



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

# 2016

## Interim Report



\* For identification purpose only



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# Corporate Information

## **DIRECTORS**

### **Executive Directors:**

Wang Hui  
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  
Suite 3301-04, 33/F  
Two Chinachem Exchange Square  
338 King's Road  
North Point  
Hong Kong

## **AUDITORS**

Asian Alliance (HK) CPA 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 2016, China Mining Resources Group Limited (the “Company”) together with its subsidiaries (the “Group”) recorded a revenue of HK\$48,478,000 (six months ended 30 June 2015: HK\$60,839,000) and gross profit of HK\$21,796,000 (six months ended 30 June 2015: HK\$25,718,000), representing a decrease of 20% and a decrease of 15% respectively as compared with the corresponding period in 2015. The decrease in revenue in the first half of 2016 was mainly attributable to the decrease of revenue generated from King Gold Investments Limited (“King Gold”) and its subsidiaries (together with King Gold, “King Gold Group”).

The Group’s unaudited loss attributable to owners of the Company amounted to HK\$7,895,000 (six months ended 30 June 2015: HK\$25,760,000).

## REVIEW OF OPERATIONS

### King Gold Group

King Gold Group is principally engaged in cultivation, research, production and sale of Chinese tea products, and its products are selling under the brand names of “武夷” and “武夷星” which are well-recognised in the PRC as premium tea products and widely distributed throughout the country. King Gold Group contributed HK\$48,478,000 (six months ended 30 June 2015: HK\$60,839,000) and HK\$1,719,000 (six months ended 30 June 2015: HK\$5,396,000) to the Group’s revenue and loss respectively for the six months ended 30 June 2016. This represented a decrease of HK\$12,361,000 or 20% in revenue when compared with the revenue of HK\$60,839,000 generated in the corresponding period in 2015. Decrease in revenue was mainly attributable to the demand for discretionary consumer products in the PRC remained to be sluggish. The cost of sales of King Gold Group decreased from HK\$35,121,000 for the six months ended 30 June 2015 to HK\$26,682,000 for the six months ended 30 June 2016. The average gross profit margin for the current period was 45%, representing an increase of 3 percentage points as compared with 42% of average gross profit margin in the corresponding period in 2015.

# Management Discussion and Analysis

## **Investment in One Champion International Limited**

One Champion International Limited (“One Champion”) and its subsidiaries (together with One Champion, “One Champion Group”) are principally engaged in the exploration, mining, processing, and sale of gold and related products. The principal asset of One Champion is its indirect 90% equity interest in a PRC company and the PRC company holds (i) the mining licences in respect of a gold mine located in Tongguan County, Shaanxi Province in the PRC; and (ii) owns and operates an ore-processing plant.

As at 30 June 2016, the carrying value of the investment in One Champion was HK\$140,400,000 (31 December 2015: HK\$140,400,000).

On 4 August 2016, Combined Success Investments Limited (“Combined Success”), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (as purchaser) with Forever Success Investments Limited and Supreme Success Group Limited (collectively referred to as the “Vendors”) and Mr. Ma Dongsheng and Ms. Lin Yuhua (collectively referred to as the “Guarantors”) for the acquisition of the remaining 73% equity interests in One Champion at a consideration of HK\$438,000,000 (the “Transaction”). The details of the Transaction were set out in the Company’s announcement dated 4 August 2016.

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

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

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

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

# Management Discussion and Analysis

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

As at 30 June 2016, the Group had bank borrowings of HK\$81,727,000 (31 December 2015: HK\$85,767,000) which were denominated in Renminbi and interest-bearing at fixed rates with reference to the prevailing borrowing rate quoted by the People's Bank of China. The gearing ratio, as a ratio of total borrowings to shareholders' fund was 13.1% (31 December 2015: 13.7%).

