



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: 340

2013
INTERIM REPORT
** For identification purpose only*

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Corporate Information

DIRECTORS

Executive Directors:

You Xian Sheng (*Chairman*)
Chen Shou Wu (*Deputy Chairman,*
Chief Executive Officer and
Chief Investment Officer)

Wang Hui
Yeung Kwok Kuen (*Chief Financial Officer*)
Fang Yi Quan

Independent Non-executive Directors:

Chong Cha Hwa
Chu Kang Nam
Lin Xiang Min

AUDIT COMMITTEE

Chong Cha Hwa (*Chairman*)
Chu Kang Nam
Lin Xiang Min

REMUNERATION COMMITTEE

Chong Cha Hwa (*Chairman*)
Chu Kang Nam
Lin Xiang Min
Yeung Kwok Kuen

NOMINATION COMMITTEE

Chong Cha Hwa (*Chairman*)
Chu Kang Nam
Lin Xiang Min

COMPANY SECRETARY

Leung Lai Ming

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 1306 13th Floor
Bank of America Tower
12 Harcourt Road
Admiralty
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL SHARE REGISTRAR

Butterfield Fulcrum Group (Bermuda)
Limited
26 Burnaby Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR

Union Registrars Limited
18/F Fook Lee Commercial Centre
Town Place
33 Lockhart Road
Wanchai
Hong Kong

AUDITORS

ZHONGLEI (HK) CPA Company Limited
Suites 313-317, 3/F Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of
China (Asia) Limited
China Construction Bank (Asia)
Corporation Limited
China Construction Bank
Agricultural Bank of China
Bank of China

STOCK CODE

00340

COMPANY WEBSITE

www.chinaminingresources.com

Management Discussion and Analysis

RESULTS REVIEW

For the six months ended 30 June 2013, China Mining Resources Group Limited (the “Company”) together with its subsidiaries (the “Group”) recorded a consolidated revenue of HK\$90,046,000 (six months ended 30 June 2012: HK\$79,878,000) and gross profit of HK\$49,562,000 (six months ended 30 June 2012: HK\$39,328,000), representing an increase of 13% and 26% respectively as compared with the corresponding period in 2012. The increase in revenue in the first half of 2013 was mainly attributable to the significant increase of revenue generated from Harbin Songjiang Copper (Group) Company Limited (“Harbin Songjiang”) and its subsidiaries (together with Harbin Songjiang, “Harbin Songjiang Group”) and an 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\$19,094,000 (six months ended 30 June 2012: HK\$21,794,000).

The Group’s loss before interest, taxes, depreciation and amortisation (“LBITDA”) was HK\$256,000 for the six months ended 30 June 2013 (six months ended 30 June 2012: HK\$4,462,000).

Management Discussion and Analysis

REVIEW OF OPERATIONS

Harbin Songjiang Group

Harbin Songjiang is based in Harbin, Heilongjiang Province, the People's Republic of China (the "PRC") and specialises in the mining, processing and sales of molybdenum. Harbin Songjiang Group contributed HK\$23,511,000 (six months ended 30 June 2012: HK\$16,910,000) and HK\$2,399,000 (six months ended 30 June 2012: loss of HK\$4,443,000) to the Group's revenue and profit respectively for the six months ended 30 June 2013. Mining business revenue for the six months ended 30 June 2013 increased by 39% to HK\$23,511,000 compared to corresponding period in the previous financial year. The increase was mainly attributable to the significant increase in sales volume of ferro molybdenum during the six months ended 30 June 2013. The sales volume of ferro molybdenum increased from 118 tonnes for the six months ended 30 June 2012 to 190 tonnes for the six months ended 30 June 2013. The average selling price of ferro molybdenum fell to around HK\$123,750 per tonne during the six months ended 30 June 2013 (six months ended 30 June 2012: HK\$143,000 per tonne). The cost of sales of Harbin Songjiang Group for the six months ended 30 June 2013 was HK\$8,888,000 (six months ended 30 June 2012: HK\$9,068,000) and the gross profit margin was 62% (six months ended 30 June 2012: 46%). The increase in gross profit margin was primarily attributable to the lower unit production cost of ferro molybdenum due to tightened cost control applied by the Group during the period.

Management Discussion and Analysis

REVIEW OF OPERATIONS (Continued)

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\$66,534,000 (six months ended 30 June 2012: HK\$62,968,000) and HK\$10,327,000 (six months ended 30 June 2012: HK\$5,780,000) to the Group’s revenue and profit respectively for the six months ended 30 June 2013. For the six months ended 30 June 2013, King Gold Group generated revenue of HK\$66,534,000. This represented an increase of HK\$3,566,000 or 6% in revenue when compared with the revenue of HK\$62,968,000 generated in the first half of 2012. The increase in revenue was mainly attributable to the expansion of the distribution network within the market in the PRC during the first half of 2013. The cost of sales of King Gold Group increased from HK\$31,482,000 for the six months ended 30 June 2012 to HK\$31,596,000 for the six months ended 30 June 2013. The average gross profit margin for the current period was 53%, representing an increase of 3% as compared with 50% in the first half of 2012.

Year Joy Group

Year Joy Investments Limited (“Year Joy”) indirectly owns 100% of the economic benefit from the operation of the iTV business of China iTV Network Co., Ltd. (“China iTV”), a company established in the PRC on 7 September 1998 with limited liability, through an exclusive business operation agreement. China iTV is mainly engaged in online video service which involves an online video platform that offers various contents and deliver various value-added services to the customers of the telecommunication companies in the PRC. iTV business started generated revenue since second half of 2012. The iTV business is still in the stage of developing client network. Year Joy and its subsidiaries (together with Year Joy, “Year Joy Group”) contributed HK\$1,000 (six months ended 30 June 2012: Nil) and HK\$1,645,000 (six months ended 30 June 2012: HK\$2,391,000) to the Group’s revenue and loss respectively for the six months ended 30 June 2013.

Management Discussion and Analysis

REVIEW OF OPERATIONS (Continued)

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 2013. The investment portfolio of the Group, including available-for-sale investments, recorded appreciation during the first half of 2013. The net increase in fair value of the investment portfolio during the six months ended 30 June 2013 was HK\$6,860,000 (six months ended 30 June 2012: the net decrease in fair value of HK\$56,352,000) and was recorded in the change of investment revaluation reserve.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2013, the Group had total assets and net assets of HK\$1,055,362,000 (31 December 2012: HK\$997,022,000) and HK\$316,419,000 (31 December 2012: HK\$327,631,000), respectively. The current ratio was 1.02, as compared to 1.12 as of year ended 31 December 2012.

As at 30 June 2013, the Group had bank balances and cash, of HK\$144,764,000 (31 December 2012: HK\$117,073,000), of which most were denominated in Renminbi and Hong Kong dollar.

As at 30 June 2013 the Group had (i) bank borrowings of HK\$146,636,000 (31 December 2012: HK\$67,496,000) which were dominated in Renminbi and interest-bearing at floating rates with reference to the prevailing borrowing rate quoted by the People's Bank of China and (ii) other loans of HK\$6,630,000 (31 December 2012: HK\$6,492,000), which were dominated in Renminbi, of which HK\$1,253,000 was interest-free and HK\$5,377,000 was interest-bearing at 2.55% per annum. The gearing ratio, as a ratio of total borrowings to shareholders' fund was 118% (31 December 2012: 53%).

As at 30 June 2013, the Group has pledged a building and a prepaid lease payment with carrying values of approximately HK\$30,542,000 (31 December 2012: HK\$18,639,000) and HK\$20,656,000 (31 December 2012: HK\$19,711,000) respectively to secure general banking facilities grant to the Group.

