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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 2009**

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 2009, with the comparative figures in 2008, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	Notes	Six months ended 30 June	
		2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
Continuing operations			
Revenue		65,728	274,613
Cost of sales		(31,409)	(143,438)
Gross profit		34,319	131,175
Other income		99,205	16,917
Distribution and selling expenses		(3,664)	(3,020)
Administrative expenses		(60,422)	(106,437)
Finance costs	4	(8,990)	(13,197)
Impairment losses on property, plant and equipment and prepaid lease payments		(55,408)	(34,348)
Impairment losses on intangible assets, exploration and evaluation assets		(12,318)	(828,733)
Loss before tax		(7,278)	(837,643)
Income tax expense	5	(8,660)	(31,864)
Loss for the period from continuing operations	7	(15,938)	(869,507)
Discontinued operation			
Loss for the period from discontinued operation	6	—	(414)
Loss for the period		(15,938)	(869,921)

* For identification purpose only

		Six months ended 30 June	
		2009	2008
	<i>Notes</i>	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Other comprehensive (expense) income			
Exchange differences arising on translation		(259)	305,793
Fair value loss on available-for-sale financial assets		(1,506)	(1,159)
		<u>(1,765)</u>	<u>304,634</u>
Other comprehensive (expense) income for the period		<u>(1,765)</u>	<u>304,634</u>
Total comprehensive expense for the period		<u>(17,703)</u>	<u>(565,287)</u>
Profit (loss) for the period attributable to:			
Owners of the Company		8,286	(465,239)
Minority interests		(24,224)	(404,682)
		<u>(15,938)</u>	<u>(869,921)</u>
Total comprehensive income (expense) attributable to:			
Owners of the Company		6,739	(261,668)
Minority interests		(24,442)	(303,619)
		<u>(17,703)</u>	<u>(565,287)</u>
Earnings (loss) per share			
From continuing and discontinued operations	9		
Basic		<u>HK0.14 cents</u>	<u>(HK7.72 cents)</u>
Diluted		<u>HK0.13 cents</u>	<u>(HK7.72 cents)</u>
Earnings (loss) per share			
From continuing operations			
Basic		<u>HK0.14 cents</u>	<u>(HK7.71 cents)</u>
Diluted		<u>HK0.13 cents</u>	<u>(HK7.71 cents)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2009

	<i>Notes</i>	30 June 2009 HK\$'000 (unaudited)	31 December 2008 HK\$'000 (audited)
Non-current Assets			
Property, plant and equipment		217,135	218,441
Prepaid lease payments		48,315	71,951
Exploration and evaluation assets		—	11,229
Goodwill		511,381	—
Intangible assets		625,484	546,777
Interests in jointly controlled entities		—	—
Available-for-sale investments		35,812	72,121
Deposit for acquisition of subsidiaries		—	100,000
Deposit for acquisition of property, plant and equipment		5,059	—
Other receivables		—	968
		<u>1,443,186</u>	<u>1,021,487</u>
Current Assets			
Inventories		247,209	209,050
Trade and other receivables	<i>10</i>	131,942	126,644
Prepaid lease payments		1,026	2,120
Held-for-trading investments		71,638	590
Bank balances and cash		574,578	1,000,408
		<u>1,026,393</u>	<u>1,338,812</u>
Assets held for sale		45,817	—
		<u>1,072,210</u>	<u>1,338,812</u>
Current Liabilities			
Amounts due to jointly controlled entities		476	758
Amounts due to minority shareholders		150,636	150,636
Trade and other payables	<i>11</i>	277,916	358,895
Tax liabilities		33,539	100,536
Bank borrowings		147,628	136,428
Other borrowings		1,716	1,137
Provisions		18,387	20,363
		<u>630,298</u>	<u>768,753</u>
Net Current Assets		<u>441,912</u>	<u>570,059</u>
Total Assets less Current Liabilities		<u><u>1,885,098</u></u>	<u><u>1,591,546</u></u>

