



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

# CHINA MINING

CHINA MINING

Interim  
Report 2012



\* 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  
Rosebank Centre  
11 Bermudiana Road  
Pembroke HM 08  
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](http://www.chinaminingresources.com)

# Management Discussion and Analysis

## RESULTS REVIEW

For the six months ended 30 June 2012, China Mining Resources Group Limited (the “Company”) together with its subsidiaries (the “Group”) recorded a consolidated revenue of HK\$79,878,000 (six months ended 30 June 2011: HK\$117,642,000) and gross profit of HK\$39,328,000 (six months ended 30 June 2011: HK\$55,604,000), representing a decrease of 32% and 29% respectively as compared with the corresponding period in 2011. The decrease in revenue in the first half of 2012 was primarily due to the significant decrease of revenue generated from Harbin Songjiang Copper (Group) Company Limited (“Harbin Songjiang”) and its subsidiaries (“Harbin Songjiang Group”).

The Group’s unaudited loss attributable to owners of the Company amounted to HK\$21,794,000 (six months ended 30 June 2011: profit of HK\$41,396,000).

The Group’s loss before interest, taxes, depreciation and amortisation (“LBITDA”) was HK\$4,462,000 for the six months ended 30 June 2012 (six months ended 30 June 2011: profit before interest, taxes, depreciation and amortisation of HK\$45,489,000).

# 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\$16,910,000 (six months ended 30 June 2011: HK\$69,486,000) and HK\$4,443,000 (six months ended 30 June 2011: profit of HK\$55,952,000, included a gain on disposal of prepaid lease payments of HK\$37,919,000) to the Group's revenue and loss respectively for the six months ended 30 June 2012. Mining business revenue for the six months ended 30 June 2012 decreased by 76% to HK\$16,910,000 compared to corresponding period in the previous financial year. The decrease was mainly due to the significant decrease in sales volume of ferro molybdenum during the six months ended 30 June 2012. Considering the current relative lower market price of ferro molybdenum, the management strategically minimised its selling efforts until the market price to be recovered. The sales volume of ferro molybdenum decreased from 440 tonnes for the six months ended 30 June 2011 to 118 tonnes for the six months ended 30 June 2012. The average selling price of ferro molybdenum fell to around HK\$143,000 per tonne during the six months ended 30 June 2012 (six months ended 30 June 2011: HK\$158,000 per tonne). The cost of sales of Harbin Songjiang Group for the six months ended 30 June 2012 was HK\$9,068,000 (six months ended 30 June 2011: HK\$40,769,000) and the gross profit margin was 46% (six months ended 30 June 2011: 41%). The increase in gross profit margin was primarily attributable to the lower unit production cost of ferro molybdenum due to tightened cost control during the period.

# Management Discussion and Analysis

## REVIEW OF OPERATIONS (Continued)

### King Gold Group

King Gold Investments Limited (“King Gold”) and its subsidiaries (“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 widely distributed throughout the country. King Gold Group contributed HK\$62,968,000 and HK\$5,780,000 to the Group’s revenue and profit for the six months ended 30 June 2012 respectively (six months ended 30 June 2011: revenue of HK\$48,156,000 and profit of HK\$12,323,000 respectively). For the six months ended 30 June 2012, King Gold Group generated revenue of HK\$62,968,000. This represented an increase of HK\$14,812,000 or 31% in revenue when compared with the revenue of HK\$48,156,000 generated in the first half of 2011. 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 2012. The cost of sales of King Gold Group increased from HK\$21,269,000 for the six months ended 30 June 2011 to HK\$31,482,000 for the six months ended 30 June 2012. The average gross profit margin for the current period was 50%, representing a decrease of 6% as compared with 56% in the first half of 2011. The decrease in gross profit margin was mainly caused by the increase in the price of the raw materials being the tea leaves due to the general inflation in the agricultural products market of the PRC during 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. It is expected that the iTV business will start generating revenue in the foreseeable future. Year Joy and its subsidiaries (“Year Joy Group”) contributed HK\$2,391,000 (six months ended 30 June 2011: loss of HK\$2,678,000) to the Group’s loss for the six months ended 30 June 2012, which was mainly attributable to operating expenses, e.g, staff costs, office expenses etc, of the iTV business during the period.

# 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 for the purpose of long-term investments and capital gain and dividend income during the six months ended 30 June 2012. The investment portfolio of the Group, including available-for-sale investments, has recorded a depreciation during the first half of 2012. The net decrease in fair value of the investment portfolio during the six months ended 30 June 2012 was HK\$56,352,000 (30 June 2011: HK\$51,798,000 including decrease in fair value and net losses on disposal) and recorded in the change of investment revaluation reserve.

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

As at 30 June 2012, the Group had total assets and net assets of HK\$1,097,910,000 (31 December 2011: HK\$1,135,415,000) and HK\$404,131,000 (31 December 2011: HK\$478,867,000), respectively. The current ratio was 1.26, as compared to 1.38 as of year ended 31 December 2011.

As at 30 June 2012, the Group had bank balances and cash amounted to approximately HK\$106,558,000 (31 December 2011: HK\$152,829,000), of which most were denominated in Hong Kong dollar and Renminbi.

As at 30 June 2012 the Group had (i) bank borrowings of HK\$79,769,000 (31 December 2011: HK\$32,956,000) which were 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\$6,493,000 (31 December 2011: HK\$6,459,000), of which HK\$1,227,000 was interest-free and HK\$5,266,000 was interest-bearing at 2.55% per annum. The gearing ratio, as a ratio of total borrowings to shareholders' fund was 41% (31 December 2011: 14%).

As at 30 June 2012, the Group has pledged a building and a prepaid lease payment with carrying values of approximately HK\$2,534,000 (31 December 2011: HK\$2,818,000) and HK\$19,971,000 (31 December 2011: HK\$20,117,000) 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 2012, the Company had 9,138,782,211 ordinary shares and 3,776,190,000 convertible preference shares in issue with total shareholders' fund of the Group amounting to approximately HK\$12,914,972,000.