Management Discussion and Analysis

FOREIGN EXCHANGE RISK MANAGEMENT

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

SHARE CAPITAL

As at 30 June 2013, the Company had 9,138,782,211 ordinary shares and 3,776,190,000 non-redeemable convertible preference shares in issue with total shareholders' fund of the Group amounting to approximately HK\$1,291,497,000.

CONTINGENT LIABILITIES

The Group has no material contingent liabilities as at 30 June 2013 (31 December 2012: 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 2013.

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2013, the Group had approximately 12 and 888 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\$15,093,000 for the six months ended 30 June 2013 (six months ended 30 June 2012: HK\$19,415,000). There was a share-based payment of HK\$212,000 arising from granting of share options to the directors of the Company during the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

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 26 June 2002 and 25 May 2012, share options may be granted to directors, employees and other eligible participants of the Group to subscribe for shares in the Company in accordance with the terms and conditions stipulated therein.

PROSPECTS

The domestic and international ferro molybdenum markets in the first half of 2013 remained in the doldrums, and the price has not improved. Despite the challenging economic conditions, the Group has maintained a stable business performance of ferro molybdenum during the period thereby positioning itself to grasp the opportunities that will come with the recovery of the market.

Management Discussion and Analysis

PROSPECTS (Continued)

The tea business continued to make a steady contribution throughout the first half of the year. The Group focused on distribution tea products under the well-established “Wuyi star” and “Wuyi” brands in the PRC market and it has increased the number of stores cities and regions by opening new stores, including self-operated stores and franchise stores, to maintain regional dominance. Looking ahead, the management of the Group remains cautiously optimistic with respect to the overall consumer market sentiment in China. In order to improve the profitability and market share, the Group will continue to provide high quality tea products, launch new and exclusive tea products, and expand the distribution network.

For the online video business, the Group will continue to focus on the cooperation with the major telecommunication operators in the PRC and develop more value-added services, including, but not limited to, online video service, mobile value-added service to the customers of telecommunication operators. The ultimate goal for the online video business is to have a long-term and stable cooperative relationship with the major telecommunications operators in the PRC and to continue to develop relevant internet and mobile value-added service applications to the end-users of the telecommunications operators.

The future economic outlook is positive both in Mainland China and the US, the two world’s largest economics. With the implementation of quantitative easing measures in Europe and Japan, the management of the Group is confident that the global financial environment is improving. Look ahead, we will continue to adhere to our established business strategy of strengthening the internal management process, optimizing product mix, promoting efficient cost control and improving capital utilization, thereby further improving the Group’s performance. We will strive to increase our competitiveness as well as gaining market share in all business segments so as to generate the best return to our shareholders.

Report on Review of Condensed Consolidated Financial Statements



中磊（香港）會計師事務所有限公司
ZHONGLEI (HK) CPA Company Limited

TO THE BOARD OF DIRECTORS OF
CHINA MINING RESOURCES GROUP LIMITED
中國礦業資源集團有限公司
(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of China Mining Resources Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 12 to 48, which comprise the condensed consolidated statement of financial position as of 30 June 2013 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with the 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. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Report on Review of Condensed Consolidated Financial Statements

CONCLUSION

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

OTHER MATTER

Without qualifying our review conclusion, we draw attention to the fact that Dongbei Special Steel Group Company Limited (“Dongbei Steel”) is the Group’s major customer in Molybdenum segment. No sales transaction or settlement was occurred during the six months ended 30 June 2013 and its respective trade receivable is approximately HK\$54,389,000 (equivalents to RMB43,396,000) or 70% of the total trade receivables at 30 June 2013. Hence, the Group is exposed to credit risk arising from concentration on Dongbei Steel.

ZHONGLEI (HK) CPA Company Limited

Certified Public Accountants (Practising)

Chan Mei Mei

Practising Certificate Number: P05256

Suites 313-317, 3/F., Shui On Centre
6-8 Harbour Road
Wan Chai
Hong Kong

26 August 2013

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2013

		Six months ended 30 June	
<i>Notes</i>		2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Revenue	3	90,046	79,878
Cost of sales		(40,484)	(40,550)
Gross profit		49,562	39,328
Other income		4,562	5,060
Other gains and losses		(9,574)	(3,014)
Selling and distribution expenses		(20,234)	(20,345)
Administrative expenses		(31,770)	(33,824)
Finance costs	4	(11,394)	(10,189)
Loss before tax		(18,848)	(22,984)
Income tax expenses	5	(2,051)	(1,398)
Loss for the period	6	(20,899)	(24,382)
Other comprehensive income (expense)			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		3,511	12,458
Fair value gain (loss) on available-for-sale investments		6,860	(56,352)
Actuarial loss on defined benefit pension plans		(896)	(6,460)
Other comprehensive income (expense) for the period, net of income tax		9,475	(50,354)
Total comprehensive expense for the period		(11,424)	(74,736)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2013

		Six months ended 30 June	
		2013	2012
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Loss for the period attributable to:			
	Owners of the Company	(19,094)	(21,794)
	Non-controlling interests	(1,805)	(2,588)
	Loss for the period	(20,899)	(24,382)
Total comprehensive expense attributable to:			
	Owners of the Company	(10,264)	(73,608)
	Non-controlling interests	(1,160)	(1,128)
		(11,424)	(74,736)
Loss per share:			
	Basic	(0.21) cent	(0.24) cent
	Diluted	(0.21) cent	(0.24) cent

Condensed Consolidated Statement of Financial Position

At 30 June 2013

	Notes	30 June 2013 HK\$'000 (Unaudited)	31 December 2012 HK\$'000 (Audited)
Non-current Assets			
Property, plant and equipment	9	153,337	119,237
Prepaid lease payments		31,119	31,104
Exploration and evaluation assets		—	—
Goodwill	10	88,295	88,295
Other intangible assets	10	158,502	154,017
Biological assets	11	9,791	8,043
Available-for-sale investments	12	125,264	128,149
Restricted deposit	13	3,760	—
		570,068	528,845
Current Assets			
Inventories		157,054	172,731
Trade and other receivables	14	167,147	160,757
Prepaid lease payments		543	532
Short-term loan and loan interest receivables	15	15,786	17,084
Bank balances and cash		144,764	117,073
		485,294	468,177
Current Liabilities			
Trade and other payables	16	259,851	281,887
Tax liabilities		60,222	59,543
Bank borrowings	17	146,636	67,496
Other borrowings	17	1,791	1,754
Provisions	18	6,050	5,924
		474,550	416,604
Net Current Assets		10,744	51,573
Total Assets less Current Liabilities		580,812	580,418

Condensed Consolidated Statement of Financial Position

At 30 June 2013

	Notes	30 June 2013 HK\$'000 (Unaudited)	31 December 2012 HK\$'000 (Audited)
Non-current Liabilities			
Deferred income	19	88,100	61,533
Other borrowings	17	4,839	4,738
Provisions	18	76,683	73,746
Deferred tax liabilities		5,759	6,156
Other long-term payables	20	36,106	53,912
Non-redeemable convertible preference shares	21	52,906	52,702
		<u>264,393</u>	<u>252,787</u>
Net Assets		<u>316,419</u>	<u>327,631</u>
Capital and Reserves			
Share capital	22	913,878	913,878
Share premium and reserves		(784,294)	(774,165)
Equity attributable to owners of the Company		129,584	139,713
Non-controlling interests		186,835	187,918
Total Equity		<u>316,419</u>	<u>327,631</u>

The condensed consolidated financial statements on pages 12 to 48 were approved and authorised for issue by the Board of Directors on 26 August 2013 and are signed on its behalf by:

You Xian Sheng
Director

Chen Shou Wu
Director

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013

	Attributable to owners of the Company												
	Share capital HK\$'000	Share premium HK\$'000	Non-redeemable convertible preference shares HK\$'000 (Note 21)	Statutory surplus reserve HK\$'000	Capital and other reserve HK\$'000	Share options reserve HK\$'000 (Note 25)	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Actuarial reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2012 (Audited)	913,878	3,192,267	684,321	105,086	62,704	75,839	39,819	257,100	(7,169)	(5,039,808)	284,037	194,830	478,867
Loss for the period	-	-	-	-	-	-	-	-	-	(21,794)	(21,794)	(2,588)	(24,382)
Exchange difference arising on translation of financial statements of foreign operations	-	-	-	-	-	-	-	9,388	-	-	9,388	3,070	12,458
Fair value loss on available-for-sale investments	-	-	-	-	-	-	(56,352)	-	-	-	(56,352)	-	(56,352)
Actuarial loss on defined benefit pension plans	-	-	-	-	-	-	-	-	(4,850)	-	(4,850)	(1,610)	(6,460)
Other comprehensive (expense) income for the period	-	-	-	-	-	-	(56,352)	9,388	(4,850)	-	(51,814)	1,460	(50,354)
Total comprehensive (expense) income for the period	-	-	-	-	-	-	(56,352)	9,388	(4,850)	(21,794)	(73,608)	(1,128)	(74,736)
Transfer (Notes (a) and (b))	-	-	-	389	1,095	-	-	-	-	(1,484)	-	-	-
At 30 June 2012 (Unaudited)	913,878	3,192,267	684,321	105,475	63,799	75,839	(16,533)	266,488	(12,019)	(5,063,086)	210,429	193,702	404,131

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013

	Attributable to owners of the Company												
	Share capital	Share premium	Non-redeemable convertible preference shares	Statutory surplus reserve	Capital and other reserve	Share options reserve	Investment revaluation reserve	Translation reserve	Actuarial reserve	Accumulated losses	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000 (Note 21)	HK\$'000	HK\$'000	HK\$'000 (Note 25)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2013 (Audited)	913,878	3,192,267	684,321	105,086	64,011	75,839	–	266,982	(10,266)	(5,152,405)	139,713	187,918	327,631
Loss for the period	–	–	–	–	–	–	–	–	–	(19,094)	(19,094)	(1,805)	(20,899)
Exchange difference arising on translation of financial statements of foreign operations	–	–	–	–	–	–	–	2,643	–	–	2,643	868	3,511
Fair value gain on available-for-sale investments	–	–	–	–	–	–	6,860	–	–	–	6,860	–	6,860
Actuarial loss on defined benefit pension plans (Note 18)	–	–	–	–	–	–	–	–	(673)	–	(673)	(223)	(896)
Other comprehensive (expense) income for the period	–	–	–	–	–	–	6,860	2,643	(673)	–	8,830	645	9,475
Total comprehensive (expense) income for the period	–	–	–	–	–	–	6,860	2,643	(673)	(19,094)	(10,264)	(1,160)	(11,424)
Recognition of equity-settled share-based payments	–	–	–	–	–	212	–	–	–	–	212	–	212
Transfer (Notes (a) and (b))	–	–	–	308	–	–	–	–	–	(385)	(77)	77	–
At 30 June 2013 (Unaudited)	913,878	3,192,267	684,321	105,394	64,011	76,051	6,860	269,625	(10,939)	(5,171,884)	129,584	186,835	316,419

Notes:

- (a) According to the relevant rules and regulations in the People's Republic of China ("PRC"), subsidiaries of China Mining Resources Group Limited (the "Company") (together with the subsidiaries collectively referred to as the "Group") established in the PRC are required to transfer 10% of their net profit, as determined in accordance with the PRC accounting standards and regulations, to the statutory surplus reserve until the balance of the reserve reaches 50% of their respective registered capital. The transfer to this reserve must be made before distribution of dividends to owners of these subsidiaries. Statutory surplus reserve can be used to set-off previous years' losses, if any, and may be converted into capital in proportion to existing equity owners' equity percentage, provided that the balance after such issuance is not less than 25% of their registered capital.
- (b) Pursuant to regulations 《安全生產費用提取和使用管理辦法》 issued on 14 February 2012 (2011: 《高危行業企業安全生產費用財務管理暫行辦法》) in the PRC relating to the mining industry, the Group is required to transfer an amount to the capital reserve. The amount is calculated based on the volume of ores excavated each year and at the applicable rate per tonne of ores ("Appropriation for Mining Company"). The utilisation of the amount in the capital reserve will be used on modification and maintenance of safety equipment in accordance with the rules in the PRC Company Law and is not available for distribution to shareholders.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash flows used in operating activities	(32,705)	(85,488)
Net cash flows used in investing activities	(887)	(1,049)
Net cash flows from financing activities	70,448	42,618
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	36,856	(43,919)
Cash and cash equivalents at 1 January	117,073	152,829
Effect of foreign exchange rate changes, net	(9,165)	(2,352)
CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by bank balances and cash	144,764	106,558

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“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 assets and financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2012.

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

Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
HK(IFRIC*) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

* IFRIC represents the International Financial Reporting Interpretations Committee

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

HKFRS 13 *Fair Value Measurement*

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for “fair value” and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are set out in Note 23.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a “statement of comprehensive income” is renamed as a “statement of profit or loss and other comprehensive income” and an “income statement” is renamed as a “statement of profit or loss”. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Amendments to HKAS 34 *Interim Financial Reporting* (as part of the Annual Improvements to HKFRSs 2009-2011 Cycle)

The Group has applied the amendments to HKAS 34 *Interim Financial Reporting* as part of the Annual Improvements to HKFRSs 2009–2011 Cycle for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker (“CODM”) and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

Except as described above, the application of the other new or revised HKFRSs and HKASs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

3. SEGMENT INFORMATION

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

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

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

Segment revenue and results

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

Six months ended 30 June 2013

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

3. SEGMENT INFORMATION (Continued) Segment revenue and results (Continued)

Six months ended 30 June 2012

	Tea products <i>HK\$'000</i> (Unaudited)	Molybdenum <i>HK\$'000</i> (Unaudited)	iTV <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
REVENUE				
Segment revenue –				
external sales	<u>62,968</u>	<u>16,910</u>	<u>–</u>	<u>79,878</u>
RESULTS				
Segment profit (loss)	<u>5,780</u>	<u>(4,443)</u>	<u>(2,391)</u>	(1,054)
Unallocated corporate income				1,043
Unallocated corporate expenses				(12,784)
Finance costs				<u>(10,189)</u>
Loss before tax				<u>(22,984)</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

3. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

	30 June 2013 <i>HK\$'000</i> (Unaudited)	31 December 2012 <i>HK\$'000</i> (Audited)
Segment assets		
Tea products	487,797	450,216
Molybdenum	366,904	318,130
iTV	23,680	25,055
Unallocated assets	176,981	203,621
	<u>1,055,362</u>	<u>997,022</u>
Segment liabilities		
Tea products	172,655	141,518
Molybdenum	507,388	458,350
iTV	3,284	3,344
Unallocated liabilities	55,616	66,179
	<u>738,943</u>	<u>669,391</u>
Total segment assets		
Total segment liabilities		