	30 June 2009	31 December 2008
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Capital and Reserves		
Issued capital	613,078	602,665
Share premium and reserves	710,155	529,615
	<hr/>	<hr/>
Equity attributable to owners of the Company	1,323,233	1,132,280
Minority interests	139,771	125,315
	<hr/>	<hr/>
Total Equity	1,463,004	1,257,595
	<hr/>	<hr/>
Non-current Liabilities		
Deferred tax liabilities	68,857	42,077
Bank borrowings	34,068	34,107
Other borrowings	4,872	4,877
Deferred income	68,705	46,644
Other long term payables	125,127	85,642
Provisions	120,465	120,604
	<hr/>	<hr/>
	422,094	333,951
	<hr/>	<hr/>
	1,885,098	1,591,546
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

1. BASIS OF PREPARATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s financial statements for the year ended 31 December 2008. In addition, the following accounting policy has been adopted by the Group for the first time:

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations (“new or revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Group’s financial year beginning on 1 January 2009.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Non-current assets classified as held for sale are measured at the lower of the assets’ previous carrying amount and fair value less estimated costs to sell.

HKFRS 8 “Operating Segments”

(effective for annual periods beginning on or after 1 January 2009)

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The application of HKFRS 8 has not resulted in a redesignation of the Group’s reportable segments as compared with the primary reportable segments determined in accordance with the predecessor standard, HKAS 14 “Segment Reporting” (see note 3).

HKAS 1 (revised 2007) “Presentation of Financial Statements”

(effective for annual periods beginning on or after 1 January 2009)

HKAS 1 (revised 2007) has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (revised 2007) has had no impact on the reported results or financial position of the Group.

The Group has not early applied any new and revised standards, amendments or interpretations that have been issued but are not yet effective. The adoption of HKFRS 3 (Revised in 2008) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1 January 2010. HKAS 27 (Revised in 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company (the "Directors") anticipate that the application of the new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. In contrast, the predecessor standard (HKAS 14, Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss. In the current period, a new reportable segment, Tea, is presented under HKFRS 8 which represents the business engaged in cultivating and sales of tea which the Group was acquired in April 2009 and becoming a new business to the Group in current period.

The Group's reportable segments under HKFRS 8 are as follows:

Continuing operations

1. Molybdenum — mining, processing and sale of molybdenum
2. Copper and zinc — mining, processing and sales of copper and zinc
3. Others — mining, processing and sales of other minerals such as rutile, silicon and iron
4. Tea products — cultivating and sales of tea (a new division for the six months ended 30 June 2009)

Discontinued operation

Cord blood — processing and storage of cord blood

The Group was involved in the processing and storage of cord blood, which was reported as a separate segment under HKAS 14 in previous year. That operation was discontinued with effect from 21 November 2008 (Note 6).

The following is an analysis of the Group's revenue and results by operating segment for the period under review:

Six months ended 30 June 2009

	Continuing operations				Sub-total <i>HK\$'000</i>	Discontinued operation	Total <i>HK\$'000</i>
	Molybdenum <i>HK\$'000</i>	Copper and zinc <i>HK\$'000</i>	Tea products <i>HK\$'000</i>	Others <i>HK\$'000</i>		Cord blood <i>HK\$'000</i>	
REVENUE							
Segment revenue — external sales	<u>29,352</u>	<u>7,047</u>	<u>29,227</u>	<u>102</u>	<u>65,728</u>	—	<u>65,728</u>
RESULT							
Segment result	<u>2,090</u>	<u>(769)</u>	<u>18,700</u>	<u>(14,834)</u>	<u>5,187</u>	—	<u>5,187</u>
Unallocated corporate income					86,892	—	86,892
Unallocated corporate expenses					(90,367)	—	(90,367)
Finance costs					(8,990)	—	(8,990)
Loss before tax					<u>(7,278)</u>	—	<u>(7,278)</u>