## **CONTINGENT LIABILITIES**

The Group has no material contingent liabilities as at 30 June 2012.

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 the Company has not obtained any interests in Fujian Yuansheng and is seeking legal advice in response 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 2012.



# Management Discussion and Analysis

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2012, the Group had 13 and 929 employees in Hong Kong and Mainland China respectively.

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 Group has maintained a stable mining production during the first half 2012. In view of the relatively low market price of ferro molybdenum in the first half 2012, the sales of ferro molybdenum is strategically slowdown until the market price has recovered. Facing the challenges ahead, the Group will grasp the opportunities in molybdenum market and maintain a stable mining production to wait for the recovery of the molybdenum market.

The tea business maintained a stable growth in revenue during the current period and the Group made steady progress in expanding its distribution network of tea business in the PRC. The Group has established more own-operated stores and franchise stores during the period and planned to continue expanding its market channels in the foreseeable future. Going forward, the management remains cautious about the general consumer market in the PRC, and the Group will continue to develop new and exclusive tea products, expand its market channels through the establishment of more chain stores in the second half year of 2012.

# Management Discussion and Analysis

## **PROSPECTS** (Continued)

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. Moreover, the Group plans to purchase more popular Japanese animations to enhance its content library and redistribute to other online video companies. The ultimate goal for the online video business is to have a long-term and stable cooperative relationship with the PRC major telecommunications operators and continue to develop relevant internet and mobile value-added service applications to the end-users of the telecommunications operators.

During the first half of 2012, the global economy is still fluctuating and the PRC inflation pressure was further intensified. Under the ever-changing market environment, we hope that we could overcome all difficulties with concerted efforts through strengthening our internal management process and promoting efficient cost control and capital utilization so as to enhance economic benefit. Looking ahead, we will continue our active development strategies, deepen market penetration, increase product innovation, develop new profit growth spots, promote sales growth, increase market share and enhance our competitiveness in our business sectors so as to generate the greatest return for 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 42, which comprises the condensed consolidated statement of financial position as of 30 June 2012 and the related condensed consolidated statement of 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 the 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 fair 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 MATTERS**

- (1) The condensed consolidated financial statements of the Group for the six months ended 30 June 2011 were reviewed by another auditor who expressed an unqualified conclusion on those statements on 29 August 2011.
- (2) Without qualifying our conclusion, we draw attention that Dongbei Special Steel Group Company Limited (“Dongbei Steel”) is the Group’s major customer in Molybdenum segment who accounted for approximately HK\$10,459,000 or 13.09% of the consolidated revenue for the six-month period ended 30 June 2012 and its respective trade receivable is approximately HK\$55,856,000 or 66.60% of the total trade receivables at 30 June 2012. Hence, the Group is exposed to operational risk and credit risk arising from dependency 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

27 August 2012

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2012

		Six months ended 30 June	
		2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited and restated)
Notes			
<b>Continuing operations</b>			
		<b>79,878</b>	117,642
	3	<b>(40,550)</b>	(62,038)
		<b>39,328</b>	55,604
		<b>5,060</b>	5,943
		<b>(3,014)</b>	27,132
		<b>(20,345)</b>	(15,715)
		<b>(33,824)</b>	(35,547)
	4	<b>(10,189)</b>	(15,066)
		<b>(22,984)</b>	22,351
	5	<b>(1,398)</b>	1,094
		<b>(24,382)</b>	23,445
	6		
<b>Discontinued operation</b>			
	7	—	12,311
		<b>(24,382)</b>	35,756
<b>Other comprehensive income (expense)</b>			
		<b>12,458</b>	8,101
		<b>(56,352)</b>	(38,216)
		<b>(6,460)</b>	773
		<b>(50,354)</b>	(29,342)
		<b>(74,736)</b>	6,414

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2012

		<b>Six months ended 30 June</b>	
Notes	<b>2012</b>	2011	
	<b>HK\$'000</b>	<b>HK\$'000</b>	
	<b>(Unaudited)</b>	(Unaudited and restated)	
(Loss) profit for the period attributable to:			
Owners of the Company			
(Loss) profit for the period from continuing operations	<b>(21,794)</b>	29,085	
Profit for the period from discontinued operation	<u>—</u>	<u>12,311</u>	
(Loss) profit for the period attributable to owners of the Company	<u><b>(21,794)</b></u>	<u>41,396</u>	
Non-controlling interests			
Loss for the period from continuing operations	<u><b>(2,588)</b></u>	<u>(5,640)</u>	
(Loss) profit for the period	<u><b>(24,382)</b></u>	<u>35,756</u>	
Total comprehensive (expense) income attributable to:			
Owners of the Company	<b>(73,608)</b>	14,154	
Non-controlling interests	<u><b>(1,128)</b></u>	<u>(7,740)</u>	
	<u><b>(74,736)</b></u>	<u>6,414</u>	
(Loss) earnings per share:	9		
From continuing and discontinued operations:			
Basic	<u><b>(HK0.24) cent</b></u>	<u>HK0.45 cent</u>	
Diluted	<u><b>(HK0.24) cent</b></u>	<u>(restated) HK0.35 cent</u>	
From continuing operations:			
Basic	<u><b>(HK0.24) cent</b></u>	<u>(restated) HK0.32 cent</u>	
Diluted	<u><b>(HK0.24) cent</b></u>	<u>(restated) HK0.26 cent</u>	

# Condensed Consolidated Statement of Financial Position

At 30 June 2012

	Notes	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)
<b>Non-current Assets</b>			
Property, plant and equipment	10	125,801	133,919
Prepaid lease payments		31,336	29,728
Goodwill	11	88,295	88,295
Other intangible assets	11	161,863	159,032
Biological assets	12	8,628	12,264
Available-for-sale investments	13	164,552	222,092
		580,475	645,330
<b>Current Assets</b>			
Inventories		210,071	182,431
Trade and other receivables	14	183,553	135,033
Prepaid lease payments		532	3,562
Short-term loan and loan interest receivables	15	16,721	16,230
Bank balances and cash		106,558	152,829
		517,435	490,085
<b>Current Liabilities</b>			
Trade and other payables	16	262,014	254,446
Tax liabilities		61,025	61,198
Bank borrowings	17	79,769	32,956
Other borrowings	17	1,227	1,221
Provisions	18	6,116	6,428
		410,151	356,249
<b>Net Current Assets</b>		107,284	133,836
<b>Total Assets less Current Liabilities</b>		687,759	779,166

