



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



2015  
Interim Report

\* For identification purpose only

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# Corporate Information

## **DIRECTORS**

### **Executive Directors:**

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

### **Independent Non-executive Directors:**

Chong Cha Hwa  
Chu Kang Nam  
Ngai Sai Chuen

## **AUDIT COMMITTEE**

Chong Cha Hwa (*Chairman*)  
Chu Kang Nam  
Ngai Sai Chuen

## **REMUNERATION COMMITTEE**

Chong Cha Hwa (*Chairman*)  
Chu Kang Nam  
Ngai Sai Chuen  
Fang Yi Quan

## **NOMINATION COMMITTEE**

Chong Cha Hwa (*Chairman*)  
Chu Kang Nam  
Ngai Sai Chuen

## **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**

MUFG Fund Services (Bermuda)  
Limited  
The Belvedere Building  
69 Pitts Bay Road  
Pembroke HM08  
Bermuda

## **HONG KONG BRANCH SHARE REGISTRAR**

Union Registrars Limited  
A18/F Asia Orient Tower  
Town Place  
33 Lockhart Road  
Wanchai  
Hong Kong

## **AUDITORS**

ZHONGLEI (HK) CPA Company Limited  
Suites 313-316, 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  
Agricultural Bank of China

## **STOCK CODE**

00340

## **COMPANY WEBSITE**

[www.chinaminingresources.com](http://www.chinaminingresources.com)

# Management Discussion and Analysis

## **RESULTS REVIEW**

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

The Group’s unaudited loss attributable to owners of the Company amounted to HK\$25,177,000 (six months ended 30 June 2014: HK\$18,769,000).

# Management Discussion and Analysis

## REVIEW OF OPERATIONS

### King Gold Group

King Gold Group is principally engaged in cultivation, research, production and sale of Chinese tea products, and its products are selling under the brand names of “武夷” and “武夷星” which are well-recognised in the PRC as premium tea products and widely distributed throughout the country. King Gold Group contributed HK\$60,839,000 (six months ended 30 June 2014: HK\$55,773,000) and HK\$5,396,000 (six months ended 30 June 2014: HK\$2,372,000) to the Group's revenue and loss respectively for the six months ended 30 June 2015. This represented an increase of HK\$5,066,000 or 9% in revenue when compared with the revenue of HK\$55,773,000 generated in the corresponding period in 2014. Increase in revenue was mainly attributable to the strategy of production and selling of suitable tea products according to the consumers' preference and market demand which in turn stabilize the revenue, despite of the overall economics slowdown in the PRC during the first half of 2015. The cost of sales of King Gold Group increased from HK\$29,296,000 for the six months ended 30 June 2014 to HK\$34,843,000 for the six months ended 30 June 2015. The average gross profit margin for the current period was 43%, representing a slightly decrease of 4% as compared with 47% of average gross profit margin in the corresponding period in 2014.

### Investments in Canada listed mining companies and other securities

The Group invested in several Canada listed mining companies which were held for the purpose of long-term investments and capital gain and dividend income during the six months ended 30 June 2015. The investment portfolio of the Group, including available-for-sale investments, recorded a depreciation during the first half of 2015. The net decrease in fair value of the investment portfolio during the six months ended 30 June 2015 was HK\$6,665,000 (six months ended 30 June 2014: net increase of HK\$1,752,000).

# Management Discussion and Analysis

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

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

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

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

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

## **FOREIGN EXCHANGE RISK MANAGEMENT**

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

# Management Discussion and Analysis

## **SHARE CAPITAL**

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

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

As at 30 June 2015, the Company had 12,914,972,211 ordinary shares in issue with a total shareholders’ fund of the Group amounting to approximately HK\$1,291,497,000.

## **CONTINGENT LIABILITIES**

The Group has no material contingent liabilities as at 30 June 2015 (31 December 2014: Nil).

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

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

# Management Discussion and Analysis

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES**

There were no material acquisitions or disposals of subsidiaries and associated companies during the six months ended 30 June 2015.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2015, the Group had approximately 10 and 335 employees in Hong Kong and Mainland China respectively.

The staff cost of the Group (including directors' remuneration in form of salary and other benefits, share-based payments, performance related incentive payments and retirement benefit contributions) was approximately HK\$11,148,000 for the six months ended 30 June 2015 (six months ended 30 June 2014: HK\$19,536,000).

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

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

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



# Management Discussion and Analysis

## PROSPECTS

Despite the global economics and that in Mainland China continued facing uncertainties in the first half of year 2015, our tea business still recorded a moderate increase in revenue. The management of the Group has actively adopted a series of market promotion to expand the customer base, explore additional distribution channels for its products and promote the “Wuyi star” and “Wuyi” brands in the PRC market.

