 2015: net decrease of HK$6,665,000).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2016, the Group had total assets and net assets of HK$785,976,000 (31 December 2015: HK$799,443,000) and HK$622,420,000 (31 December 2015: HK$624,776,000), respectively. The current ratio was 3.25, as compared to 4.54 as of year ended 31 December 2015.

As at 30 June 2016, the Group had bank balances and cash, of HK$228,449,000 (31 December 2015: HK$447,570,000), of which most were denominated in Renminbi and Hong Kong dollar.

As at 30 June 2016, the Group had bank borrowings of HK$81,727,000 (31 December 2015: HK$85,767,000) 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 13.1% (31 December 2015: 13.7%).

As at 30 June 2016, the Group has pledged certain buildings, certain prepaid lease payments and a forest use right with carrying values of approximately HK$Nil (31 December 2015: HK$Nil), HK$15,198,000 (31 December 2015: HK$15,763,000) and HK$5,871,000 (31 December 2015: HK$6,153,000) 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 minimise the foreign currency risk, the Group aims to utilise the fund for transactions that are denominated in the same currency.

SHARE CAPITAL

On 19 February 2016, the Company completed the capital reorganisation ("Capital Reorganisation") as described in the circular of the Company dated 25 January 2016. The Capital Reorganisation involved the following:

(1) the entire amount standing to the credit of the share premium account of the Company will be cancelled and the credit arising from such cancellation will be transferred to the contributed surplus account, the amount standing to the credit of the contributed surplus account will be applied to set off the accumulated losses of the Company; and

(2) the Company's issued share capital was reduced by cancelling the paid-up capital to the extent of HK$0.09 on each of the issued shares (the "Capital Reduction"), every authorised but unissued share (including those arising from the Capital Reduction) will be subdivided into 10 new shares with a par value of HK$0.01 each and every authorised but unissued preference share will be subdivided into 10 new preference shares with a par value of HK$0.01 each.

Details of the Capital Reorganisation had been disclosed in the Company's announcements dated 8 January 2016 and 18 February 2016 and the Company's circular dated 25 January 2016.

As at 30 June 2016, the Company had 16,914,972,211 ordinary shares in issue with a total shareholders' fund of the Group amounting to approximately HK$169,150,000.

CONTINGENT LIABILITIES

The Group has no material contingent liabilities as at 30 June 2016 (31 December 2015: 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 2016.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2016, the Group had approximately 8 and 356 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$11,003,000 for the six months ended 30 June 2016 (six months ended 30 June 2015: HK$11,148,000).

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.

REVIEW ON PROVISION OF FINANCIAL ASSISTANCE AND ADVANCES TO AN ENTITY

On 22 January 2016 and 13 April 2016, the Company granted loans of HK$100,000,000 and HK$99,000,000 respectively at interest rate of 3% per annum for a term of 24 months from the drawdown date to One Champion (the "First Loan" and the "Second Loan"). Forever Success Investments Limited ("Forever Success") has executed share mortgage agreements in favour of the Company to pledge 20% and 23% respectively of the total issued share capital of One Champion held by Forever Success to the Company as securities in connection with the First Loan and the Second Loan. The First Loan was drawn on 25 January 2016 and the Second Loan was drawn on 13 April 2016. Details of the First Loan and the Second Loan were disclosed in the announcements of the Company dated 22 January 2016 and 13 April 2016. The First Loan and the Second Loan remain outstanding as at 30 June 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.

Going forward, the Group will continue to explore possible new investment opportunities including opportunities in the mining sector as well as other opportunities with business potential that are in line with the Group's long-term development strategy to diversify the Group's business streams, thereby to further expand the Group's source of revenue and improve its profitability so as to enhance the long-term benefits of the Company and its shareholders as a whole.

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 2015. 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 2016, 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 individual.

   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. Wang Hui as the chief executive officer of the Company (the "CEO") on 1 June 2016, 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. Yeung Kwok Kuen, 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 27 May 2016 in accordance with the Bye-laws of the Company.

3. Under Code Provision F.1.3 of the CG Code, the company secretary should report to the board chairman and/or the chief executive officer. Since the new Chairman has not been appointed following the resignation of Dr. You Xian Sheng as the Chairman on 31 January 2014 and the new CEO has not been appointed following the resignation of Mr. Wang Hui as the CEO on 1 June 2016, the company secretary of the Company reported to the executive Directors since 1 June 2016.

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 2016.

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 LISTED SHARES

The Company has not redeemed any of its securities during the six months ended 30 June 2016. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the six months ended 30 June 2016.

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 2016.

In addition, the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2016 have been reviewed by the Company's external auditors, Asian Alliance (HK) CPA 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 2016.

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
Yeung Kwok Kuen
Executive Director

Hong Kong, 29 August 2016

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.