As at 30 June 2016, the Group has pledged certain buildings, certain prepaid lease payments and a forest use right with carrying values of approximately HK\$Nil (31 December 2015: HK\$Nil), HK\$15,198,000 (31 December 2015: HK\$15,763,000) and HK\$5,871,000 (31 December 2015: HK\$6,153,000) respectively to secure general banking facilities grant to the Group.

## **FOREIGN EXCHANGE RISK MANAGEMENT**

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

## **SHARE CAPITAL**

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

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



# Management Discussion and Analysis

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

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

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

## **CONTINGENT LIABILITIES**

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

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

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

# 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 2016.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2016, the Group had approximately 8 and 356 employees in Hong Kong and Mainland China respectively.

The staff cost of the Group (including directors' remuneration in form of salary and other benefits, share-based payments, performance related incentive payments and retirement benefit contributions) was approximately HK\$11,003,000 for the six months ended 30 June 2016 (six months ended 30 June 2015: HK\$11,148,000).

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

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

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



# Management Discussion and Analysis

## **REVIEW ON PROVISION OF FINANCIAL ASSISTANCE AND ADVANCES TO AN ENTITY**

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

## **PROSPECTS**

### **Tea business**

The economic growth in the PRC is gradually decelerating over past years. For premier brands with quality-driven products like “Wuyi” and “Wuyi star”, undoubtedly the Group is facing challenges in the difficult consumer market where people are trying to reduce their spending over discretionary consumer products.

Nevertheless, the Group continues to dedicate its effort to the development of the Chinese tea culture. The management of the Group believes our devotion would associates our brands firmly with tea culture and the cultural bonding would become a crucial competitive edge of the Group in the long-run.

We will also continue to develop and launch new and exclusive tea products and optimize our distribution network and coverage to ensure our products can easily be reached by the niche population that are looking for quality tea products. We will also explore the possibilities of new sales channels to broaden its customer base.

# Management Discussion and Analysis

## **Mining and other businesses**

After the initial investment of 27% equity interest in One Champion Group, the Group is able to obtain first-hand information on the operation of One Champion Group and indeed the Group has provided to One Champion Group with shareholders' loans of HK\$199,000,000 in aggregate to support its recent development during the first half of 2016. The Group is delighted to its present participation in One Champion Group as this demonstrates the commitment of the Group in the mining industry.

On 4 August 2016, the Group, via Combined Success as purchaser, entered into a sale and purchase agreement with the Vendors and the Guarantors for the acquisition of the remaining 73% equity interests in One Champion at a consideration of HK\$438,000,000.

In view of the challenging market conditions currently facing in the tea business, and after careful assessment on the information available from One Champion Group, the Directors of the Company are optimistic over the future development and prospects of One Champion Group and the gold mining industry in China as a whole.

Leveraging on the Group's expertise and experience in the natural resources industry, the Company believes that further investing into One Champion Group will enhance the financial conditions of the Group and the Group would be re-energized with growth potential. The Group is in the view that this would be a precious investment opportunity that would enable the Group to broaden its revenue base and increase its shareholders' value.

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

# Report on Review of Condensed Consolidated Financial Statements



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 43, which comprise the condensed consolidated statement of financial position as of 30 June 2016, 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 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.