Looking ahead, the future operating environment of tea industry in the PRC is expected to face significant challenge and uncertainties. For the second half of year 2015, the Group would further put great effort in optimise its distribution channel for its tea products; optimise the network of self-owned tea stores and franchised tea stores in order to increase the tea market share and penetrate into potential tea markets; develop and launch new and exclusive tea products to meet the constantly changing consumers’ preferences and broaden the customer base; and at the same time ensure stability and growth of the tea business.

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

Looking ahead, we would continue to explore possible investment opportunities in order to generate the best return to our shareholders.

# 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 11 to 50, which comprise the condensed consolidated statement of financial position as of 30 June 2015, 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 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.

## **ZHONGLEI (HK) CPA Company Limited**

*Certified Public Accountants (Practising)*

### **Chan Mei Mei**

Practising Certificate Number: P05256

Suites 313-316, 3/F  
Shui On Centre  
6-8 Harbour Road  
Wan Chai  
Hong Kong

26 August 2015

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2015

	Notes	Six months ended 30 June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) (Restated)
<b>Continuing operation</b>			
Revenue	3	60,839	55,773
Cost of sales		(34,843)	(29,296)
Gross profit		25,996	26,477
Other income		4,456	5,827
Other gains and losses		(4,192)	156
Selling and distribution expenses		(19,199)	(21,202)
Administrative expenses		(24,129)	(24,076)
Finance costs	4	(5,056)	(7,299)
Impairment loss recognised in respect of available-for-sale investments		(3,974)	—
Loss before tax		(26,098)	(20,117)
Income tax expense	5	—	—
Loss for the period from continuing operation	6	(26,098)	(20,117)
<b>Discontinued operations</b>			
(Loss) profit for the period from discontinued operations	7	(255)	500
Loss for the period		(26,353)	(19,617)
<b>Other comprehensive (expense) income</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Actuarial loss on defined benefit pension plans		—	(4,387)
<b>Items that may be subsequently reclassified to profit or loss:</b>			
Exchange differences arising on translation of financial statements of foreign operations		414	(475)
Fair value (loss) gain on available-for-sale investments, net		(2,691)	1,752
		(2,277)	1,277
Other comprehensive expense for the period, net of income tax		(2,277)	(3,110)
Total comprehensive expense for the period		(28,630)	(22,727)

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) (Restated)
Notes		
(Loss) profit for the period attributable to:		
Owners of the Company		
— from continuing operation	(24,997)	(18,809)
— from discontinued operations	(180)	40
	<u>(25,177)</u>	<u>(18,769)</u>
Non-controlling interests		
— from continuing operation	(1,101)	(1,308)
— from discontinued operations	(75)	460
	<u>(1,176)</u>	<u>(848)</u>
Loss for the period	<u>(26,353)</u>	<u>(19,617)</u>
Total comprehensive expense for the period attributable to:		
Owners of the Company	(27,539)	(20,716)
Non-controlling interests	(1,091)	(2,011)
	<u>(28,630)</u>	<u>(22,727)</u>
Loss per share:		
From continuing and discontinued operations	9	
Basic (HK cents)	<u>(0.22) cents</u>	<u>(0.21) cents</u>
Diluted (HK cents)	<u>(0.22) cents</u>	<u>(0.21) cents</u>
From continuing operation		
Basic (HK cents)	<u>(0.22) cents</u>	<u>(0.21) cents</u>
Diluted (HK cents)	<u>(0.22) cents</u>	<u>(0.21) cents</u>

# Condensed Consolidated Statement of Financial Position

At 30 June 2015

	Notes	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
<b>Non-current Assets</b>			
Property, plant and equipment	10	23,245	19,572
Prepaid lease payments			
— non-current portion		25,300	25,945
Goodwill		—	—
Other intangible assets	11	11,666	11,484
Biological assets	12	12,235	11,745
Available-for-sale investments	13	9,420	20,537
Deposit paid for acquisition of subsidiaries	14	90,000	—
		171,866	89,283
<b>Current Assets</b>			
Inventories		114,984	106,789
Trade and other receivables	15	90,827	87,527
Prepaid lease payments		352	348
Short-term loan and loan interest receivables	16	—	—
Bank balances and cash		95,576	214,170
		301,739	408,834
<b>Current Liabilities</b>			
Trade and other payables	17	67,474	63,440
Tax liabilities		16,070	16,065
Bank borrowings	18	90,883	90,770
		174,427	170,275
<b>Net Current Assets</b>		127,312	238,559
<b>Total Assets less Current Liabilities</b>		299,178	327,842