# Condensed Consolidated Statement of Financial Position

At 30 June 2012

	Notes	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)
<b>Non-current Liabilities</b>			
Deferred income	19	57,259	53,835
Other borrowings	17	5,266	5,238
Provisions	18	107,782	104,060
Deferred tax liabilities		6,887	8,303
Other long-term payables	20	53,921	76,525
Non-redeemable convertible preference shares	21	52,513	52,338
		283,628	300,299
<b>Net Assets</b>			
		404,131	478,867
<b>Capital and Reserves</b>			
Share capital	22	913,878	913,878
Share premium and reserves		(703,449)	(629,841)
Equity attributable to owners of the Company		210,429	284,037
Non-controlling interests		193,702	194,830
<b>Total Equity</b>			
		404,131	478,867

The condensed consolidated financial statements on pages 12 to 42 were approved and authorised for issue by the Board of Directors on 27 August 2012 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 2012

	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 24)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2011 (Audited)	913,878	3,192,267	684,321	104,396	22,282	46,071	175,948	405,639	(6,045)	(5,118,097)	420,660	78,607	499,267
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	41,396	41,396	(5,640)	35,756
Exchange differences arising on translation	-	-	-	-	-	-	-	10,201	-	-	10,201	(2,100)	8,101
Fair value loss on available-for-sale investments	-	-	-	-	-	-	(38,216)	-	-	-	(38,216)	-	(38,216)
Actuarial gain on defined benefit pension plans	-	-	-	-	-	-	-	-	773	-	773	-	773
Other comprehensive (expense) income for the period	-	-	-	-	-	-	(38,216)	10,201	773	-	(27,242)	(2,100)	(29,342)
Total comprehensive (expense) income for the period	-	-	-	-	-	-	(38,216)	10,201	773	41,396	14,154	(7,740)	6,414
Contribution from non-controlling interests	-	-	-	-	37,833	-	-	-	-	-	37,833	28,540	66,373
Disposal of subsidiaries	-	-	-	-	-	-	-	2,108	-	(2,108)	-	-	-
Transfer (Notes (a) and (b))	-	-	-	-	3,638	-	-	-	-	(3,638)	-	-	-
At 30 June 2011 (Unaudited)	913,878	3,192,267	684,321	104,396	63,753	46,071	137,732	417,948	(5,272)	(5,082,447)	472,647	99,407	572,054

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2012

	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 24)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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 differences arising on translation	-	-	-	-	-	-	-	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 (Note 18)	-	-	-	-	-	-	-	-	(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

## Notes:

- (i) According to the relevant rules and regulations in the People's Republic of China ("PRC"), subsidiaries of China Mining Resources Group Limited (the "Company") and its 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.
- (ii) Pursuant to regulations 《高危害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 account will be used on modification and maintenance of safety equipment in accordance with the rules in the PRC Companies Law and is not available for distribution to shareholders.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2012

	<b>Six months ended 30 June</b>	
	<b>2012</b>	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Net cash flows used in operating activities	<b>(85,488)</b>	(133,070)
Net cash flows (used in) from investing activities	<b>(1,049)</b>	74,904
Net cash flows from (used in) financing activities	<b>42,618</b>	(51,546)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(43,919)</b>	(109,712)
Cash and cash equivalents at 1 January	<b>152,829</b>	391,894
Effect of foreign exchange rate changes, net	<b>(2,352)</b>	746
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE,</b> represented by bank balances and cash	<b>106,558</b>	282,928

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

## 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 2012 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2011.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and Hong Kong Accounting Standards (“HKAS”) issued by the HKICPA:

Amendment to HKFRS 1	First-time Adoption of Hong Kong Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendment to HKFRS 7	Financial Instruments: Disclosures — Transfer of Financial Assets
Amendment to HKAS 12	Deferred Tax: Recovery of Underlying Assets

The application of the above amendments to HKFRSs and HKASs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

The Group has not early applied the following new or revised HKASs, HKFRSs, amendments and interpretation that have been issued but are not yet effective.

Amendments to HKFRSs	Annual improvements to HKFRSs 2009 - 2011 Cycle <sup>1</sup>
Amendments to HKFRS 7	Disclosures — Offsetting financial assets and financial liabilities <sup>1</sup> Mandatory effective date of HKFRS 9 and transition disclosures <sup>2</sup>
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance <sup>1</sup>
HKFRS 9	Financial instruments <sup>2</sup>
HKFRS 10	Consolidated financial statements <sup>1</sup>
HKFRS 11	Joint arrangements <sup>1</sup>
HKFRS 12	Disclosure of interests in other entities <sup>1</sup>
HKFRS 13	Fair value measurement <sup>1</sup>
Amendments to HKAS 1	Presentation of items of other comprehensive income <sup>3</sup>
HKAS 19 (As revised in 2011)	Employee benefits <sup>1</sup>
HKAS 27 (As revised in 2011)	Separate financial statements <sup>1</sup>
HKAS 28 (As revised in 2011)	Investments in associates and joint ventures <sup>1</sup>
Amendments to HKAS 32	Offsetting financial assets and financial liabilities <sup>4</sup>
HK(IFRIC*) — Int 20	Stripping costs in the production phase of a surface mine <sup>1</sup>

\* IFRIC represent the International Financial Reporting Interpretations Committee

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2013.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2015.

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2012.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2014.

Save as disclosed in the annual report of the Company for the year ended 31 December 2011, the directors of the Company anticipate that the application of the other new and revised standards and amendments issued but not yet effective will have no material impact on the results and the financial position of the Group.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

## 3. SEGMENT INFORMATION

Information reported to the Group's chief executive officer, being the chief operating decision maker ("CODM") for the purposes of resource allocation and assessment of segment performance focuses on type of goods delivered. This is also the basis upon which the Group is organised and specifically focuses on the Group's operating divisions.