Six months ended 30 June 2008

	Continuing operations				Sub-total <i>HK\$'000</i>	Discontinued operation	Total <i>HK\$'000</i>
	Molybdenum <i>HK\$'000</i>	Copper and zinc <i>HK\$'000</i>	Others <i>HK\$'000</i>			Cord blood <i>HK\$'000</i>	
REVENUE							
Segment revenue — external sales	<u>216,892</u>	<u>51,164</u>	<u>6,557</u>		<u>274,613</u>	<u>12,416</u>	<u>287,029</u>
RESULT							
Segment result	<u>99,960</u>	<u>(4,482)</u>	<u>31,819</u>		127,297	(348)	126,949
Unallocated corporate income					12,168	—	12,168
Unallocated corporate expenses					(963,911)	—	(963,911)
Finance costs					(13,197)	—	(13,197)
Loss before tax					<u>(837,643)</u>	<u>(348)</u>	<u>(837,991)</u>

Segment profit represents the profit earned by each segment without allocation of gain on fair value of held-for-trading investments, gain on disposal of available-for-sale investments, impairment losses on property, plant and equipment, prepaid lease payments, intangible assets and exploration and evaluation assets, interest income and finance costs. This is the measure reported to management for the purposes of resource allocation and performance assessment.

4. FINANCE COSTS

Six months ended 30 June
2009 **2008**
HK\$'000 *HK\$'000*
(unaudited) **(unaudited)**

Continuing operations:

Interest on bank and other borrowings wholly repayable within five years	5,071	8,157
Imputed interest on long term payable and provisions	3,919	5,040
	8,990	13,197
	8,990	13,197

5. INCOME TAX EXPENSE

Six months ended 30 June
2009 **2008**
HK\$'000 *HK\$'000*
(unaudited) **(unaudited)**

Continuing operations:

Current tax:

People's Republic of China (the "PRC") Enterprise Income Tax	1,895	71,019
	1,895	71,019

Deferred taxation:

Current period	6,765	(39,157)
Attributable to a change in tax rate	—	2
	8,660	31,864

Discontinued operation:

Deferred taxation:

Hong Kong	—	53
Attributable to change in tax rate	—	13
	—	66

Income tax expense relating to continuing and discontinued operations	8,660	31,930
	8,660	31,930

No provision for Hong Kong Profits Tax has been made in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2009 as the Group had no assessable profit arising in Hong Kong.

For the PRC Enterprise Income Tax, the relevant tax rates for the Group's subsidiaries in the PRC is 25% for both periods.

6. DISCONTINUED OPERATION

On 21 November 2008, the Group entered into a sale agreement to dispose of a subsidiary, Cell Therapy Technologies Center Limited (“CTTC”), which was engaged in the Group’s processing and storage of cord blood operation. The disposal was effected in order to generate cash flows for the expansion of the Group’s other businesses. The disposal was completed on 21 November 2008, on which date control of CTTC was passed to the acquirer.

The results of the processing and storage of cord blood operations for the period from 1 January 2008 to 30 June 2008, which have been included in the condensed consolidated statement of comprehensive income, were as follows:

	Six months ended 30 June 2008 <i>HK\$'000</i>
Revenue	12,416
Cost of sales	<u>(5,125)</u>
Gross profit	7,291
Other income	135
Selling and distribution expenses	(3,298)
Administrative expenses	<u>(4,476)</u>
Loss before tax	(348)
Income tax expense	<u>(66)</u>
Loss for the period	<u><u>(414)</u></u>