# Condensed Consolidated Statement of Financial Position

At 30 June 2015

	Notes	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
<b>Non-current Liabilities</b>			
Deferred income	19	1,880	1,914
Non-redeemable convertible preference shares	20	—	53,619
		<u>1,880</u>	<u>55,533</u>
<b>Net Assets</b>		<u>297,298</u>	<u>272,309</u>
<b>Capital and Reserves</b>			
Share capital	21	1,291,497	913,878
Share premium and reserves		<u>(1,003,152)</u>	<u>(651,613)</u>
Equity attributable to owners of the Company		288,345	262,265
Non-controlling interests		<u>8,953</u>	<u>10,044</u>
<b>Total Equity</b>		<u>297,298</u>	<u>272,309</u>

The condensed consolidated financial statements on pages 11 to 50 were approved and authorised for issue by the Board of Directors on 26 August 2015 and are signed on its behalf by:

**Wang Hui**  
*Director*

**Yeung Kwok Kuen**  
*Director*

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Attributable to owners of the Company											Total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Non- redeemable convertible preference shares HK\$'000 (Note 20)	Statutory surplus reserve HK\$'000 (Note a)	Capital and other reserves HK\$'000 (Note b)	Share options reserve HK\$'000	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Actuarial reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000			
At 1 January 2014 (Audited)	913,878	3,192,267	684,321	105,086	64,676	54,057	1,530	272,750	(6,483)	(5,430,966)	(148,884)	156,904	8,020	
Loss for the period	–	–	–	–	–	–	–	–	–	(18,769)	(18,769)	(848)	(19,617)	
Exchange difference arising on translation of financial statements of foreign operations	–	–	–	–	–	–	–	(405)	–	–	(405)	(70)	(475)	
Fair value gain on available-for-sale investments, net	–	–	–	–	–	–	1,752	–	–	–	1,752	–	1,752	
Actuarial loss on defined benefit pension plans	–	–	–	–	–	–	–	–	(3,294)	–	(3,294)	(1,093)	(4,387)	
Other comprehensive income (expense) for the period	–	–	–	–	–	–	1,752	(405)	(3,294)	–	(1,947)	(1,163)	(3,110)	
Total comprehensive income (expense) for the period	–	–	–	–	–	–	1,752	(405)	(3,294)	(18,769)	(20,716)	(2,011)	(22,727)	
Transfer	–	–	–	–	505	–	–	–	–	(673)	(168)	168	–	
At 30 June 2014 (Unaudited)	913,878	3,192,267	684,321	105,086	65,181	54,057	3,282	272,345	(9,777)	(5,450,408)	(169,768)	155,061	(14,707)	



# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Attributable to owners of the Company											Non-controlling interests	Total
	Share capital	Share premium	Non-redeemable convertible preference shares	Statutory surplus reserve	Capital and other reserves	Share options reserve	Investment revaluation reserve	Translation reserve	Actuarial reserve	Accumulated losses	Total		
	HK\$'000	HK\$'000	HK\$'000 (Note 20)	HK\$'000 (Note a)	HK\$'000 (Note b)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2015 (Audited)	913,878	3,192,267	684,321	10,067	-	-	6,444	53,757	-	(4,598,469)	262,265	10,044	272,309
Loss for the period	-	-	-	-	-	-	-	-	-	(25,177)	(25,177)	(1,176)	(26,353)
Exchange difference arising on translation of financial statements of foreign operations	-	-	-	-	-	-	-	329	-	-	329	85	414
Fair value loss on available-for-sale investments	-	-	-	-	-	-	(2,691)	-	-	-	(2,691)	-	(2,691)
Other comprehensive (expense) income for the period	-	-	-	-	-	-	(2,691)	329	-	-	(2,362)	85	(2,277)
Total comprehensive (expense) income for the period	-	-	-	-	-	-	(2,691)	329	-	(25,177)	(27,539)	(1,091)	(28,630)
Issue of shares upon conversion of convertible preference shares (Note 20)	377,619	360,321	(684,321)	-	-	-	-	-	-	-	53,619	-	53,619
At 30 June 2015 (Unaudited)	1,291,497	3,552,588	-	10,067	-	-	3,753	54,086	-	(4,623,646)	288,345	8,953	297,298

Notes:

## (a) Statutory surplus reserve

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) Capital and other reserves

Pursuant to regulations (安全生產費用提取和使用管理辦法) issued on 14 February 2012 in the PRC relating to the mining industry, the Group is required to transfer an amount to the capital and other reserves. 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 and other reserves will be used on modification and maintenance of safety equipment in accordance with the rules stated 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 2015