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

3. SEGMENT INFORMATION (Continued)

Other segment information

For the six months ended 30 June 2013

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

3. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

For the six months ended 30 June 2012

	Tea					
	Products	Molybdenum	iTV	Sub-total	Unallocated	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets excluding financial instruments	15,785	341	4,315	20,441	47	20,488
Depreciation of property, plant and equipment	2,339	4,942	210	7,491	355	7,846
Amortisation of prepaid lease payments	1,438	70	—	1,508	—	1,508
Amortisation of other intangible assets	419	1,265	295	1,979	—	1,979
(Gain) loss on disposal of property, plant and equipment	—	(264)	135	(129)	2	(127)
Reversal of impairment loss recognised in respect of trade and other receivables	(5,128)	(45)	—	(5,173)	—	(5,173)
Impairment loss recognised in respect of trade and other receivables	2,173	—	—	2,173	—	2,173

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

4. FINANCE COSTS

	Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Imputed interest expenses on long-term payables and provisions	3,934	3,997
Interest expenses on bank and other borrowings wholly repayable within five years	3,291	2,052
Effective interest expenses on non-redeemable convertible preference shares (Note 21)	4,169	4,140
	<u>11,394</u>	<u>10,189</u>

5. INCOME TAX EXPENSES

	Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Current tax:		
PRC Enterprise Income Tax	2,448	2,642
Deferred tax:		
Current period	(397)	(1,244)
	<u>2,051</u>	<u>1,398</u>

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

6. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Directors' and chief executives' remuneration	4,313	4,206
Other staff's salaries, bonus and allowances	9,559	14,489
Other staff's contribution to retirement benefits schemes	1,009	720
Share-based payments expenses	212	—
	<hr/>	<hr/>
Total staff costs	15,093	19,415
	<hr/>	<hr/>
Auditor's remuneration		
— non-audit service	520	550
Amortisation of prepaid lease payments	678	1,508
Amortisation of other intangible assets	450	1,979
Costs of inventories recognised as an expense	40,484	40,550
Depreciation of property, plant and equipment	6,839	7,846
Government grants	(603)	(2,616)
Loss (gain) on disposal of property, plant and equipment and prepaid lease payments	201	(127)
Interest income	(3,803)	(1,974)
Reversal of impairment loss recognised in respect of trade and other receivables	(1,866)	(5,173)
Impairment loss recognised in respect of trade and other receivables	1,097	2,173
(Gain) loss on changes in fair value less costs to sell for biological assets	(2,061)	3,469
	<hr/>	<hr/>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

7. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The directors of the Company (the "Directors") have determined that no dividend will be paid in respect of the interim period (2012: Nil).

8. LOSS PER SHARE

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

	Six months ended 30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share (<i>Note</i>)	(19,094)	(21,794)

	Six months ended 30 June	
	2013	2012
	<i>'000</i>	<i>'000</i>
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share (<i>Note</i>)	9,138,782	9,138,782

Note:

The computation of diluted loss per share for the six months ended 30 June 2013 and 2012 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 for both periods.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

9. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of approximately HK\$549,000 (for the six months ended 30 June 2012: HK\$28,526,000) for cash proceeds of approximately HK\$348,000 (for the six months ended 30 June 2012: HK\$18,412,000) and settlements of other payables of approximately Nil (for the six months ended 30 June 2012: HK\$10,241,000), resulting a loss on disposal of approximately HK\$201,000 (gain on disposal for the six months ended 30 June 2012: HK\$127,000).

In addition, during the current interim period, the Group paid approximately HK\$30,627,000 (for the six months ended 30 June 2012: HK\$16,999,000) for acquisition of property, plant and equipment in the PRC.

At 30 June 2013, certain of the Group's buildings with the aggregate carrying amount of HK\$30,542,000 (31 December 2012: HK\$18,639,000) were pledged as security for the Group's bank borrowings (Note 17).

10. GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill				Other intangible assets							
			Mining right		Brand name		Network video platform		Forest use right		Total	
	Six months ended 30 June 2013	Year ended 31 December 2012	Six months ended 30 June 2013	Year ended 31 December 2012	Six months ended 30 June 2013	Year ended 31 December 2012	Six months ended 30 June 2013	Year ended 31 December 2012	Six months ended 30 June 2013	Year ended 31 December 2012	Six months ended 30 June 2013	Year ended 31 December 2012
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	
Carrying value at beginning of the period/year	88,295	88,295	108,936	108,800	35,781	35,492	-	4,130	9,300	9,610	154,017	159,032
Exchange realignment	-	-	4,712	1,203	9	1	-	24	189	51	4,910	1,279
Additions	-	-	-	-	25	288	-	-	-	-	25	288
Transfer	-	-	-	-	-	-	-	4,146	-	-	-	4,146
Impairment loss recognised in profit and loss	-	-	-	-	-	-	-	(7,874)	-	-	-	(7,874)
Amortisation to profit or loss	-	-	-	(2,067)	(85)	-	-	(426)	(365)	(361)	(450)	(2,854)
Carrying value at end of the period/year	88,295	88,295	113,648	108,936	35,730	35,781	-	-	9,124	9,300	158,502	154,017

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

10. GOODWILL AND OTHER INTANGIBLE ASSETS (Continued)

The Directors determined that the recoverable amounts of the goodwill and other intangible assets are higher than their carrying values at 30 June 2013 and 31 December 2012. As a result, no impairment loss in respect of the goodwill and other intangible assets was recognised in the condensed consolidated statement of profit or loss and other comprehensive income during the six months ended 30 June 2013 and 2012.

11. BIOLOGICAL ASSETS

	Tea plantation <i>HK\$'000</i>
At 1 January 2012 (Audited)	12,264
Exchange realignment	68
Agricultural produce harvested during the year	(226)
Loss on changes in fair value less costs to sell	<u>(4,063)</u>
At 31 December 2012 and 1 January 2013 (Audited)	8,043
Exchange realignment	190
Agricultural produce harvested during the period	(503)
Gain on changes in fair value less costs to sell	<u>2,061</u>
At 30 June 2013 (Unaudited)	<u>9,791</u>

Biological assets at 30 June 2013 and 31 December 2012 are stated at fair value less costs to sell and are analysed as follows:

	30 June 2013 <i>HK\$'000</i> (Unaudited)	31 December 2012 <i>HK\$'000</i> (Audited)
Non-current asset	<u>9,791</u>	<u>8,043</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

11. BIOLOGICAL ASSETS (Continued)

The amount represented a tea mountain which located in Fujian Province, Wuyishan City, Wuyi Town, Chishi Village, Du Kou Dao Ban (福建省武夷山市武夷鎮赤石村渡口道班). In accordance with the valuation report issued by Greater China Appraisal Limited, an independent professional valuer not connected to the Group, the fair value less costs to sell of tea plantation of approximately HK\$9,791,000 (31 December 2012: HK\$8,043,000) is determined with reference to the present value of expected net cash flows from the biological asset discounted at a current market-determined pre-tax rate. Hence, a gain on changes in fair value less costs to sell of approximately HK\$2,061,000 (for the six months ended 30 June 2012: loss of approximately HK\$3,469,000) has been recognised in profit or loss.

The agricultural produce amounting to approximately HK\$503,000 (six months ended 30 June 2012: HK\$226,000) has been harvested during the current interim period.

12. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2013 HK\$'000 (Unaudited)	31 December 2012 HK\$'000 (Audited)
Available-for-sale equity investments listed in overseas stock exchange	<u>125,264</u>	<u>128,149</u>

Subsequent to the investment in Fortune Minerals Ltd, being one of the available-for-sale investments of the Group, Mr. Chen Shou Wu, one of the Directors has been appointed as the director of Fortune Minerals Ltd on 6 April 2010.