### **Asian Alliance (HK) CPA Limited**

*Certified Public Accountants (Practising)*

#### **Chan Mei Mei**

Practising Certificate Number: P05256

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

29 August 2016

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

For the six months ended 30 June 2016

|   |  | <b>Six months ended 30 June</b>                         |  |
|---|--|---|--|
| <i>Notes</i>  | <b>2016<br/>HK\$'000<br/>(Unaudited)</b> | <b>2015<br/>HK\$'000<br/>(Unaudited)<br/>(Restated)</b> |  |
| <b>Continuing operation</b>   |  |   |  |
|   | <b>48,478</b>                            | 60,839  |  |
| 3   | <b>(26,682)</b>                          | (35,121)  |  |
|   | <b>21,796</b>                            | 25,718  |  |
|   | <b>6,959</b>                             | 4,456   |  |
|   | <b>573</b>                               | (4,643)   |  |
|   | <b>(17,446)</b>                          | (19,199)  |  |
|   | <b>(17,820)</b>                          | (24,129)  |  |
| 4   | <b>(2,302)</b>                           | (5,056)   |  |
|   | <b>—</b>                                 | (3,974)   |  |
|   | <b>(8,240)</b>                           | (26,827)  |  |
| 5   | <b>—</b>                                 | —   |  |
|   | <b>(8,240)</b>                           | (26,827)  |  |
| <b>Discontinued operation</b>   |  |   |  |
| 6   | <b>—</b>                                 | (255)   |  |
| 7   | <b>(8,240)</b>                           | (27,082)  |  |
| <b>Other comprehensive income</b>                                     |  |   |  |
| <b>Items that may be subsequently reclassified to profit or loss:</b> |  |   |  |
|   | <b>(1,653)</b>                           | 414   |  |
|   | <b>7,537</b>                             | (2,691)   |  |
|   | <b>5,884</b>                             | (2,277)   |  |
|   | <b>(2,356)</b>                           | (29,359)  |  |

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

For the six months ended 30 June 2016

|  |                               | <b>Six months ended 30 June</b>       |                                       |
|--|-------------------------------|---------------------------------------|---------------------------------------|
|  |                               | <b>2016</b>                           | 2015                                  |
| Notes  |                               | <b>HK\$'000</b><br><b>(Unaudited)</b> | HK\$'000<br>(Unaudited)<br>(Restated) |
| Loss for the period attributable to:                       |                               |                                       |                                       |
| Owners of the Company                                      |                               |                                       |                                       |
|  | — from continuing operation   | <b>(7,895)</b>                        | (25,580)                              |
|  | — from discontinued operation | —                                     | (180)                                 |
|  |                               | <b>(7,895)</b>                        | (25,760)                              |
| Non-controlling interests                                  |                               |                                       |                                       |
|  | — from continuing operation   | <b>(345)</b>                          | (1,247)                               |
|  | — from discontinued operation | —                                     | (75)                                  |
|  |                               | <b>(345)</b>                          | (1,322)                               |
| Loss for the period  |                               | <b>(8,240)</b>                        | (27,082)                              |
| Total comprehensive income for the period attributable to: |                               |                                       |                                       |
| Owners of the Company                                      |                               |                                       |                                       |
|  |                               | <b>(1,812)</b>                        | (28,122)                              |
| Non-controlling interests                                  |                               |                                       |                                       |
|  |                               | <b>(544)</b>                          | (1,237)                               |
|  |                               | <b>(2,356)</b>                        | (29,359)                              |
| Loss per share   |                               | 9                                     |                                       |
| From continuing and discontinued operation                 |                               |                                       |                                       |
|  | Basic and diluted             | <b>HK(0.05) cents</b>                 | HK(0.23) cents                        |
| From continuing operation                                  |                               |                                       |                                       |
|  | Basic and diluted             | <b>HK(0.05) cents</b>                 | HK(0.23) cents                        |