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
<b>NET CASH (USED IN) FROM OPERATING ACTIVITIES</b>	<b>(25,318)</b>	<b>1,552</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(6,118)	(4,153)
Purchases of other intangible assets	(319)	—
Deposit paid for acquisition of subsidiaries	(90,000)	—
Refund from other non-current financial assets	—	3,805
Interest received	3,243	996
Government grants received	189	3,082
Proceeds from disposal of property, plant and equipment	9	34
<b>NET CASH (USED IN) FROM INVESTING ACTIVITIES</b>	<b>(92,996)</b>	<b>3,764</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of bank borrowings	(49,265)	(39,131)
New bank borrowings raised	49,075	60,590
Interest paid	(5,056)	(8,458)
<b>NET CASH (USED IN) FROM FINANCING ACTIVITIES</b>	<b>(5,246)</b>	<b>13,001</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(123,560)</b>	<b>18,317</b>
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>214,170</b>	<b>118,555</b>
Effect of foreign exchange rate changes, net	4,966	(5,341)
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b> represented by bank balances and cash	<b>95,576</b>	<b>131,531</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 1. BASIS OF PREPARATION

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

## 2. PRINCIPAL ACCOUNTING POLICIES

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

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

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

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

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 3. SEGMENT INFORMATION

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

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

Tea products — production and sales of tea

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 4. FINANCE COSTS

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

## 5. INCOME TAX EXPENSE

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

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 2008 onwards. No provision for PRC Enterprise Income Tax has been provided for both periods as the Group had no assessable profit arising in the PRC.

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 6. LOSS FOR THE PERIOD FROM CONTINUING OPERATION

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

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 7. DISCONTINUED OPERATIONS

### **Disposal of molybdenum operation**

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

### **Cease of the iTV business**

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

\* *For identification purpose only*

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 7. DISCONTINUED OPERATIONS (Continued)

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

	<b>Six months ended 30 June</b>	
	2015 <i>HK\$'000</i> (Unaudited)	2014 <i>HK\$'000</i> (Unaudited)
(Loss) profit for the period from discontinued operations	<u>(255)</u>	<u>500</u>

	<b>Six months ended 30 June</b>	
	2015 <i>HK\$'000</i> (Unaudited)	2014 <i>HK\$'000</i> (Unaudited)
Attributable to:		
Owners of the Company	(180)	40
Non-controlling interests	<u>(75)</u>	<u>460</u>
	<u>(255)</u>	<u>500</u>



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 7. DISCONTINUED OPERATIONS (Continued)

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

### For the six months ended 30 June 2015

	iTV HK\$'000 (Unaudited)
<i>Loss for the period from discontinued operation</i>	
Revenue	—
Administrative expenses	(180)
Impairment loss recognised in respect of property, plant and equipment	<u>(75)</u>
Loss before tax	(255)
Income tax expense	<u>—</u>
Loss for the period from discontinued operation	<u>(255)</u>
Net cash outflows from operating activities	(125)
Net cash inflows from financing activities	<u>13</u>
Net cash outflows	<u>(112)</u>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 7. DISCONTINUED OPERATIONS (Continued)

For the six months ended 30 June 2014

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 8. DIVIDENDS

No dividends were paid or proposed during the interim period, nor has any dividend been proposed since the end of the reporting period (for the six months ended 30 June 2014: Nil).

## 9. LOSS PER SHARE

### From continuing and discontinued operations

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

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	(25,177)	(18,769)
Effect of dilutive potential ordinary shares: Interest on non-redeemable convertible preference shares ( <i>Note</i> )	N/A	—
Loss for the period attributable to the owners of the Company for the purpose of diluted loss per share	(25,177)	(18,769)

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 9. LOSS PER SHARE (Continued)

### From continuing and discontinued operations (Continued)

	Number of shares	
	Six months ended 30 June	
	2015	2014
	'000	'000
Weighted average number of ordinary shares for the purpose of basic loss per share	<b>11,248,990</b>	9,138,782
Effect of dilutive potential ordinary shares:		
Non-redeemable convertible preference shares ( <i>Note</i> )	N/A	—
Share options issued by the Company ( <i>Note</i> )	N/A	—
Weighted average number of ordinary shares for the purpose of diluted loss per share	<b>11,248,990</b>	9,138,782

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

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 9. LOSS PER SHARE (Continued)

### From continuing operation

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

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

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

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

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

### From discontinued operations

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 10. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group has disposed of certain property, plant and equipment with an aggregate carrying amount of approximately HK\$5,000 (for the six month ended 30 June 2014: approximately HK\$395,000) for cash proceeds of approximately HK\$9,000 (for the six months ended 30 June 2014: set-off with other payable of approximately HK\$188,000 and cash proceeds of approximately HK\$34,000), resulting in a gain on disposal of approximately HK\$4,000 (for the six months ended 30 June 2014: loss on disposal of approximately HK\$173,000).