7. LOSS FOR THE PERIOD

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

	Continuing operations		Discontinued operation		Consolidated	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2009	2008	2009	2008	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Depreciation on property, plant and equipment	9,586	12,754	—	598	9,586	13,352
Amortisation of prepaid lease payments	844	3,250	—	—	844	3,250
Amortisation of intangible assets	40	53,437	—	—	40	53,437
Net foreign exchange (gain) loss	(3,798)	1,522	—	—	(3,798)	1,522
Impairment losses recognised in respect of						
— property, plant and equipment	54,859	5,098	—	—	54,859	5,098
— prepaid lease payments	549	25,035	—	—	549	25,035
— construction in progress	—	4,215	—	—	—	4,215
— exploration and evaluation assets	12,318	12,613	—	—	12,318	12,613
— intangible assets	—	816,120	—	—	—	816,120
(Reversal of) impairment loss on trade and other receivables	(1,083)	446	—	—	(1,083)	446
Government grants	(17,155)	(5,824)	—	—	(17,155)	(5,824)
Interest income	(1,015)	(10,075)	—	—	(1,015)	(10,075)
Gain on disposal of a subsidiary	(6,056)	—	—	—	(6,056)	—
Gain on held-for-trading investments	(16,663)	—	—	—	(16,663)	—
Gain on disposal of available-for-sale investments	(64,966)	—	—	—	(64,966)	—
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

8. DIVIDENDS

No dividends were paid, declared or proposed during the reported period. The Directors do not recommend the payment of an interim dividend.

9. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

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

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings		
Profit (loss) for the period attributable to owners of the Company for the purposes of basic and diluted earnings (loss) per share	<u>8,286</u>	<u>(465,239)</u>
Number of shares	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	6,075,248	6,026,653
Effect of dilutive potential ordinary shares:		
Issuable shares	220,112	N/A
Options	272,021	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>6,567,381</u>	<u>6,026,653</u>

From continuing operations

The calculation of the basic and diluted earnings (loss) per share for the period from continuing operations attributable to the ordinary equity holders of the Company is based on the following data:

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings		
Profit (loss) for the period attributable to equity holders of the Company	8,286	(465,239)
Less: Loss for the period from discontinued operation	<u>—</u>	<u>(414)</u>
Profit (loss) for the purposes of basic and diluted earning (loss) per share from continuing operations	<u>8,286</u>	<u>(464,825)</u>

The denominators used are the same as those detailed above for basic and diluted earnings (loss) per share from continuing and discontinued operations.

From discontinued operation

For the period ended 30 June 2008, basic loss per share from discontinued operation was HK\$0.0069 cents per share, based on the loss for the period from discontinued operation of approximately HK\$414,000 and the denominators detailed above for basic loss per share from continuing and discontinued operations.

No diluted loss per share had been presented for prior period as the exercise of the share options would result in a decrease in the loss per share.

10. TRADE AND OTHER RECEIVABLES

	30 June 2009 HK\$'000 (unaudited)	31 December 2008 HK\$'000 (audited)
Trade receivables	77,182	68,686
<i>Less: Allowance for doubtful debts</i>	<u>(4,050)</u>	<u>(4,055)</u>
	<u>73,132</u>	<u>64,631</u>
Other receivables	48,637	49,926
<i>Less: Allowance for doubtful debts</i>	<u>(13,800)</u>	<u>(14,967)</u>
	<u>34,837</u>	<u>34,959</u>
Deposits and prepayments	<u>23,973</u>	<u>27,054</u>
Total trade and other receivables	<u>131,942</u>	<u>126,644</u>

The Group normally allows credit period of 90 days to its trade customers. Other receivables are unsecured, non-interest bearing and repayable on demand.

The following is an analysis of trade receivables net of allowance for doubtful debts at the balance sheet date:

	30 June 2009 HK\$'000 (unaudited)	31 December 2008 HK\$'000 (audited)
0 — 60 days	49,443	17,847
61 — 90 days	3,736	26,179
Over 90 days	<u>19,953</u>	<u>20,605</u>
	<u>73,132</u>	<u>64,631</u>

11. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables at the balance sheet date:

	30 June 2009	31 December 2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
0 — 90 days	11,172	13,823
Over 90 days	6,865	7,668
	18,037	21,491