# Condensed Consolidated Statement of Financial Position

At 30 June 2016

|  |       | 30 June<br>2016                | 31 December<br>2015                        | 1 January<br>2015                          |
|--|-------|--------------------------------|--|--|
|  | Notes | <i>HK\$'000</i><br>(Unaudited) | <i>HK\$'000</i><br>(Audited)<br>(Restated) | <i>HK\$'000</i><br>(Audited)<br>(Restated) |
| <b>NON-CURRENT ASSETS</b>                    |       |                                |  |  |
| Property, plant and equipment                | 10    | 16,117                         | 10,716                                     | 31,317                                     |
| Prepaid lease payments                       |       |                                |  |  |
| — non-current portion                        |       | 14,757                         | 15,313                                     | 25,945                                     |
| Goodwill                                     |       | —                              | —  | —  |
| Other intangible assets                      | 11    | 5,871                          | 6,153                                      | 11,484                                     |
| Available-for-sale investments               | 12    | 151,542                        | 143,951                                    | 20,537                                     |
| Loan and loan interest receivables           | 13    | 200,933                        | —  | —  |
|  |       | <u>389,220</u>                 | <u>176,133</u>                             | <u>89,283</u>                              |
| <b>CURRENT ASSETS</b>                        |       |                                |  |  |
| Inventories                                  |       | 98,223                         | 96,278                                     | 106,789                                    |
| Trade and other receivables                  | 14    | 69,643                         | 79,012                                     | 87,527                                     |
| Prepaid lease payments                       |       | 441                            | 450  | 348  |
| Bank balances and cash                       |       | 228,449                        | 447,570                                    | 214,170                                    |
|  |       | <u>396,756</u>                 | <u>623,310</u>                             | <u>408,834</u>                             |
| <b>CURRENT LIABILITIES</b>                   |       |                                |  |  |
| Trade and other payables                     | 15    | 62,870                         | 70,226                                     | 63,440                                     |
| Bank borrowings                              | 16    | 43,199                         | 51,150                                     | 90,770                                     |
| Tax liabilities                              |       | 15,977                         | 16,001                                     | 16,065                                     |
|  |       | <u>122,046</u>                 | <u>137,377</u>                             | <u>170,275</u>                             |
| <b>NET CURRENT ASSETS</b>                    |       | <u>274,710</u>                 | <u>485,933</u>                             | <u>238,559</u>                             |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       | <u>663,930</u>                 | <u>662,066</u>                             | <u>327,842</u>                             |

# Condensed Consolidated Statement of Financial Position

At 30 June 2016

|  |       | 30 June<br>2016<br>HK\$'000<br>(Unaudited) | 31 December<br>2015<br>HK\$'000<br>(Audited)<br>(Restated) | 1 January<br>2015<br>HK\$'000<br>(Audited)<br>(Restated) |
|--|-------|--|--|--|
|  | Notes |  |  |  |
| <b>NON-CURRENT LIABILITIES</b>               |       |  |  |  |
| Bank borrowings                              | 16    | 38,528                                     | 34,617   | —  |
| Deferred income                              |       | 2,982                                      | 2,673  | 1,914  |
| Non-redeemable convertible preference shares |       | —  | —  | 53,619   |
|  |       | <u>41,510</u>                              | <u>37,290</u>  | <u>55,533</u>  |
| <b>NET ASSETS</b>                            |       |  |  |  |
|  |       | <u>622,420</u>                             | <u>624,776</u>   | <u>272,309</u>   |
| <b>CAPITAL AND RESERVES</b>                  |       |  |  |  |
| Share capital                                | 17    | 169,150                                    | 1,691,497  | 913,878  |
| Share premium and reserves                   |       | 454,908                                    | (1,065,627)  | (651,613)  |
| Equity attributable to owners of the Company |       | 624,058                                    | 625,870  | 262,265  |
| Non-controlling interests                    |       | (1,638)                                    | (1,094)  | 10,044   |
| <b>TOTAL EQUITY</b>                          |       |  |  |  |
|  |       | <u>622,420</u>                             | <u>624,776</u>   | <u>272,309</u>   |

The condensed consolidated financial statements on pages 12 to 43 were approved and authorised for issue by the Board of Directors on 29 August 2016 and are signed on its behalf by:

**Fang Yi Quan**  
Director

**Yeung Kwok Kuen**  
Director

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

Attributable to owners of the Company

|  | Share capital |             | Non-redeemable convertible preference shares<br>HK\$'000 | Statutory surplus reserve<br>HK\$'000<br>(Note a) | Contributed surplus<br>HK\$'000<br>(Note b) | Investment revaluation reserve<br>HK\$'000 | Translation reserve<br>HK\$'000 | (Accumulated losses) retained earnings<br>HK\$'000 | Total<br>HK\$'000 | Non-controlling interests<br>HK\$'000 | Total<br>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, as restated   | –             | –           | –  | –   | –   | –  | –                               | (25,760)   | (25,760)          | (1,322)                               | (27,082)          |
| 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 income for the period  | –             | –           | –  | –   | –   | (2,691)                                    | 329                             | –  | (2,362)           | 85                                    | (2,277)           |
| Total comprehensive income for the period, as restated                                   | –             | –           | –  | –   | –   | (2,691)                                    | 329                             | (25,760)   | (28,122)          | (1,237)                               | (29,359)          |
| Issue of shares upon conversion of convertible preference shares                         | 377,619       | 360,321     | (684,321)  | –   | –   | –  | –                               | –  | 53,619            | –                                     | 53,619            |
| At 30 June 2015 (Unaudited), as restated   | 1,291,497     | 3,552,588   | –  | 10,067  | –   | 3,753                                      | 54,086                          | (4,624,229)  | 287,762           | 8,807                                 | 296,569           |
| At 1 January 2016 (Audited), as restated   | 1,691,497     | 3,548,588   | –  | 10,067  | –   | 925  | 48,925                          | (4,674,132)  | 625,870           | (1,094)                               | 624,776           |
| Loss for the period  | –             | –           | –  | –   | –   | –  | –                               | (7,895)  | (7,895)           | (345)                                 | (8,240)           |
| Exchange difference arising on translation of financial statements of foreign operations | –             | –           | –  | –   | –   | –  | (1,454)                         | –  | (1,454)           | (199)                                 | (1,653)           |
| Fair value gain on available-for-sale investments  | –             | –           | –  | –   | –   | 7,537                                      | –                               | –  | 7,537             | –                                     | 7,537             |
| Other comprehensive income for the period  | –             | –           | –  | –   | –   | 7,537                                      | (1,454)                         | –  | 6,083             | (199)                                 | 5,884             |
| Total comprehensive income for the period  | –             | –           | –  | –   | –   | 7,537                                      | (1,454)                         | (7,895)  | (1,812)           | (544)                                 | (2,356)           |
| Capital reorganisation (Note 17(c))  | (1,522,347)   | (3,548,588) | –  | –   | 287,496                                     | –  | –                               | 4,783,439  | –                 | –                                     | –                 |
| At 30 June 2016 (Unaudited)  | 169,150       | –           | –  | 10,067  | 287,496                                     | 8,462                                      | 47,471                          | 101,412  | 624,058           | (1,638)                               | 622,420           |

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

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) Contributed surplus

The contributed surplus represents the excess of capital reduction and share premium cancellation over the accumulated losses of the Company pursuant to the capital reorganisation on 19 February 2016 (Note 17(c)).

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

|   | <b>Six months ended 30 June</b> |             |
|---|---------------------------------|-------------|
|   | <b>2016</b>                     | 2015        |
|   | <b>HK\$'000</b>                 | HK\$'000    |
|   | <b>(Unaudited)</b>              | (Unaudited) |
| <b>NET CASH USED IN OPERATING ACTIVITIES</b>                  | <b>(11,660)</b>                 | (25,318)    |
| <b>INVESTING ACTIVITIES</b>                                   |                                 |             |
| Payment for purchase of property, plant and equipment         | (6,004)                         | (6,118)     |
| Payment for purchases of other intangible assets              | —                               | (319)       |
| Loan granted to One Champion ( <i>as defined in Note 13</i> ) | (199,000)                       | —           |
| Deposit paid for acquisition of subsidiaries                  | —                               | (90,000)    |
| Interest received   | 3,626                           | 3,243       |
| Government grants received                                    | 663                             | 189         |
| Proceeds from disposal of property, plant and equipment       | 24                              | 9           |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>                  | <b>(200,691)</b>                | (92,996)    |
| <b>FINANCING ACTIVITIES</b>                                   |                                 |             |
| Repayment of bank borrowings                                  | (48,108)                        | (49,265)    |
| New bank borrowings raised                                    | 45,929                          | 49,075      |
| Interest paid   | (2,302)                         | (5,056)     |
| <b>NET CASH USED IN FINANCING ACTIVITIES</b>                  | <b>(4,481)</b>                  | (5,246)     |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>              | <b>(216,832)</b>                | (123,560)   |
| <b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>                 | <b>447,570</b>                  | 214,170     |
| Effect of foreign exchange rate changes, net                  | (2,289)                         | 4,966       |
| <b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>                   |                                 |             |
| represented by bank balances and cash                         | <b>228,449</b>                  | 95,576      |