In addition, during the current interim period, the Group has written-off certain property, plant and equipment with an aggregate carrying amount of approximately HK\$6,000 (for the six months ended 30 June 2014: Nil), impaired certain property, plant and equipment with an aggregate carrying amount of approximately HK\$75,000 (for the six months ended 30 June 2014: Nil) and paid approximately HK\$6,118,000 (for the six months ended 30 June 2014: approximately HK\$4,153,000) for acquisition of property, plant and equipment in the PRC.

At 30 June 2015, certain of the Group's buildings with the aggregate carrying amount of approximately HK\$10,819,000 (31 December 2014: approximately HK\$11,100,000) were pledged as security for the Group's bank borrowings (Note 18).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 11. OTHER INTANGIBLE ASSETS

	Other intangible assets							
	Mining right		Brand name		Forest use right		Total	
	Six months ended	Year ended	Six months ended	Year ended	Six months ended	Year ended	Six months ended	Year ended
	30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	
Carrying value at beginning of the period/year	–	82,820	4,100	8,166	7,384	9,240	11,484	100,226
Exchange realignment	–	(710)	–	–	24	(55)	24	(765)
Additions	–	–	319	106	–	–	319	106
Impairment loss recognised in profit or loss	–	(26,101)	–	(4,172)	–	(1,430)	–	(31,703)
Amortisation to profit or loss	–	(609)	–	–	(161)	(371)	(161)	(980)
Derecognised on disposal of subsidiaries	–	(55,400)	–	–	–	–	–	(55,400)
Carrying value at the end of the period/year	–	–	4,419	4,100	7,247	7,384	11,666	11,484

Due to the disposal of the Disposed Subsidiaries, the mining rights have been derecognised during the year ended 31 December 2014.

The Group has pledged the forest use right with carrying values of approximately HK\$7,247,000 (31 December 2014: approximately HK\$7,384,000) as security for the Group's bank borrowings (*Note 18*).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 12. BIOLOGICAL ASSETS

At the end of the report period, the Group's biological assets are stated at fair values less costs-to-sell which was classified as non-current assets in the condensed consolidated statement of financial position. The fair value of biological assets is at level 3 recurring fair value measurement. A reconciliation of the opening and closing fair values is provided below.

	<b>Tea Plantation</b> <i>HK\$'000</i>
At 1 January 2014 (Audited)	10,219
Exchange realignment	(62)
Agricultural produce harvested during the year	(674)
Gain on changes in fair value less costs-to-sell	<u>2,262</u>
At 31 December 2014 (Audited)	11,745
Exchange realignment	39
Agricultural produce harvested during the period	(516)
Gain on changes in fair value less costs-to-sell	<u>967</u>
<b>At 30 June 2015 (Unaudited)</b>	<u><b>12,235</b></u>



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 12. BIOLOGICAL ASSETS (Continued)

The Group's tea plantation was 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).

The fair value less costs-to-sell of tea plantation of approximately HK\$12,235,000 (31 December 2014: approximately HK\$11,745,000) is determined with reference to the present value of expected net cash inflows from the biological assets discounted at a current market-determined pre-tax rate of 13.30% (31 December 2014: 12.98%). For the estimation of the projected cash flows, the Directors had made reference to the existing tea tree resources, the historical growth rate of the tea trees and the economy in the PRC, and adopted a growth rate of approximately 3.04% (31 December 2014: 3.10%) for 5 years (31 December 2014: 5 years). The higher the growth rate of tea trees is, the higher the fair value of the biological assets is.

There were no changes to the valuation technique in the current interim period. A gain on changes in fair value less costs-to-sell of approximately HK\$967,000 (for the six months ended 30 June 2014: gain of approximately HK\$4,000) has been recognised in condensed consolidated statement of profit or loss and other comprehensive income.

The agricultural produce amounting to approximately HK\$516,000 (for the six months ended 30 June 2014: approximately HK\$644,000) has been harvested during the current interim period.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 12. BIOLOGICAL ASSETS (Continued)

### (a) Nature of activities

The Group is exposed to a number of risk related to biological assets.

#### *i) Regulatory and environmental risk*

The Group is subject to law and regulations in the PRC in which it operates. The Group has established environment policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risk and to ensure that the systems in place are adequate to manage those risks. The Directors are not aware of any environmental liabilities as at 30 June 2015.

#### *ii) Supply and demand risk*

The Group is exposed to risk arising from fluctuations in the price and sales volume of tea leave. When possible the Group manages this risk by controlling its harvest volume, according to market conditions. Management performs regular industry trend analysis to ensure the Group's pricing policy is comparable to the market and the projected harvesting volumes are consistent with expected demand.