13. RESTRICTED DEPOSIT

During the six months ended 30 June 2013, the Group joined a small and medium enterprises fund scheme in Nanping city (南平市中小企業互助基金), which is governed by a committee composed of various regulatory departments and enterprises in the PRC, for the purpose of financing small and medium enterprises with temporary financial difficulties. The Group placed a restricted deposit of approximately HK\$3,760,000 (equivalent to RMB3,000,000) to the fund. This restricted deposit carries fixed interest at 6% per annum, unsecured, matured in three years and can only be refunded upon maturity.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

14. TRADE AND OTHER RECEIVABLES

	30 June 2013 HK\$'000 (Unaudited)	31 December 2012 HK\$'000 (Audited)
Trade receivables	87,078	84,195
Less: Allowance for doubtful debts	(9,473)	(9,906)
	77,605	74,289
Other receivables	70,301	70,087
Less: Allowance for doubtful debts	(57,153)	(57,212)
	13,148	12,875
Deposits and prepayments	26,262	24,505
Prepayment on inventories (<i>Note</i>)	50,132	49,088
Total trade and other receivables	167,147	160,757

Note: The prepayment on inventories carries interest at 11.152% (for the year ended 31 December 2012: 11.152%) per annum. The balances are unsecured and matured within one year. During the six months ended 30 June 2013, interest income from prepayment on inventories of approximately HK\$462,000 (equivalents to RMB371,000) were received by Wuyi Star Tea Industrial Co., Ltd ("Wuyi Star") (for the six months ended 30 June 2012: approximately HK\$455,000 (equivalents to RMB371,000)).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

14. TRADE AND OTHER RECEIVABLES (Continued)

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

	30 June 2013 HK\$'000 (Unaudited)	31 December 2012 HK\$'000 (Audited)
0 – 30 days	3,734	13,110
31 – 60 days	2,928	2,044
61 – 90 days	4,418	458
Over 90 days	66,525	58,677
	77,605	74,289

15. SHORT-TERM LOAN AND LOAN INTEREST RECEIVABLES

	30 June 2013 HK\$'000 (Unaudited)	31 December 2012 HK\$'000 (Audited)
Loan receivables	15,040	15,954
Loan interest receivables	746	1,130
	15,786	17,084
Analysed for reporting purposes as:		
Current assets	15,786	17,084

The short-term loan carries fixed interest at 5% (31 December 2012: 5%) per annum, unsecured and matured within one year.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

16. TRADE AND OTHER PAYABLES

	30 June 2013 HK\$'000 (Unaudited)	31 December 2012 HK\$'000 (Audited)
Trade payables	37,679	16,166
Other payables and accruals	222,172	265,721
	259,851	281,887

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

	30 June 2013 HK\$'000 (Unaudited)	31 December 2012 HK\$'000 (Audited)
0 – 90 days	30,743	10,560
91 – 180 days	914	1,983
181 – 365 days	2,626	98
Over 1 year	3,396	3,525
	37,679	16,166

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

17. BANK AND OTHER BORROWINGS

During the current interim period, the Group obtained new bank borrowings amounting to approximately HK\$146,636,000 (year ended 31 December 2012: HK\$112,714,000) and repaid the bank borrowings amounting to approximately HK\$68,932,000 (year ended 31 December 2012: HK\$78,140,000). These new bank borrowings are secured, carry interest at fixed rate ranging from 6% to 6.6% (year ended 31 December 2012: variable market rate ranging from 6.31% to 6.94%) per annum and repayable within one year.

As at 30 June 2013, included in the Group's current liabilities of other borrowings is a loan with a principle amount of approximately HK\$1,253,000 (31 December 2012: approximately HK\$1,227,000) (30 June 2013 and 31 December 2012: equivalent to RMB1,000,000) was provided by the Industry Development Fund (工業發展基金) of the Harbin Finance Bureau in 1998. The amount is unsecured, interest-free and repayable on demand.

As at 30 June 2013, included in the Group's current liabilities and non-current liabilities of other borrowings is a loan with a principle amount of approximately HK\$5,377,000 (31 December 2012: HK\$5,265,000) (30 June 2013 and 31 December 2012: equivalent to RMB4,290,000) was received from the Harbin Finance Bureau in 2007. The amount is unsecured, interest bearing with a fixed interest rate of 2.55% per annum and the repayment terms are ranged from 2008 to 2022.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

18. PROVISIONS

In accordance with the relevant PRC rules and regulations, the Group is obliged to accrue the costs for land reclamation and cavity refill for the Group's existing mines. The provision for land reclamation and cavity refill costs has been determined by the Directors based on their best estimation and such costs are expected to be incurred during the period from 2011 to 2020.

In addition to the provision of land reclamation and cavity refill costs, the Group also provides post-employment benefits to employees. The expected cost of providing these post-employment benefits is actuarially determined and recognised by using projected unit credit method, which involves a number of assumptions and estimates, including inflation rates, work injury rate, discount rate and employee's turnover ratio. In addition, the Group also provides cost of residence benefit to its employees and their families. The cost has been determined by the Directors based on their best estimation.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

18. PROVISIONS (Continued)

	Provision for land reclamation and cavity refill costs <i>HK\$'000</i>	Provision for post- employment benefits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2012 (Audited)	95,755	14,733	110,488
Exchange realignment	772	68	840
Gain on change of estimation	(41,121)	—	(41,121)
Addition for the year	2,660	3,465	6,125
Utilisation of provision	(771)	—	(771)
Actuarial loss	—	4,109	4,109
	<u>57,295</u>	<u>22,375</u>	<u>79,670</u>
At 31 December 2012 and 1 January 2013 (Audited)	57,295	22,375	79,670
Exchange realignment	1,217	223	1,440
Addition for the period	—	727	727
Actuarial loss	—	896	896
	<u>58,512</u>	<u>24,221</u>	<u>82,733</u>
At 30 June 2013 (Unaudited)	58,512	24,221	82,733
		30 June 2013 HK\$'000 (Unaudited)	31 December 2012 HK\$'000 (Audited)
Analysed for reporting purposes as:			
Current liabilities		6,050	5,924
Non-current liabilities		76,683	73,746
		<u>82,733</u>	<u>79,670</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

19. DEFERRED INCOME

Deferred income represents government grants received by the Group at the end of the reporting period in respect of acquisition of property, plant and equipment and prepaid lease payments. It can only be recognised in profit or loss when the relevant mines subsidised by the government commence operations, which is a condition set out by the government. Such government grants are recognised as deferred income in the condensed consolidated statement of financial position initially and recognised in profit or loss as other income over the useful lives of the assets.

During the current interim period, government grants of approximately HK\$603,000 were recognised in profit or loss (for the six months ended 30 June 2012: HK\$1,092,000).

20. OTHER LONG-TERM PAYABLES

Other long-term payables comprised:

	30 June 2013 HK\$'000 (Unaudited)	31 December 2012 HK\$'000 (Audited)
Mining rights payables	121,059	114,356
Less: Amounts included under "Trade and other payables"	(84,953)	(60,444)
	36,106	53,912

Other long-term payables comprised of mining rights payables, pursuant to mining right premium agreement in 2007 entered into between the Group and the relevant government authorities of the PRC in respect of the mining rights of Wudaoling Molybdenum mine amounting to approximately HK\$179,386,000.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

20. OTHER LONG-TERM PAYABLES (Continued)

The mining rights payables in respect of Wudaoling Molybdenum mine are interest free. According to repayment terms in 2008, they shall be settled in four instalments payable on or before 22 May 2011. In 2009, the mining rights payables for Wudaoling Molybdenum mine has been extended to 22 May 2016 by instalments.

As the management of the Group is in the negotiation with the relevant government authorities of the PRC in respect of the mining rights payables, the instalments payables for 2011, 2012 and 2013 had not been settled as at 30 June 2013 and 31 December 2012.