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 (a new business in 2010 and not yet commence business)

During the year ended 31 December 2011, the operating segment of mining, processing and sales of other minerals such as rutile, silicon and iron was discontinued. The segment information reported in the following does not include any amounts for this discontinued operation, which is described in more detail in Note 7.

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

### Six months ended 30 June 2012

#### Continuing operations

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

## 3. SEGMENT INFORMATION (Continued)

Six months ended 30 June 2011

*Continuing operations*

	Tea products HK\$'000 (Unaudited)	Molybdenum HK\$'000 (Unaudited) and restated)	iTV HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited) and restated)
<b>REVENUE</b>				
Segment revenue – external sales	48,156	69,486	–	117,642
<b>RESULT</b>				
Segment profit (loss)	12,323	55,952	(2,678)	65,597
Unallocated corporate income				10,013
Unallocated corporate expenses				(38,193)
Finance costs				(15,066)
Profit before tax				22,351

Segment profit (loss) represents the result from each segment without allocation of central administration costs, directors' salaries, other income (mainly includes interest income on bank deposits), gain on disposal of property, plant and equipment and prepaid lease payments, gain on disposal of subsidiary, loss on disposal of available-for-sale investments, foreign exchange gain (loss) and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and assessment of performance focuses on type of goods delivered.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

## 3. SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's assets by reportable segment:

	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)
Tea products	371,106	427,622
Molybdenum	349,792	346,060
iTV	38,485	38,700
Unallocated assets	338,527	323,033
	<u>1,097,910</u>	<u>1,135,415</u>

### Other segment information

#### Continuing Operations

For the six months ended 30 June 2012

	Tea Products HK\$'000 (Unaudited)	Molybdenum HK\$'000 (Unaudited)	iTV HK\$'000 (Unaudited)	Sub-total HK\$'000 (Unaudited)	Unallocated HK\$'000 (Unaudited)	Total HK\$'000 (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 respected of trade and other receivables	(5,128)	(45)	–	(5,173)	–	(5,173)
Impairment loss recognised in respected 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 2012

## 3. SEGMENT INFORMATION (Continued)

### Other segment information (Continued)

#### Continuing Operations (Continued)

#### For the six months ended 30 June 2011

	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:						
Depreciation of property, plant and equipment	2,047	1,918	208	4,173	351	4,524
Amortisation of prepaid lease payments	1,889	92	—	1,981	—	1,981
Amortisation of other intangible assets	—	824	—	824	—	824
Gain on disposal of prepaid lease payments	—	(37,919)	—	(37,919)	—	(37,919)
Loss (gain) on disposal of property, plant and equipment	—	48	—	48	(1,568)	(1,520)
Loss on disposal of available-for-sale investments	—	—	—	—	191	191
Reversal of allowance for inventory	—	(825)	—	(825)	—	(825)
Impairment loss recognised in respect of trade and other receivables	1,306	262	—	1,568	—	1,568

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

## 4. FINANCE COSTS

	Six months ended 30 June	
	2012 <i>HK\$'000</i> (Unaudited)	2011 <i>HK\$'000</i> (Unaudited)
<b>Continuing operations</b>		
Imputed interest on long-term payables and provisions	3,997	7,663
Interest on bank and other borrowings wholly repayable within five years	2,052	3,287
Interest on non-redeemable convertible preference shares ( <i>Note 21</i> )	4,140	4,116
	<b>10,189</b>	15,066

## 5. INCOME TAX EXPENSE (CREDIT)

	Six months ended 30 June	
	2012 <i>HK\$'000</i> (Unaudited)	2011 <i>HK\$'000</i> (Unaudited)
<b>Continuing operations</b>		
Current tax:		
PRC Enterprise Income Tax	2,642	839
Deferred tax:		
Current period	(1,244)	(1,933)
	<b>1,398</b>	(1,094)

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

## 5. INCOME TAX EXPENSE (CREDIT) (Continued)

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 subsidiary is 25% from 2008 onwards.

Pursuant to the relevant laws and regulations in the PRC, Wuyi Star Tea Industrial Co., Ltd. (“Wuyi”), a subsidiary of the Company acquired in 2009, is exempted from PRC income tax for two years starting from its first profit-making year, followed by a 50% reduction for the next three years. This subsidiary of the Group was in its fifth profit-making year in 2011 and hence PRC income tax was calculated at 12.5% which is 50% of the standard tax rate, on the estimated assessable profit of the subsidiary for 2011. For 2012, the PRC income tax was calculated at 25%.

## 6. (LOSS) PROFIT FOR THE PERIOD

### Continuing operations

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

	<b>Six months ended 30 June</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Depreciation of property, plant and equipment	<b>7,846</b>	4,524
Amortisation of prepaid lease payments	<b>1,508</b>	1,981
Amortisation of other intangible assets	<b>1,979</b>	824
(Reversal of) impairment loss recognised in respected of trade and other receivables	<b>(3,000)</b>	1,568
Government grants	<b>(2,616)</b>	(3,088)
Interest income	<b>(1,974)</b>	(1,572)
Loss on changes in fair value less costs to sell for biological assets	<b>3,469</b>	—
Costs of inventories recognised as an expense	<b>40,550</b>	62,038
Loss on disposal of available-for-sale investments	<b>—</b>	191
Gain on disposal of property, plant and equipment and prepaid lease payments	<b>(127)</b>	(39,439)

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

## 7. DISCONTINUED OPERATION

During the year ended 31 December 2011, the Group discontinued the operation of mining, processing and sales of other minerals such as rutile, silicon and iron after disposal of a subsidiary, Xinganmeng Songjiang Mining Co. Ltd. ("Xinganmeng"). The disposal was effected in order to generate cash flows for the expansion of the Group's other businesses. The disposal was completed on 26 April 2011, on which date control of Xinganmeng was passed to the acquirer.