#### *iii) Climate and other risks*

The Group's tea plantation is exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Group has procedures in place aimed at monitoring and mitigation those risks, including regular tea forest inspections and pesticide preventions.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 12. BIOLOGICAL ASSETS (Continued)

### (b) Fair value measurement of biological assets

	Fair value at	Fair value measurement as at		
	30 June	30 June 2015 categorised into		
	2015	Level 1	Level 2	Level 3
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>The Group</b>				
<b>Recurring fair value measurement</b>				
Biological assets	<u>12,235</u>	—	—	<u>12,235</u>
	Fair value at	Fair value measurement as at		
	31 December	31 December 2014 categorised into		
	2014	Level 1	Level 2	Level 3
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>The Group</b>				
<b>Recurring fair value measurement</b>				
Biological assets	<u>11,745</u>	—	—	<u>11,745</u>

All the Group's biological assets were revalued as at 30 June 2015. The valuation was carried out by an independent firm of valuers, Greater China Appraisal Limited, who has staff with recent experience in the location and category of biological asset being valued.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 12. BIOLOGICAL ASSETS (Continued)

### (b) Fair value measurement of biological assets (Continued)

#### *Information about Level 3 fair value measurements*

	Valuation technique	Unobservable inputs	Value/range	Inter-relationship between unobservable inputs and fair value measurements
Biological assets	Income approach	Discount rate	13.30%	The estimated fair value decreases when the discount rate increases
		Long-term inflation rate	3.04%	The estimated fair value increase when the long-term inflation rate increase
		Expected life	25 years	The estimated fair value increase when the expected life increase

The fair values biological assets located in the PRC were determined under income approach and the followings are the major assumptions adopted in the valuation:

- the market price variables and direct production cost variable in each projected year will increase with reference to the expected inflation rate of 3.04% in the PRC;

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 12. BIOLOGICAL ASSETS (Continued)

### (b) Fair value measurement of biological assets (Continued)

- there are no material changes in the existing political, legal, fiscal, economic conditions, climate and any other unfavorable nature conditions;
- there will be no material changes in the current taxation law and tax rates as prevailing and that all applicable laws and regulations on taxation will be complied with by the Group;
- the interest rates and foreign currency exchange rates will not differ materially from those currently prevailing;
- the availability of finance will not be a constraint on the cultivation of tea trees;
- the Group will retain competent management, key personnel, and technical staff to support the ongoing tea operation;
- the Group has obtained or shall have no impediment to obtain all necessary legal approvals, business certificates or licenses to carry out its tea operation in the PRC.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 12. BIOLOGICAL ASSETS (Continued)

### (b) Fair value measurement of biological assets (Continued)

#### Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in either one of the key unobservable inputs, with all other variables held constant, of Group's loss before tax:

Key unobservable inputs	Percentage increase (decrease) in key unobservable inputs	(Increase) decrease in loss before tax <i>HK\$'000</i>
Discount rate	1%	(688)
	(1%)	769
Long-term inflation rate	1%	(1,082)
	(1%)	880

## 13. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2015 <i>HK\$'000</i> (Unaudited)	31 December 2014 <i>HK\$'000</i> (Audited)
Available-for-sale investments		
Equity investments listed in overseas stock exchange	<u>9,420</u>	<u>20,537</u>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 14. DEPOSIT PAID FOR ACQUISITION OF SUBSIDIARIES

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

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

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

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

\* *For identification purpose only*

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## **14. DEPOSIT PAID FOR ACQUISITION OF SUBSIDIARIES** (Continued)

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

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

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



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 15. TRADE AND OTHER RECEIVABLES

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 15. TRADE AND OTHER RECEIVABLES (Continued)

*Note:*

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

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

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 16. SHORT-TERM LOAN AND LOAN INTEREST RECEIVABLES

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Loan receivables	15,179	15,128
Less: Allowance	<u>(15,179)</u>	<u>(15,128)</u>
	<u>—</u>	<u>—</u>

The short-term loan carries interest at 5% per annum, unsecured and was originally matured on 30 July 2013. During the year ended 31 December 2013, the Group and the debtor mutually agreed to extend the repayment period to 30 July 2014 and all other terms of the loan remain unchanged. However, after considering the uncertainty of the financial status of the debtor in view of no repayment of the loan interest receivables and the debtor could not provide for any collateral to the Group, the Directors consider that the possibility to recover this short-term loan is remote and therefore, full impairment was recognised for the year ended 31 December 2013.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 17. TRADE AND OTHER PAYABLES

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

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

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 18. BANK BORROWINGS

	30 June 2015 <i>HK\$'000</i> (Unaudited)	31 December 2014 <i>HK\$'000</i> (Audited)
Secured bank borrowings, repayable on demand or within one year	<b>90,883</b>	90,770

During the current interim period, the Group obtained new bank borrowings amounting to approximately HK\$49,075,000 (for the year ended 31 December 2014: approximately HK\$139,995,000) and repaid the bank borrowings amounting to approximately HK\$49,265,000 (for the year ended 31 December 2014: approximately HK\$118,553,000). These new bank borrowings are secured, carry interest at fixed rate ranging from 5.865% to 6.90% (for the year ended 31 December 2014: fixed rate ranging from 6.44% to 6.90%) per annum and repayable within one year.