MANAGEMENT DISCUSSION AND ANALYSIS

Results Review

For the six months ended 30 June 2009, the Group recorded a consolidated revenue of HK\$65,728,000 (six months ended 30 June 2008: HK\$274,613,000), a decrease of 76% over the corresponding period in 2008. The decrease in revenue was mainly due to significant fall of mining business revenue generated from Harbin Songjiang Copper (Group) Company Limited (“Harbin Songjiang”) and its subsidiaries (“Harbin Songjiang Group”), partially offset by new revenue contributed by the tea business as a result of the acquisition of 80% interest in King Gold Investments Limited (“King Gold”) (the “Acquisition”) and its subsidiaries (“King Gold Group”) during the period.

The Group’s unaudited profit attributable to equity shareholders amounted to HK\$8,286,000 (six months ended 30 June 2008: loss of HK\$465,239,000). In particular, impairment losses on property, plant and equipment and prepaid lease payments of HK\$55,408,000 (attributable to equity shareholders of HK\$41,600,000) and impairment losses on intangible assets, exploration and evaluation assets of HK\$12,318,000 (attributable to equity shareholders of HK\$9,248,000) were made during the period. The impaired assets had no significant contribution to the Group’s turnover for the six months ended 30 June 2009. On exclusion of the above impairment losses, the Group’s earnings before interest, taxes, depreciation and amortisation (“EBITA”) for the six months ended 30 June 2009 was HK\$79,908,000 (six months ended 30 June 2008: HK\$108,522,000).

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 and processing of molybdenum, copper and zinc, of which molybdenum accounts for the majority of its production and earnings.

Harbin Songjiang Group contributed HK\$36,501,000 (six months ended 30 June 2008: HK\$274,613,000) and HK\$97,337,000 (six months ended 30 June 2008: HK\$48,757,000) to the Group's turnover and loss respectively for the six months ended 30 June 2009. The loss for the period was primarily due to impairment losses in aggregate of HK\$67,726,000 (six months ended 30 June 2008: HK\$63,184,000) made for assets of Harbin Songjiang Group.

Turnover

Mining business revenue for the six months ended 30 June 2009 decreased by 87% to HK\$36,501,000 compared to corresponding period in 2008. The reduction is triggered by the plunge in selling price, as evidenced from a nearly 64% drop in unit average selling price of molybdenum in the first half of year 2009 in the market. The impact of price decrease was coupled with a reduction in sales volume. In the light of the decrease in market price, management of Harbin Songjiang Group strategically slackened its selling efforts until the market price recovering. Furthermore, as stated in the annual report of the Company for the financial year ended 31 December 2008 ("2008 Annual Report"), the management of Harbin Songjiang Group has suspended the production of molybdenum mine for maintenance and improvement from December 2008, and the maintenance and improvement were precautionary measures taken in relation to the subsidence of a small area of land discovered above the hollow section of the mine on 14 December 2008. The production was resumed in August 2009, however, the management of Harbin Songjiang Group expected the production capacity of the molybdenum mine would be decreased following the land reclamation and cavity refill activities.

Revenue generated from ferro molybdenum, copper and zinc and others were HK\$29,352,000, HK\$7,047,000 and HK\$102,000 (six months ended 30 June 2008: HK\$216,892,000, HK\$51,164,000 and HK\$6,557,000), respectively. The average selling prices for ferro molybdenum and copper were HK\$109,933 per tonne and HK\$36,780 per tonne (six months ended 30 June 2008: HK\$308,800 per tonne and HK\$53,162 per tonne), respectively.

Cost of Sales and Gross Profit

The cost of sales of Harbin Songjiang Group for the six months ended 30 June 2009 was HK\$20,882,000 (six months ended 30 June 2008: HK\$143,438,000) and the gross profit margin was 43% (six months ended 30 June 2008: 48%). The decrease in gross profit margin was mainly caused by the sharp decrease in the selling price during the period.