In the opinion of the Directors, the Group would not expose to any penalty levy by the relevant government authority of the PRC due to the delay in settlement.

The carrying amounts of the mining right payables in respect of Wudaoling Molybdenum mine have been determined using a discount rate of 6.80% (31 December 2012: 6.80%) according to the lending rate of The People's Bank of China.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

21. NON-REDEEMABLE CONVERTIBLE PREFERENCE SHARES

As part of the consideration for the acquisition of Year Joy Investments Limited, the Company allotted and issued 3,776,190,000 non-redeemable convertible preference shares (“CPS”) at HK\$0.195 (market price of ordinary share) per CPS on 14 December 2010. The CPS recognised in the condensed consolidated statement of financial position is calculated as follows:

	Number of CPS	Equity component HK\$'000	Liability component HK\$'000	Total HK\$'000
At 30 June 2013 (Unaudited)				
Issue of CPS during the year ended 31 December 2010	<u>3,776,190,000</u>	<u>684,321</u>	<u>52,906</u>	<u>737,227</u>
At 31 December 2012 (Audited)				
Issue of CPS during the year ended 31 December 2010	<u>3,776,190,000</u>	<u>684,321</u>	<u>52,702</u>	<u>737,023</u>

The non-redeemable convertible preference shares contain two components, liability and equity component. The equity element is presented in equity heading “Non-redeemable convertible preference shares”. The liability component represents the Group’s contractual obligation of interest payment to the holders of CPS. For the fair value of the liability component of the CPS at initial recognition, effective interest rate method is adopted in the valuation. The effective interest rate used in the valuation is 15.82% (31 December 2012: 15.82%).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

21. NON-REDEEMABLE CONVERTIBLE PREFERENCE SHARES (Continued)

The principal terms of the CPS are set out below:

- (a) Holders of the CPS shall not be entitled to any dividend payment or any distribution (including the bonus issue) of the Company other than interest at the rate of 1% per annum on the issue price of HK\$0.21 per share (at date of entering into this agreement), amounting to approximately HK\$7,930,000 per annum, payable on the last day of every six months of the date of issue of the CPS. The CPS does not carry any voting right.
- (b) The CPS is not redeemable.
- (c) The holders of the CPS shall have the right to convert the CPS into ordinary shares at the conversion ratio of one CPS into one ordinary share.
- (d) The CPS shall rank equally among themselves. On a return of capital in liquidation or otherwise, the assets of the Company available for distribution among the members of the Company, holders of the CPS and the ordinary shares shall rank pari passu with each other.
- (e) The CPS is freely transferable.
- (f) The CPS has no maturity date.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

21. NON-REDEEMABLE CONVERTIBLE PREFERENCE SHARES (Continued)

The movement of the liability component of the CPS for the six months ended 30 June 2013 is set out below:

	30 June 2013 HK\$'000 (Unaudited)	31 December 2012 HK\$'000 (Audited)
At the beginning of the period (Audited)	52,702	52,338
Interest charge (<i>Note 4</i>)	4,169	8,294
Interest paid	(3,965)	(7,930)
At the end of the period (Unaudited)	52,906	52,702

22. SHARE CAPITAL

	Six months ended 30 June 2013		Year ended 31 December 2012	
	Number of shares '000 (Unaudited)	Nominal value HK\$'000 (Unaudited)	Number of shares '000 (Audited)	Nominal value HK\$'000 (Audited)
Ordinary shares of HK\$0.1 each				
Authorised:				
At beginning and end of the period/year	46,223,810	4,622,381	46,223,810	4,622,381
Issued and fully paid:				
At beginning and end of the period/year	9,138,782	913,878	9,138,782	913,878

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

23. FAIR VALUE MEASUREMENTS OF THE FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30 June 2013	31 December 2012				
Financial assets						
Listed equity securities classified as available-for-sale investments in the statement of financial position	Asset- approximately HK\$125,264,000	Asset- approximately HK\$128,149,000	Level 1	Quoted bid prices in an active market	N/A	N/A

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

23. FAIR VALUE MEASUREMENTS OF THE FINANCIAL INSTRUMENTS

(Continued)

There were no transfers between Levels 1, 2 and 3 in current period and prior year.

The Directors consider that the carrying amounts of other financial assets and financial liabilities in the condensed consolidated financial statements approximate their fair value.

24. CAPITAL COMMITMENTS

	30 June 2013 <i>HK\$'000</i> (Unaudited)	31 December 2012 <i>HK\$'000</i> (Audited)
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided for in the condensed consolidated financial statements	<u>4,728</u>	<u>3,755</u>

25. SHARE OPTION SCHEME

The Company has a share option scheme which was adopted on 25 May 2012 (the "2012 Option Scheme") whereby the Directors may, at their discretion, invite Directors and employees of the Company or its subsidiaries to subscribe for shares in the Company subject to terms and conditions stipulated therein. The options granted were vested immediately at the date of grant and were exercisable within a period of five years. Each option gives the holder the right to subscribe for one ordinary share in the Company.

There are no share options cancelled or exercised for the six months ended 30 June 2013 (for the six months ended 30 June 2012: Nil).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

25. SHARE OPTION SCHEME (Continued)

On 28 March 2013, a total of 6,000,000 options (for the six months ended 30 June 2012: Nil) were granted to certain Directors pursuant to the 2012 Option Scheme. In the opinion of the Directors, the estimated fair value of share options granted on 28 March 2013 is approximately HK\$212,000 (for the six months ended 30 June 2012: Nil), which has been recognised in the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2013.

The estimate of the fair value of the share options granted is measured based on Binomial Option Pricing Model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the Binomial Option Pricing Model.

The following assumptions were used to calculate the fair values of share options:

28 March 2013

Grant date share price	HK\$0.0870
Exercise price	HK\$0.1084
Expected life	5 years
Expected volatility	56.94%
Dividend yield	Nil
Risk-free interest rate	0.52%

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

26. RELATED PARTY TRANSACTIONS

Details of the balances with related parties are disclosed in the condensed consolidated statement of financial position on pages 14 and 15.

Compensation of key management personnel

The remuneration of Directors and other members of key management during the period were as follows:

	Six month ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Short-term benefits	4,142	4,038
Post-employment benefits	171	168
Share-based payments	212	—
	<u>4,525</u>	<u>4,206</u>

The remuneration of Directors and key executives is determined by the remuneration committee having regard to the financial performance of the Group, performance of individuals and market trends.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

27. LITIGATION

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 the 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 possibility of an outflow of resources embodying economic benefit is remote.

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 2012. The board of directors of the Company (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 all the applicable code provisions of the Corporate Governance Code and Corporate Governance Report 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 2013.

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 of the Company (“Directors”) confirmed they had complied with the required standard set out in the Model Code during the six months ended 30 June 2013.

BOARD OF DIRECTORS

The Board is responsible for the formulation of the Group’s business strategies and management objective, supervision of the management and evaluation of the effectiveness of management strategies. Implementation of strategies and day-to-day operations are delegated to the management. In order to better understand the respective accountabilities and contributions of the Board and management, the Company has adopted a written terms of reference specifying a schedule of matters which should be reserved to the Board and which should be delegated to management.

Corporate Governance

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

The Remuneration Committee comprises one executive Director and three independent non-executive Directors. The principal responsibilities of the Remuneration Committee are to make recommendations to the Board on the overall remuneration policy, remuneration packages for the Directors and members of the senior management and on the establishment of a formal and transparent process for approving such remuneration policy.

NOMINATION COMMITTEE

The Nomination Committee comprises three independent non-executive Directors. The principal responsibilities of the Nomination Committee are to lead the process for the appointments of the member of the Board, and to identify and nominate suitable candidates for appointment to the Board and make recommendations to the Board.