The Group has pledged certain buildings, prepaid lease payments and forest use right with carrying values of approximately HK\$10,819,000 (31 December 2014: HK\$11,100,000), HK\$16,942,000 (31 December 2014: HK\$17,124,000) and HK\$7,247,000 (31 December 2014: HK\$7,384,000), respectively to secure general banking facilities granted to the Group.

## 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 and relevant tea productions subsidised by the government commence operations, which is a condition set out by the government. Such government grants are recognised as deferred income 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\$230,000 were recognised in profit or loss (for the six months ended 30 June 2014: approximately HK\$3,177,000).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 20. 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.

During the six months ended 30 June 2015, all holders of CPS converted the CPS held by them into 3,776,190,000 new ordinary shares at the conversion ratio of one CPS into one ordinary share.

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
<b>At 30 June 2015 (Unaudited)</b>				
Issue of CPS during the year ended 31 December 2010	—	—	—	—
<b>At 31 December 2014 (Audited)</b>				
Issue of CPS during the year ended 31 December 2010	3,776,190,000	684,321	53,619	737,940

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 20. NON-REDEEMABLE CONVERTIBLE PREFERENCE SHARES (Continued)

The non-redeemable convertible preference shares contain two components, liability and equity component. The equity element is presented in condensed consolidated statement of change 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 2014 was 15.82%).

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 2015

## 20. NON-REDEEMABLE CONVERTIBLE PREFERENCE SHARES (Continued)

The movement of the liability component of the CPS for the six months ended 30 June 2015 is set out below:

	<b>30 June 2015 HK\$'000 (Unaudited)</b>	31 December 2014 HK\$'000 (Audited)
At the beginning of the period/year	53,619	53,125
Interest charge	2,012	8,424
Interest paid	(2,012)	(7,930)
Conversion of CPS	(53,619)	—
	<hr/>	<hr/>
At the end of the period/year	—	53,619
	<hr/>	<hr/>

## 21. SHARE CAPITAL

	Par value per share HK\$	Number of shares '000	Amount HK\$'000
<b>Authorised:</b>			
Ordinary shares at 31 December 2014 (Audited) and <b>30 June 2015 (Unaudited)</b>	0.1	<u>46,223,810</u>	<u>4,622,381</u>
<b>Issued and fully paid:</b>			
At 1 January 2014 and 31 December 2014 (Audited)	0.1	9,138,782	913,878
Issue of shares upon conversion of CPS (Note 20)	0.1	<u>3,776,190</u>	<u>377,619</u>
<b>At 30 June 2015 (Unaudited)</b>	<b>0.1</b>	<b><u>12,914,972</u></b>	<b><u>1,291,497</u></b>

All the shares which were issued during the periods rank pari passu with the then existing shares in all respects.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 22. FAIR VALUE MEASUREMENTS OF THE FINANCIAL INSTRUMENTS

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

Some of the Group's financial assets 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 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)
	30 June 2015	31 December 2014		
Listed equity securities classified as available-for-sale investments in the condensed consolidated statement of financial position	Asset- <b>Approximately</b> <b>HK\$9,420,000</b>	Asset- Approximately HK\$20,537,000	Level 1	Quoted bid prices in an active market

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 recorded at amortised cost in the condensed consolidated financial statements approximate their fair value.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 23. CAPITAL COMMITMENTS

	30 June 2015 <i>HK\$'000</i> (Unaudited)	31 December 2014 <i>HK\$'000</i> (Audited)
Capital expenditure in respect of:		
Acquisition of property, plant and equipment contracted but not provided for	2,413	3,408
Acquisition of subsidiaries in the PRC contracted but not provided for	<u>610,000</u>	<u>—</u>
	<u>612,413</u>	<u>3,408</u>

## 24. RELATED PARTY DISCLOSURES

Details of the balances with related parties are disclosed in the condensed consolidated statement of financial position on page 13.

### 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	
	2015 <i>HK\$'000</i> (Unaudited)	2014 <i>HK\$'000</i> (Unaudited)
Short-term benefits	1,680	4,427
Contribution to retirement benefit schemes	<u>54</u>	<u>189</u>
	<u>1,734</u>	<u>4,616</u>

The remuneration of Directors and other key management are 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 2015

## 25. LITIGATION

As disclosed in the Company's announcement 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 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.