Impairment losses on exploration and evaluation assets

The Group has performed exploration in certain locations in Inner Mongolia, Heilongjiang and Henan during the period and the period before. After evaluating the exploration results, the Directors of the Company considered that it is not commercially viable to continue the exploration in such locations and the relevant exploration and evaluation assets should be impaired. Accordingly, an impairment loss of HK\$12,318,000 was recognised in the consolidated statement of comprehensive income during the period.

Impairment losses on property, plant and equipment and prepaid lease payments

In view of increase of cost of production and decrease of market price of silicon, the Directors decided to terminate the development of production of silicon-related products and the construction of related facilities, processing plant and production plant. Accordingly, the carrying amount of the related processing plant and production plant of approximately HK\$50,723,000 was recognised as impairment loss in the consolidated statement of comprehensive income during the period.

King Gold Group

The Group commenced its tea business since 30 April 2009 after the acquisition of 80% interest in King Gold. King Gold Group is principally engaged in cultivation, research, production and sale of Chinese tea products, and its products are recognised in the PRC as premium tea products and widely distributed throughout the country.

The completion of the Acquisition during the period provided the Group with an immediate revenue stream and cash. During the post-acquisition period, King Gold Group contributed HK\$29,227,000 and HK\$13,731,000 to the Group's turnover and profit for the six months ended 30 June 2009 respectively.

Rutile Mining

The rutile mine owned by the Group covers an area of two square kilometers with an estimated exploitation potential of approximately 1,900,000 tonnes. Depending on the development of market conditions, the construction of the rutile mine as held by it would be temporarily suspended due to the increase in construction costs and land premium in respect of the premises on which the plant of the rutile mine is to be situated and the neighboring land area, as well as the decrease in market price of rutile related products.

In this connection, it is difficult to predict whether the rutile mine will resume construction. A full impairment loss for the mining rights was already recognised in the consolidated income statement of the Group for the year ended 31 December 2008.

In addition, as stated in note 36 of the 2008 Annual Report of the Company, there are disputes between two former shareholders of Top Rank International Group Limited, which owns 90% equity interest in Shanxi Shenli Aerospace Titanium Company Limited, the company which holds the rutile mine. Based on advice from the Company's PRC legal adviser, there will be no effect to the Group's ownership and operations of the mine. Moreover, the litigations have already brought obsession to shareholders and investors of the Company, therefore we will continue to explore options to best utilise our rutile assets.

Investments in Canada listed companies and other securities

The Group invested in several Canada listed companies which were held for long-term investments and for the purposes of capital gain and dividend income during the six months ended 30 June 2009.

The Group has disposed through the market the shares of several Canada listed companies and other securities and has realised a net gain of approximately HK\$64,966,000 during the six months ended 30 June 2009.

Acquisition and disposal of convertible notes of China Shen Zhou Mining and Resources, Inc.

The Group has acquired from Citadel Equity Fund Ltd. 6.75% senior convertible notes due 2012 in the principal amount of US\$28,000,000 (“Convertible Notes”) issued by China Shen Zhou Mining & Resources, Inc (“CSZ”), whose shares are listed on NYSE Amex, for a total consideration of US\$7,000,000 on 9 April 2009. The Group has subsequently disposed the Convertible Notes at the consideration of US\$9,000,000 and has realised a net gain of approximately HK\$15,815,000 in August 2009.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2009, the Group had total assets and net assets of HK\$2,515,396,000 (31 December 2008: HK\$2,360,299,000) and HK\$1,463,004,000 (31 December 2008: HK\$1,257,595,000), respectively. The current ratio was 1.70, as compared to 1.74 as of year ended 31 December 2008.

The Group had bank balances and cash amounted to approximately HK\$574,578,000 (31 December 2008: HK\$1,000,408,000), of which most were denominated in Renminbi and Hong Kong dollars.