During the six months ended 30 June 2011, the profit for the period from discontinued operation for Xinganmeng is analysed as follows:

	<b>Six months ended 30 June 2011</b> <i>HK\$'000</i> (Unaudited)
Gain on disposal of mining, processing and sales of other minerals such as rutile, silicon and iron operations ( <i>Note 23</i> )	12,311

The results of the mining, processing and sales of other minerals such as rutile, silicon and iron operations, which have been included in the condensed consolidated statement of comprehensive income, were as follows:

	<b>Six months ended 30 June 2011</b> <i>HK\$'000</i> (Unaudited)
Revenue	—
Cost of sales	—
Gross profit	—
Other income	—
Other gains and losses	—
Selling and distribution expenses	—
Administrative expenses	—
Finance costs	—
Profit for the period	—

The carrying amount of the assets and liabilities of Xinganmeng at the date of disposal are disclosed in Note 23.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

## 8. DIVIDENDS

No dividends were paid, declared or proposed during both of the reporting periods. The directors do not recommend the payment of an interim dividend.

## 9. (LOSS) EARNINGS PER SHARE

### From continuing and discontinuing operations

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

	<b>Six months ended 30 June</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited and restated)
(Loss) profit for the period attributable to owners of the Company and (loss) earnings for the purposes of basic (loss) earnings per share	<b>(21,794)</b>	41,396
Effect of dilutive potential ordinary shares: Interest on non-redeemable convertible preference shares ( <i>Note</i> )	<b>—</b>	4,116
(Loss) profit for the purpose of diluted (loss) earnings per share	<b>(21,794)</b>	45,512
<b>Number of shares</b>	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares for the purposes of basic (loss) earnings per share	<b>9,138,782</b>	9,138,782
Effect of dilutive potential ordinary shares: Non-redeemable convertible preference shares ( <i>Note</i> )	<b>—</b>	3,776,190
Weighted average number of ordinary shares for the purposes of diluted (loss) earnings per share	<b>9,138,782</b>	12,914,972

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

## 9. (LOSS) EARNINGS PER SHARE (Continued)

### From continuing operations

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

	<b>Six months ended 30 June</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited and restated)
(Loss) profit for the period attributable to owners of the Company	<b>(21,794)</b>	41,396
Less: Profit for the period from discontinued operation	<b>—</b>	(12,311)
	<b><u>(21,794)</u></b>	<u>29,085</u>

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

### Notes:

- (1) The computation of diluted loss per share for the six months ended 30 June 2012 does not assume the conversion of the Company's outstanding share options and non-redeemable convertible preference share since their exercise would result in a decrease in loss per share for the period.
- (2) The computation of diluted earnings per share for the six months ended 30 June 2011 does not assume the conversion of the Company's outstanding share options for the period as the exercise prices of these options are higher than average market price of the shares of the Company.

### From discontinued operation

Basic earnings per share for the discontinued operation for the six months period ended 30 June 2011 is HK\$0.13 cent and diluted earnings per share for the discontinued operation for the six months period ended 30 June 2011 is HK\$0.09 cent, based on the profit for the period from the discontinued operation for the six months ended 30 June 2011 of approximately HK\$12,311,000 and the denominators detailed above for both basic and diluted earnings per share.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

## 10. 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\$28,526,000 (six months ended 30 June 2011: Nil) for cash proceeds of approximately HK\$18,412,000 (six months ended 30 June 2011: HK\$1,520,000) and settlements of other payables of approximately HK\$10,241,000 (six months ended 30 June 2011: Nil), resulting a gain on disposal of approximately HK\$127,000 (six months ended 30 June 2011: HK\$1,520,000).

In addition, during the current interim period, the Group paid approximately HK\$16,999,000 (six months ended 30 June 2011: approximately HK\$13,468,000) for acquisition of property, plant and equipment in the PRC in order to expand the tea production capabilities in the PRC.

At 30 June 2012, certain of the Group's buildings with the aggregate carrying amount of HK\$2,534,000 (31 December 2011: HK\$2,818,000) were pledged as security for the Group's bank borrowings (Note 17).

## 11. GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill		Other intangible assets									
			Mining rights		Brand name		Network video platform		Forest use right		Total	
	Six months ended 30 June 2012	Year ended 31 December 2011	Six months ended 30 June 2012	Year ended 31 December 2011	Six months ended 30 June 2012	Year ended 31 December 2011	Six months ended 30 June 2012	Year ended 31 December 2011	Six months ended 30 June 2012	Year ended 31 December 2011	Six months ended 30 June 2012	Year ended 31 December 2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Carrying value at beginning of the period/year	88,295	88,295	109,800	106,665	35,492	35,283	4,130	2,594	9,610	–	159,032	143,542
Additions	–	–	–	–	184	186	3,305	1,554	–	9,641	3,489	11,381
Exchange realignment	–	–	1,285	8,095	34	23	31	110	21	–	1,321	8,228
Disposal of subsidiaries (Note 23)	–	–	–	(1,015)	–	–	–	–	–	–	–	(1,015)
Amortisation to profit or loss	–	–	(1,264)	(2,945)	(59)	–	(295)	(128)	(361)	(31)	(1,979)	(3,104)
Carrying value at end of the period/year	88,295	88,295	109,771	109,800	35,651	35,492	7,171	4,130	9,270	9,610	161,863	159,032

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

## 12. BIOLOGICAL ASSETS

	<b>Tea plantation</b> <i>HK\$'000</i>
At 1 January 2011 (Audited)	—
Additions	11,900
Exchange realignment	180
Gain on changes in fair value less costs to sell	<u>184</u>
At 31 December 2011 (Audited) and 1 January 2012	12,264
Exchange realignment	59
Agricultural produce harvested during the period	(226)
Loss on changes in fair value less costs to sell	<u>(3,469)</u>
<b>At 30 June 2012 (Unaudited)</b>	<b><u>8,628</u></b>

Biological assets at 30 June 2012 and 31 December 2011 are stated at fair value less costs to sell and are analysed as follows:

	<b>30 June 2012 <i>HK\$'000</i> (Unaudited)</b>	31 December 2011 <i>HK\$'000</i> (Audited)
Non-current asset	<b><u>8,628</u></b>	<u>12,264</u>

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, the fair value less costs to sell of tea plantation of approximately HK\$8,628,000 (31 December 2011: HK\$12,264,000) 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 loss on change in fair value less costs to sell of approximately HK\$3,469,000 (six months ended 30 June 2011: Gain of approximately HK\$184,000) has been recognised.