## 26. EVENTS AFTER THE END OF THE REPORTING PERIOD

Pursuant to the Company's announcement dated 11 August 2015, Combined Success, the Vendors and the guarantors entered into a supplemental agreement to the Sales and Purchase Agreement, in which details are disclosed in Note 14 to the condensed consolidated financial statements, pursuant to which the parties agreed to amend and modify the consideration and payment terms.

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

# Corporate Governance

The Company is committed to comply with its established best practice in corporate governance and is acting in line with those practices as set out in the annual report of the Company for the financial year ended 31 December 2014. The board 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 the code provisions (“Code Provision(s)”) of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) during the six months ended 30 June 2015, except for certain deviations as specified and explained below with considered reasons for such deviations.

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

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

Since the resignation of Mr. Chen Shou Wu as the chief executive officer of the Company (the “CEO”) and the executive Director on 1 March 2014, the Company has not appointed a new CEO. Until the appointment of Mr. Wang Hui, the executive Director, as the new CEO on 29 January 2015, the executive Directors, possessing extensive relevant industry knowledge, collectively oversee the day-to-day management of the business and operations of the Group.

# Corporate Governance

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

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

2. Under Code Provision E.1.2 of the CG Code, the Chairman should attend the annual general meeting. Since the new Chairman has not been appointed following the resignation of Dr. You Xian Sheng as the Chairman on 31 January 2014, Mr. Wang Hui, the executive Director, has been elected by other Directors present to act as the chairman of the annual general meeting of the Company held on 29 May 2015 in accordance with the Bye-laws of the Company.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. Upon specific enquiries, all Directors confirmed they had complied with the required standard set out in the Model Code during the six months ended 30 June 2015.

## **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 2015, none of the directors and chief executives of the Company or their respective associates had any 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 Securities and Future 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.

## **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 2015, 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)
Ho Ping Tanya	Beneficial owner	Ordinary	3,300,000,000	25.55%
Ma Dongsheng	Interest in controlled corporation	Ordinary	1,650,000,000 (Note 2)	12.78%
Lin Yuhua	Interest in controlled corporation	Ordinary	1,350,000,000 (Note 3)	10.45%

#### Notes:

1. The percentages are calculated based on the total number of ordinary shares of the Company in issue as at 30 June 2015, which were 12,914,972,211.
2. These shares are held by Forever Success Investments Limited which is 100% beneficially owned by Mr Ma Dongsheng. Pursuant to an agreement dated 23 April 2015 entered into between Combined Success Investments Limited, a wholly-owned subsidiary of the Company, Forever Success Investments Limited, Mr Ma Dongsheng, Supreme Success Group Limited and Ms Lin Yuhua in relation to the acquisition of the entire issued share capital of One Champion International Limited (the "Acquisition") (the "Agreement"), the Company would issue an aggregate of 3,000,000,000 ordinary share(s) of HK\$0.10 each in the issued share capital of the Company (the "Share(s)") at the issue price of HK\$0.10 per Share as part of the consideration for the Acquisition (the "Consideration Shares"), of which 1,650,000,000 Shares shall be issued to Forever Success Investments Limited and 1,350,000,000 Shares shall be issued to Supreme Success Group Limited. The Consideration Shares were not yet issued as at 30 June 2015.
3. These shares are held by Supreme Success Group Limited which is 100% beneficially owned by Ms Lin Yuhua. Pursuant to the Agreement, the Company would issue the Consideration Shares, of which 1,650,000,000 Shares shall be issued to Forever Success Investments Limited and 1,350,000,000 Shares shall be issued to Supreme Success Group Limited. The Consideration Shares were not yet issued as at 30 June 2015.



# 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 2015.

## **SHARE OPTION SCHEMES**

Pursuant to ordinary resolutions of the shareholders of the Company passed on 25 May 2012, the Company adopted a 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).
3. As at 26 August 2015, 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 1,243,878,221 representing approximately 9.63% of the issued ordinary share capital of the Company.

# Disclosure of Interests and Other Information

## **SHARE OPTION SCHEMES** (Continued)

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.

During the six months ended 30 June 2015, no option has been granted to the participants of the New Share Option Scheme to subscribe for the Shares. From the date of adoption of the New Share Option Scheme up to 30 June 2015, there is no option granted by the Company under the New Share Option Scheme that remains outstanding as at 30 June 2015.

# Disclosure of Interests and Other Information

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES**

The Company has not redeemed any of its securities during the six months ended 30 June 2015. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities during the six months ended 30 June 2015.

## **AUDIT COMMITTEE**

The Audit Committee of the Company 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 2015.

## **INTERIM DIVIDEND**

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

By Order of the Board  
**China Mining Resources Group Limited**  
**Wang Hui**  
*Executive Director and Chief Executive Officer*

Hong Kong, 26 August 2015