Disclosure of Interests and Other Information

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2013, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code adopted by the Company were as follows:

Interests in underlying shares of the Company – share options

Name	Number of share options	% of total issued ordinary shares of the Company
<i>Directors</i>		
You Xian Sheng	90,000,000	0.98%
Chen Shou Wu	90,000,000	0.98%
Wang Hui	50,000,000	0.55%
Yeung Kwok Kuen	90,000,000	0.98%
Fang Yi Quan	3,000,000	0.03%
Chong Cha Hwa	3,000,000	0.03%
Chu Kang Nam	6,000,000	0.07%
Lin Xiang Min	6,000,000	0.07%
<i>Chief executives</i>		
Yin Guangyuan	50,000,000	0.55%
Qiao Hongbo	12,000,000	0.13%
Qu Yanchun	12,000,000	0.13%

Disclosure of Interests and Other Information

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION (Continued)

Save as disclosed above, as at 30 June 2013, none of the directors and chief executives of the Company or their respective associates had any other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than as disclosed in "SHARE OPTION SCHEMES" below, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to any director or chief executive of the Company, as at 30 June 2013, persons (other than directors or chief executives of the Company as disclosed herein) who had interests or short positions in the shares and underlying shares of equity derivatives of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Disclosure of Interests and Other Information

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

(Continued)

Long position in shares of the Company

Name of Shareholders	Capacity	Class of shares of the Company	Number of shares held	% of total issued share capital of the relevant class of shares (Note 1)
Wong Chiu Fung	Interest in controlled corporation	Ordinary	1,633,334,286 (Note 2)	17.87%
	Interest in controlled corporation	Preference	476,190,000 (Note 2)	12.61%
Ho Ping Tanya	Beneficial owner	Preference	3,300,000,000 (Note 3)	87.39%

Notes:

1. The percentages are calculated based on the total number of ordinary shares and non-redeemable convertible preference shares (as appropriate) of the Company in issue as at 30 June 2013, which were 9,138,782,211 and 3,776,190,000 respectively.
2. These ordinary and non-redeemable convertible preference shares are held by Double Joy Enterprise Limited which is 100% beneficially owned by Mr. Wong Chiu Fung. Both ordinary and non-redeemable convertible preference shares were allotted and issued to Double Joy Enterprise Limited on 14 December 2010 pursuant to a sale and purchase agreement dated 2 October 2010 entered into among Famous Class Limited, a wholly-owned subsidiary of the Company, Ms. Ho Ping Tanya, Double Joy Enterprise Limited, Skypro Holdings Limited and Mr. Wong Chiu Fung in relation to the acquisition of an aggregate of 70 shares of Year Joy Investments Limited, representing 70% of the total issued share capital of Year Joy Investments Limited, by Famous Class Limited (the "Agreement").
3. The non-redeemable convertible preference shares were allotted and issued to Ms. Ho Ping Tanya on 14 December 2010 pursuant to the Agreement.

Disclosure of Interests and Other Information

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

(Continued)

Save as disclosed above, the Company had not been notified of any interests or short positions in the shares and underlying shares of equity derivatives of the Company as required to be recorded in the register under section 336 of the SFO as at 30 June 2013.

SHARE OPTION SCHEMES

Pursuant to ordinary resolutions of the shareholders of the Company passed on 26 June 2002, the Company adopted a share option scheme (the “Old Share Option Scheme”). The Old Share Option Scheme was terminated on 25 May 2012 such that no further options shall be granted under the Old Share Option Scheme but the options granted shall continue to be valid and exercisable in accordance with their terms of issue and, in all other respects, its provisions shall remain in full force and effect. Pursuant to ordinary resolutions of the shareholders of the Company passed on 25 May 2012, the Company adopted another share option scheme (the “New Share Option Scheme”).

Summary of main terms of New Share Option Scheme are as follows:

1. The purpose of the New Share Option Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contributions to the Group.
2. The participants of the New Share Option Scheme are: (i) any director (whether executive or non-executive or independent non-executive), employee (whether full time or part time), officer, consultant, customer, supplier, agent, partner or advisers of or contractor to the Group or an entity in which any member of the Group holds any interest from time to time (“Invested Entity”); (ii) any discretionary trust who discretionary objects include any director (whether executive or non-executive or independent non-executive), employee (whether full time or part time), officer, consultant, customer, supplier, agent, partner or adviser of or contractor to the Group or any Invested Entity; and (iii) the option may be granted to any corporation wholly-owned by any person mentioned in (i).

Disclosure of Interests and Other Information

SHARE OPTION SCHEMES (Continued)

3. As at 26 August 2013, the total number of ordinary shares of HK\$0.10 each in the capital of the Company ("Shares") available for issue under the New Share Option Scheme was 913,878,221 (including 6,000,000 Shares that have been granted but not yet lapsed or exercised or cancelled) representing approximately 10% of the issued ordinary share capital of the Company.
4. Unless otherwise approved by shareholders of the Company in general meeting, the total number of Shares issued and which may fall to be issued upon exercise of the options granted under the New Share Option Scheme to each participant in any 12-month period must not exceed 1% (except for substantial shareholders, as defined in the Listing Rules, or independent non-executive director of the Company, or any of their respective associates, as defined in the Listing Rules, must not exceed 0.1%) of the issued ordinary share capital of the Company from time to time.
5. An option shall be exercised in whole or in part in accordance with the terms of the New Share Option Scheme at any time during a period to be notified by the Board to each grantee, provided that no option shall be exercisable later than 10 years after its date of grant.
6. An option shall be accepted by a participant together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof within 30 days from the date of the offer of grant of the option.
7. The subscription price for Shares under the New Share Option Scheme, subject to any adjustment stipulated therein, shall be a price determined by the Board, but shall be at least the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations on the date of grant which must be a business day, (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of grant and (iii) the nominal value of a Share.
8. The New Share Option Scheme shall be valid and effective for a period of 10 years commencing on 25 May 2012.

Disclosure of Interests and Other Information

SHARE OPTION SCHEMES (Continued)

Details of movements in the share options held by directors, chief executives, employees and other parties of the Company under the New Share Option Scheme for the period ended 30 June 2013 are as follows:

Name	Date granted	Period during which options are exercisable	No. of options outstanding at 1 January 2013	No. of options granted during the period	No. of options cancelled during the period	No. of shares acquired on exercise of options during the period	No. of options outstanding at 30 June 2013	Exercise price per share	* Market value per share at date of grant of options	* Market value per share on exercise of options
Share option granted in 2013										
Directors										
Fang Yi Quan	28 March 2013	(Note 1)	–	3,000,000	–	–	3,000,000	HK\$0.1084	HK\$0.1084	–
Chong Cha Hwa	28 March 2013	(Note 1)	–	3,000,000	–	–	3,000,000	HK\$0.1084	HK\$0.1084	–
			–	6,000,000	–	–	6,000,000			

Disclosure of Interests and Other Information

SHARE OPTION SCHEMES (Continued)

Details of movements in the share options held by directors, chief executives, employees and other parties of the Company under the Old Share Option Scheme for the period ended 30 June 2013 are as follows:

Name	Date granted	Period during which options are exercisable	No. of options outstanding at 1 January 2013	No. of options granted during the period	No. of options cancelled during the period	No. of shares acquired on exercise of options during the period	No. of options outstanding at 30 June 2013	Exercise price per share	* Market value per share at date of grant of options	* Market value per share on exercise of options
Share option granted in 2008										
Directors										
You Xian Sheng	14 October 2008	(Note 2)	40,000,000	–	–	–	40,000,000	HK\$0.275	HK\$0.275	–
Chen Shou Wu	14 October 2008	(Note 2)	35,000,000	–	–	–	35,000,000	HK\$0.275	HK\$0.275	–
Wang Hui	14 October 2008	(Note 2)	35,000,000	–	–	–	35,000,000	HK\$0.275	HK\$0.275	–
Yeung Kwok Kuen	14 October 2008	(Note 2)	35,000,000	–	–	–	35,000,000	HK\$0.275	HK\$0.275	–
Chu Kang Nam	14 October 2008	(Note 2)	3,000,000	–	–	–	3,000,000	HK\$0.275	HK\$0.275	–
Lin Xiang Min	14 October 2008	(Note 2)	3,000,000	–	–	–	3,000,000	HK\$0.275	HK\$0.275	–
			<u>151,000,000</u>				<u>151,000,000</u>			
Chief executives										
Yin Guangyuan	14 October 2008	(Note 2)	35,000,000	–	–	–	35,000,000	HK\$0.275	HK\$0.275	–
Qiao Hongbo	14 October 2008	(Note 2)	10,000,000	–	–	–	10,000,000	HK\$0.275	HK\$0.275	–
Qu Yanchun	14 October 2008	(Note 2)	10,000,000	–	–	–	10,000,000	HK\$0.275	HK\$0.275	–
			<u>55,000,000</u>				<u>55,000,000</u>			
Employee	14 October 2008	(Note 2)	<u>26,600,000</u>	–	–	–	<u>26,600,000</u>	HK\$0.275	HK\$0.275	–
Former directors (Note 5)	14 October 2008	(Note 2)	<u>9,000,000</u>	–	–	–	<u>9,000,000</u>	HK\$0.275	HK\$0.275	–
Others (Note 6)	14 October 2008	(Note 2)	<u>50,000,000</u>	–	–	–	<u>50,000,000</u>	HK\$0.275	HK\$0.275	–
			<u>291,600,000</u>	–	–	–	<u>291,600,000</u>			

Disclosure of Interests and Other Information

SHARE OPTION SCHEMES (Continued)

Name	Date granted	Period during which options are exercisable	No. of options outstanding at 1 January 2013	No. of options granted during the period	No. of options cancelled during the period	No. of shares acquired on exercise of options during the period	No. of options outstanding at 30 June 2013	Exercise price per share	* Market value per share at date of options	* Market value per share on exercise of options
Share option granted in 2010										
<i>Directors</i>										
You Xian Sheng	29 June 2010	(Note 3)	20,000,000	—	—	—	20,000,000	HK\$0.208	HK\$0.208	—
Chen Shou Wu	29 June 2010	(Note 3)	25,000,000	—	—	—	25,000,000	HK\$0.208	HK\$0.208	—
Wang Hui	29 June 2010	(Note 3)	5,000,000	—	—	—	5,000,000	HK\$0.208	HK\$0.208	—
Yeung Kwok Kuen	29 June 2010	(Note 3)	25,000,000	—	—	—	25,000,000	HK\$0.208	HK\$0.208	—
Chu Kang Nam	29 June 2010	(Note 3)	2,000,000	—	—	—	2,000,000	HK\$0.208	HK\$0.208	—
Lin Xiang Min	29 June 2010	(Note 3)	2,000,000	—	—	—	2,000,000	HK\$0.208	HK\$0.208	—
			<u>79,000,000</u>				<u>79,000,000</u>			
<i>Chief executives</i>										
Yin Guangyuan	29 June 2010	(Note 3)	5,000,000	—	—	—	5,000,000	HK\$0.208	HK\$0.208	—
Qiao Hongbo	29 June 2010	(Note 3)	2,000,000	—	—	—	2,000,000	HK\$0.208	HK\$0.208	—
Qu Yanchun	29 June 2010	(Note 3)	2,000,000	—	—	—	2,000,000	HK\$0.208	HK\$0.208	—
			<u>9,000,000</u>				<u>9,000,000</u>			
<i>Employee</i>	29 June 2010	(Note 3)	<u>33,400,000</u>	—	—	—	<u>33,400,000</u>	HK\$0.208	HK\$0.208	—
<i>Former directors (Note 7)</i>	29 June 2010	(Note 3)	<u>6,000,000</u>	—	—	—	<u>6,000,000</u>	HK\$0.208	HK\$0.208	—
			<u>127,400,000</u>	—	—	—	<u>127,400,000</u>			

Disclosure of Interests and Other Information

SHARE OPTION SCHEMES (Continued)

Name	Date granted	Period during which options are exercisable	No. of options outstanding at 1 January 2013	No. of options granted during the period	No. of options cancelled during the period	No. of shares acquired on exercise of options during the period	No. of options outstanding at the 30 June 2013	Exercise price per share	* Market value per share at date of grant of options	* Market value per share on exercise of options
Share option granted in 2011										
Directors										
You Xian Sheng	30 August 2011	(Note 4)	30,000,000	-	-	-	30,000,000	HK\$0.161	HK\$0.161	-
Chen Shou Wu	30 August 2011	(Note 4)	30,000,000	-	-	-	30,000,000	HK\$0.161	HK\$0.161	-
Wang Hui	30 August 2011	(Note 4)	10,000,000	-	-	-	10,000,000	HK\$0.161	HK\$0.161	-
Yeung Kwok Kuen	30 August 2011	(Note 4)	30,000,000	-	-	-	30,000,000	HK\$0.161	HK\$0.161	-
Chu Kang Nam	30 August 2011	(Note 4)	1,000,000	-	-	-	1,000,000	HK\$0.161	HK\$0.161	-
Lin Xiang Min	30 August 2011	(Note 4)	1,000,000	-	-	-	1,000,000	HK\$0.161	HK\$0.161	-
			102,000,000				102,000,000			
Chief executive										
Yin Guangyuan	30 August 2011	(Note 4)	10,000,000	-	-	-	10,000,000	HK\$0.161	HK\$0.161	-
Employee										
	30 August 2011	(Note 4)	44,300,000	-	-	-	44,300,000	HK\$0.161	HK\$0.161	-
Former directors (Note 8)										
	30 August 2011	(Note 4)	3,000,000	-	-	-	3,000,000	HK\$0.161	HK\$0.161	-
Others (Note 9)										
	30 August 2011	(Note 4)	210,000,000	-	-	-	210,000,000	HK\$0.161	HK\$0.161	-
			369,300,000	-	-	-	369,300,000			

The options granted to the directors and the chief executives of the Company are registered under the names of the directors and the chief executives of the Company who are also the beneficial owners.

* Being the weighted average closing price of the Company's ordinary shares immediately before the dates on which the options were granted or exercised, as applicable.

Disclosure of Interests and Other Information

SHARE OPTION SCHEMES (Continued)

Notes:

1. Exercisable from 28 March 2013 to 27 March 2018.
2. Exercisable from 14 October 2008 to 13 October 2013.
3. Exercisable from 29 June 2010 to 28 June 2015.
4. Exercisable from 30 August 2011 to 29 August 2016.
5. 9,000,000 share options were granted to three former directors and the former directors were resigned as directors of the Company in 2011.
6. 50,000,000 share options were granted to a chief adviser of the Company and a consulting company.
7. 6,000,000 share options were granted to three former directors and the former directors were resigned as directors of the Company in 2011.
8. 3,000,000 share options were granted to three former directors and the former directors were resigned as directors of the Company in 2011.
9. 210,000,000 share options were granted to the consultancy companies of the Group.

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 2013. 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 2013.

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 2013.

INTERIM DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30 June 2013.

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

Hong Kong, 26 August 2013