The agricultural produce amounting to approximately HK\$226,000 (six months ended 30 June 2011: Nil) has been harvested during the current interim period.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

## 13. AVAILABLE-FOR-SALE INVESTMENTS

	<b>30 June 2012 HK\$'000 (Unaudited)</b>	31 December 2011 HK\$'000 (Audited)
Available-for-sale equity investments listed in an overseas stock exchange	<b>164,552</b>	222,092

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

## 14. TRADE AND OTHER RECEIVABLES

	<b>30 June 2012 HK\$'000 (Unaudited)</b>	31 December 2011 HK\$'000 (Audited)
Trade receivables	<b>92,079</b>	102,840
Less: Allowance for doubtful debts	<b>(8,212)</b>	(6,646)
	<b>83,867</b>	96,194
Other receivables	<b>68,542</b>	78,879
Less: Allowance for doubtful debts	<b>(54,890)</b>	(59,381)
	<b>13,652</b>	19,498
Deposits and prepayments	<b>86,034</b>	19,341
Total trade and other receivables	<b>183,553</b>	135,033

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

## 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 invoice date at the end of the reporting period:

	<b>30 June 2012 HK\$'000 (Unaudited)</b>	31 December 2011 HK\$'000 (Audited)
0 – 30 days	3,955	34,432
31 – 60 days	15,952	3,954
61 – 90 days	2,102	16,964
Over 90 days	<u>61,858</u>	<u>40,844</u>
	<u><b>83,867</b></u>	<u>96,194</u>

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

	<b>30 June 2012 HK\$'000 (Unaudited)</b>	31 December 2011 HK\$'000 (Audited)
Loan receivables	15,956	15,868
Loan interest receivables	<u>765</u>	<u>362</u>
	<u><b>16,721</b></u>	<u>16,230</u>

The short-term loan carries fixed interest at 5% (31 December 2011: 5%) per annum, unsecured and matured within one year.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

## 16. TRADE AND OTHER PAYABLES

	<b>30 June 2012 HK\$'000 (Unaudited)</b>	31 December 2011 HK\$'000 (Audited)
Trade payables	<b>27,167</b>	17,759
Other payables and accruals	<b>234,847</b>	236,687
	<b>262,014</b>	254,446

The following is an analysis of trade payables by age, presented based on the invoice date:

	<b>30 June 2012 HK\$'000 (Unaudited)</b>	31 December 2011 HK\$'000 (Audited)
0 – 90 days	<b>18,091</b>	14,024
91 – 180 days	<b>336</b>	266
181 – 365 days	<b>4,798</b>	368
Over 1 year	<b>3,942</b>	3,101
	<b>27,167</b>	17,759

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

## 17. BANK AND OTHER BORROWINGS

During the current interim period, the Group obtained new bank borrowings amounting to approximately HK\$112,229,000 (year ended 31 December 2011: HK\$32,956,000) and repaid the bank borrowings amounting to approximately HK\$65,729,000 (year ended 31 December 2011: HK\$82,645,000). These new bank borrowings are secured, carry interest at fixed market rate ranging from 6.31% to 6.94% (year ended 31 December 2011: 5.84% to 6.94%) per annum and repayable within one year.

During the current interim period, no new other borrowing had been obtained from the Group (year ended 31 December 2011: Nil). The other borrowing is unsecured, carry interest at 5% per annum (year ended 31 December 2011: 5%) and is repayable after one year.

## 18. PROVISIONS

In accordance with 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 of the Company based on their best estimation and such costs are expected to be incurred during the period from 2012 to 2020 (year ended 31 December 2011: 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 rate, work injury rate, discount rate and employees' 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 of the Company based on their best estimation.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

## 18. PROVISIONS (Continued)

	<b>Provision for land reclamation and cavity refill costs</b> <i>HK\$'000</i>	<b>Provision for post- employment benefits</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 1 January 2011 (Audited)	131,583	9,268	140,851
Exchange realignment	2,240	390	2,630
Gain on change of estimation	(42,493)	—	(42,493)
Addition the year	7,868	3,596	11,464
Utilisation of provision	(3,443)	—	(3,443)
Actuarial loss	—	1,479	1,479
<b>At 31 December 2011 and 1 January 2012 (Audited)</b>	<b>95,755</b>	<b>14,733</b>	<b>110,488</b>
Exchange realignment	(4,124)	78	(4,046)
Addition for the period	—	1,352	1,352
Utilisation of provision	(356)	—	(356)
Actuarial loss	—	6,460	6,460
<b>At 30 June 2012 (Unaudited)</b>	<b>91,275</b>	<b>22,623</b>	<b>113,898</b>
		<b>30 June 2012 <i>HK\$'000</i> (Unaudited)</b>	<b>31 December 2011 <i>HK\$'000</i> (Audited)</b>
Analysed for reporting purposes as:			
Current liabilities		<b>6,116</b>	6,428
Non-current liabilities		<b>107,782</b>	104,060
		<b>113,898</b>	110,488

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

## 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, which can only be recognised when the relevant mines subsidised by the government commence operations, which is a condition set 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\$1,092,000 were recognised in profit or loss (six months ended 30 June 2011: HK\$133,000).

## 20. OTHER LONG-TERM PAYABLES

Other long-term payables comprised:

	<b>30 June 2012 HK\$'000 (Unaudited)</b>	31 December 2011 HK\$'000 (Audited)
Mining right payables	<b>136,462</b>	113,741
Less: Amount included under "Trade and other payables"	<b>(82,541)</b>	(37,216)
	<b>53,921</b>	76,525

Other long-term payables comprised of mining right payables, pursuant to mining rights 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.

The mining right 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 right payables for Wudaoling Molybdenum mine has been extended to 22 May 2016.