At the balance sheet date, the Group had (i) borrowings from minority shareholders of HK\$150,636,000 (31 December 2008: HK\$150,636,000) which were all interest-free, (ii) bank borrowings of HK\$181,696,000 (31 December 2008: HK\$170,535,000) which were interest-bearing at floating rates with reference to the prevailing borrowing rate quoted by the People’s Bank of China and (iii) other loans of HK\$6,588,000 (31 December 2008: HK\$6,014,000), of which HK\$1,136,000 was interest-free and HK\$4,872,000 and HK\$580,000 were interest-bearing at 2.55% and 2.40% respectively per annum. The gearing ratio, as a ratio of total borrowings to shareholders’ fund was 25.6% (31 December 2008: 28.9%).

Foreign Exchange Risk Management

As part of the Group’s assets and liabilities are denominated in Renminbi 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 8 April 2009, the Company issued 104,132,000 new shares as part of the consideration paid for the acquisition of Convertible Notes (as stated in heading “Acquisition and disposal of convertible notes of China Shen Zhou Mining and Resources, Inc.” as above).

As at 30 June 2009, the Company had 6,130,784,853 shares in issue with total shareholders’ fund of the Group amounting to approximately HK\$613,078,000.

Contingent Liabilities

Certain bank loans of the Group as at 30 June 2008 were guaranteed by a third party. In return, a subsidiary of the Group has provided guarantees for certain bank loans totaling HK\$56,760,000 (equivalent to RMB50,000,000) in favour of the same third party.

Save as disclosed above, the Group has no other contingent liabilities as at 30 June 2009.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

On 30 April 2009, the Group acquired 80% of the issued capital of King Gold for a total consideration of HK\$640,000,000, of which HK\$500,000,000 was settled by cash and the remaining balance of HK\$140,000,000 is to be satisfied by the issue and allotment of shares of the Company subject to adjustment as stated in the circular of the Company dated 27 March 2009.

Save as disclosed above, there were no other material acquisitions or disposals of subsidiaries and associated companies during the six months ended 30 June 2009.

Employees and Remuneration Policies

As at 30 June 2009, the Group had 13 and 1,613 employees in Hong Kong and Mainland China respectively.

Employees 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 26 June 2002, 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 past six months has seen challenging for the Group, as the production of molybdenum mine was suspended for maintenance and improvement and the output of copper and the iron mines decreased due to the aging of the mines. The Group has tackled the challenges of the past months squarely and effectively and the management has done their utmost to mitigate the downside impact on the business. The production of molybdenum mine was resumed since August 2009. Furthermore, during the first half of 2009, the Group completed the previously announced acquisitions of King Gold Group and the Convertible Notes. King Gold Group has contributed an immediate stream of revenue to the Group. In addition, the Group has realised a gain of approximately HK\$64,966,000 through investments in shares of listed companies in Canada.

Above all, the Group remains well-positioned and well-prepared to exploit the investment opportunities available to the Group across our various business streams. In conclusion, despite the macroeconomic uncertainty, we are confident in the Group's continuing ability to deliver results.

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 Company's 2008 Annual Report. The Board believes that good corporate governance is crucial to enhance the performance of the Group and to safeguard the interests of the shareholders.

Compliance with The Code on Corporate Governance Practices

The Company has complied with all the applicable code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") during the six months ended 30 June 2009.

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 2009.

Audit Committee

The Audit Committee comprises of 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 2009. 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 2009.

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 2009.

INTERIM DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30 June 2009.

By Order of the Board
China Mining Resources Group Limited
Chen Shou Wu
Deputy Chairman & Chief Executive Officer

Hong Kong, 11 September 2009

As at the date of this announcement, the board of directors of the Company comprises Dr. You Xian Sheng, Mr. Chen Shou Wu, Mr. Wang Hui and Mr. Yeung Kwok Kuen as executive Directors, Mr. Lam Ming Yung as non-executive Director, Mr. Chan Sze Hon, Mr. Chu Kang Nam, Mr. Goh Choo Hwee and Mr. Lin Xiang Min as independent non-executive Directors.