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 2011: 7.05%).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

## 21. NON-REDEEMABLE CONVERTIBLE PREFERENCE SHARES

As part of the consideration for the acquisition of Year Joy Investments Limited during the year ended 31 December 2010, 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
<b>At 30 June 2012 (Unaudited)</b>				
Issue of CPS during the year ended				
31 December 2010	3,776,190,000	684,321	52,513	736,834
<b>At 31 December 2011 (Audited)</b>				
Issue of CPS during the year ended				
31 December 2010	3,776,190,000	684,321	52,338	736,659

The movement of the liability component of the CPS for the six months ended 30 June 2012 is set out below:

	<b>Six months ended 30 June</b>	
	<b>2012</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2011 HK\$'000 (Unaudited)
At the beginning of the period (Audited)	<b>52,338</b>	52,036
Interest charge (Note 4)	<b>4,140</b>	4,116
Interest paid	<b>(3,965)</b>	(3,965)
At the end of the period (Unaudited)	<b>52,513</b>	52,187

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

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

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% (30 June 2011: 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 2012

## 22. SHARE CAPITAL

	Six months ended 30 June 2012		Year ended 31 December 2011	
	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				
<b>Authorised:</b>				
At beginning and end of the period/year	<u>46,223,810</u>	<u>4,622,381</u>	46,223,810	<u>4,622,381</u>
<b>Issued and fully paid:</b>				
At beginning and end of the period/year	<u>9,138,782</u>	<u>913,878</u>	9,138,782	<u>913,878</u>

## 23. DISPOSAL OF A SUBSIDIARY

On 26 April 2011, the Group disposed of a subsidiary, Xinganmeng. The net liabilities of Xinganmeng at the date of disposal were as follows:

	26 April 2011 HK\$'000 (Unaudited)
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	1,036
Trade and other receivables	95
Trade and other payables	<u>(1,439)</u>
Net liabilities disposed of	<u>(308)</u>
Gain on disposal of a subsidiary:	
Cash consideration received	12,003
Net liabilities disposed of	<u>308</u>
Gain on disposal	<u>12,311</u>
Cash inflow arising on disposal:	
Cash consideration	<u>12,003</u>

The assets being disposed of also included property, plant and equipment of which impairment loss had been made in prior years. The impact of disposal of Xinganmeng on the Group's results and cash flows for the six months ended 30 June 2011 is insignificant.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

## 24. SHARE OPTION SCHEME

The Company has a share option scheme for eligible directors and employees of the Group. During the six months ended 30 June 2012 and 30 June 2011, there are no movements in the number of share options outstanding respectively. There are no share options granted or cancelled in the period.

## 25. CAPITAL COMMITMENTS

	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (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>7,736</u>	<u>3,924</u>

## 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	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Short-term benefits	4,038	3,911
Post-employment benefits	<u>168</u>	<u>155</u>
	<u>4,206</u>	<u>4,066</u>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

## 26. RELATED PARTY TRANSACTIONS (Continued)

### Compensation of key management personnel (Continued)

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.

## 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 the Company has not obtained any interests in Fujian Yuansheng and is seeking legal advice in response the Writ, in the opinion of the directors of the Company, the possible of an outflow of resources embodying economic benefit is remote.

## 28. COMPARATIVE FIGURES

Certain other gains and losses as shown in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2011 has been reclassified to discontinued operations to conform with current period presentation.

Adjustment is made to reclassify the other gains or losses amounting to approximately HK\$12,311,000 to profit for the period from discontinued operation. In addition, adjustments have been made in respect of basic earnings per share from continuing operations from HK\$0.45 cents to HK\$0.32 cents, diluted earnings per share from continuing operations from HK\$0.32 cent to HK\$0.26 cent and diluted earnings per share from continuing and discontinued operations from HK\$0.32 cents to HK\$0.35 cents. The directors of the Company consider that the new presentation is more meaningful in view of the nature of the discontinued operation.

# 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 2011. 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 CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has complied with all the applicable code provisions of the Code on Corporate Governance Code and Corporate Governance Report (revised and took effect on 1 April 2012) as well as those of the former Code on Corporate Governance Practices 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 2012.

## **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 2012.

## **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 2012, 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")) which were recorded in the register required to be kept under Section 352 of the SFO, or which were 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
<b>Directors</b>		
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%
Chu Kang Nam	6,000,000	0.07%
Lin Xiang Min	6,000,000	0.07%
<b>Chief executives</b>		
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 2012, 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 2012, persons (other than directors or chief executives of the Company as disclosed herein) who had interests or short positions in the shares or underlying shares of the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were 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 convertible preference shares (as appropriate) of the Company in issue as at 30 June 2012, which were 9,138,782,211 and 3,776,190,000 respectively.
2. These ordinary and convertible preference shares are held by Double Joy Enterprise Limited which is 100% beneficially owned by Mr. Wong Chiu Fung. Both ordinary and 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 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 the Company as required to be recorded in the register under section 336 of the SFO as at 30 June 2012.

## **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 27 August 2012, 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 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)

No share options was granted for the period ended 30 June 2012 under the New Share Option Scheme.

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 2012 are as follows:

Name	Date granted	Period during which options are exercisable	No. of options outstanding at 1 January 2012	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 2012	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										
<b>Directors</b>										
You Xian Sheng	14 October 2008	(Note 1)	40,000,000	–	–	–	40,000,000	HK\$0.275	HK\$0.275	–
Chen Shou Wu	14 October 2008	(Note 1)	35,000,000	–	–	–	35,000,000	HK\$0.275	HK\$0.275	–
Wang Hui	14 October 2008	(Note 1)	35,000,000	–	–	–	35,000,000	HK\$0.275	HK\$0.275	–
Yeung Kwok Kuen	14 October 2008	(Note 1)	35,000,000	–	–	–	35,000,000	HK\$0.275	HK\$0.275	–
Chu Kang Nam	14 October 2008	(Note 1)	3,000,000	–	–	–	3,000,000	HK\$0.275	HK\$0.275	–
Lin Xiang Min	14 October 2008	(Note 1)	3,000,000	–	–	–	3,000,000	HK\$0.275	HK\$0.275	–
			<u>151,000,000</u>				<u>151,000,000</u>			
<b>Chief executives</b>										
Yin Guangyuan	14 October 2008	(Note 1)	35,000,000	–	–	–	35,000,000	HK\$0.275	HK\$0.275	–
Qiao Hongbo	14 October 2008	(Note 1)	10,000,000	–	–	–	10,000,000	HK\$0.275	HK\$0.275	–
Qu Yanchun	14 October 2008	(Note 1)	10,000,000	–	–	–	10,000,000	HK\$0.275	HK\$0.275	–
			<u>55,000,000</u>				<u>55,000,000</u>			
<b>Employee</b>	14 October 2008	(Note 1)	<u>26,600,000</u>	–	–	–	<u>26,600,000</u>	HK\$0.275	HK\$0.275	–
<b>Former directors</b> (Note 4)	14 October 2008	(Note 1)	<u>9,000,000</u>	–	–	–	<u>9,000,000</u>	HK\$0.275	HK\$0.275	–
<b>Others</b> (Note 5)	14 October 2008	(Note 1)	<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 2012	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 2012	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 2010										
<b>Directors</b>										
You Xian Sheng	29 June 2010	(Note 2)	20,000,000	—	—	—	20,000,000	HK\$0.208	HK\$0.208	—
Chen Shou Wu	29 June 2010	(Note 2)	25,000,000	—	—	—	25,000,000	HK\$0.208	HK\$0.208	—
Wang Hui	29 June 2010	(Note 2)	5,000,000	—	—	—	5,000,000	HK\$0.208	HK\$0.208	—
Yeung Kwok Kuen	29 June 2010	(Note 2)	25,000,000	—	—	—	25,000,000	HK\$0.208	HK\$0.208	—
Chu Kang Nam	29 June 2010	(Note 2)	2,000,000	—	—	—	2,000,000	HK\$0.208	HK\$0.208	—
Lin Xiang Min	29 June 2010	(Note 2)	2,000,000	—	—	—	2,000,000	HK\$0.208	HK\$0.208	—
			<u>79,000,000</u>				<u>79,000,000</u>			
<b>Chief executives</b>										
Yin Guangyuan	29 June 2010	(Note 2)	5,000,000	—	—	—	5,000,000	HK\$0.208	HK\$0.208	—
Qiao Hongbo	29 June 2010	(Note 2)	2,000,000	—	—	—	2,000,000	HK\$0.208	HK\$0.208	—
Qu Yanchun	29 June 2010	(Note 2)	2,000,000	—	—	—	2,000,000	HK\$0.208	HK\$0.208	—
			<u>9,000,000</u>				<u>9,000,000</u>			
<b>Employee</b>	29 June 2010	(Note 2)	<u>33,400,000</u>	—	—	—	<u>33,400,000</u>	HK\$0.208	HK\$0.208	—
<b>Former directors (Note 6)</b>	29 June 2010	(Note 2)	<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 2012	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 2012	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										
<b>Directors</b>										
You Xian Sheng	30 August 2011	(Note 3)	30,000,000	–	–	–	30,000,000	HK\$0.161	HK\$0.161	–
Chen Shou Wu	30 August 2011	(Note 3)	30,000,000	–	–	–	30,000,000	HK\$0.161	HK\$0.161	–
Wang Hui	30 August 2011	(Note 3)	10,000,000	–	–	–	10,000,000	HK\$0.161	HK\$0.161	–
Yeung Kwok Kuen	30 August 2011	(Note 3)	30,000,000	–	–	–	30,000,000	HK\$0.161	HK\$0.161	–
Chu Kang Nam	30 August 2011	(Note 3)	1,000,000	–	–	–	1,000,000	HK\$0.161	HK\$0.161	–
Lin Xiang Min	30 August 2011	(Note 3)	1,000,000	–	–	–	1,000,000	HK\$0.161	HK\$0.161	–
			<u>102,000,000</u>				<u>102,000,000</u>			
<b>Chief executive</b>										
Yin Guangyuan	30 August 2011	(Note 3)	10,000,000	–	–	–	10,000,000	HK\$0.161	HK\$0.161	–
<b>Employee</b>										
	30 August 2011	(Note 3)	44,300,000	–	–	–	44,300,000	HK\$0.161	HK\$0.161	–
<b>Former directors (Note 7)</b>										
	30 August 2011	(Note 3)	3,000,000	–	–	–	3,000,000	HK\$0.161	HK\$0.161	–
<b>Others (Note 8)</b>										
	30 August 2011	(Note 3)	210,000,000	–	–	–	210,000,000	HK\$0.161	HK\$0.161	–
			<u>369,300,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>369,300,000</u>			

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 14 October 2008 to 13 October 2013.
2. Exercisable from 29 June 2010 to 28 June 2015.
3. Exercisable from 30 August 2011 to 29 August 2016.
4. 9,000,000 share options were granted to three former directors and the former directors were resigned as directors of the Company in 2011.
5. 50,000,000 share options were granted to a chief adviser of the Company and a consulting company.
6. 6,000,000 share options were granted to three former directors and the former directors were resigned as directors of the Company in 2011.
7. 3,000,000 share options were granted to three former directors and the former directors were resigned as directors of the Company in 2011.
8. 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 2012. 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 2012.

## **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 2012.

## **INTERIM DIVIDEND**

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30 June 2012.

# Disclosure of Interests and Other Information

## **CHANGE IN INFORMATION OF DIRECTOR**

Mr. Chong Cha Hwa (“Mr. Chong”), an independent non-executive director of the Company, was appointed as an independent non-executive director of Boshiwa International Holding Limited (Stock Code: 1698), a company listed on the Main Board of the Stock Exchange, on 10 May 2012. Mr. Chong was also appointed as an executive director of RCG Holdings Limited (Stock Code: 802), a company listed on the Main Board of the Stock Exchange, on 1 July 2012.

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

Hong Kong, 27 August 2012