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements of China Mining Resources Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2016 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

## 2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2015.

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

|   |   |
|---|---|
| HKFRS 14  | Regulatory Deferral Accounts  |
| Amendments to HKAS 1                            | Disclosure Initiative   |
| Amendments to HKAS 27                           | Equity Method in Separate Financial Statements                          |
| Amendments to HKAS 16<br>and HKAS 38            | Clarification of Acceptable Methods of Depreciation<br>and Amortisation |
| Amendments to HKAS 16<br>and HKAS 41            | Agriculture: Bearer Plants  |
| Amendments to HKFRS 10,<br>HKFRS 12 and HKAS 28 | Investment Entities: Applying the Consolidation<br>Exception            |



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

|                             |  |
|-----------------------------|--|
| Amendments to HKFRS 11      | Accounting for Acquisitions of Interests in Joint Operations |
| Annual Improvements Project | Annual Improvements to HKFRSs 2012-2014 Cycle                |

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

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

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

### **Summary of the effect of the above changes in accounting policy**

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

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

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

|                           | Six months<br>ended<br>30 June 2015<br>HK\$'000<br>(Unaudited) |
|---------------------------|--|
| Owners of the Company     | (583)  |
| Non-controlling interests | <u>(146)</u>   |
|                           | <u>(729)</u>   |

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

|                               | As at<br>1 January 2015<br>(Originally<br>stated)<br><i>HK\$'000</i> | Adjustments<br><i>HK\$'000</i> | As at<br>1 January 2015<br>(Restated)<br><i>HK\$'000</i> |
|-------------------------------|--|--------------------------------|--|
| Property, plant and equipment | 19,572   | 11,745                         | 31,317   |
| Biological assets             | <u>11,745</u>  | <u>(11,745)</u>                | <u>—</u>   |
| Total effects on net assets   | <u>31,317</u>  | <u>—</u>                       | <u>31,317</u>  |

### Impact on basic loss per share on continuing and discontinued operations

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Impact on diluted loss per share on continuing and discontinued operations

|  | Six months<br>ended<br>30 June 2015<br><i>HK cents</i><br>(Unaudited) |
|--|---|
| Diluted loss per share before adjustments                            | (0.22)  |
| Adjustments arising from change in accounting policy in relation to: |   |
| – Amendments to HKAS 16 and HKAS 41 <i>Agriculture</i> :             |   |
| <i>Bearer Plants</i>   | <u>(0.01)</u>   |
| Reported diluted loss per share                                      | <u>(0.23)</u>   |

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

## 3. SEGMENT INFORMATION

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 3. SEGMENT INFORMATION (Continued)

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

Tea products — production and sales of tea

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

## 4. FINANCE COSTS

|  | Six months ended 30 June        |                                 |
|--|---------------------------------|---------------------------------|
|  | 2016<br>HK\$'000<br>(Unaudited) | 2015<br>HK\$'000<br>(Unaudited) |
| <b>Continuing operation</b>                              |                                 |                                 |
| Interest on bank borrowings                              | 2,302                           | 3,044                           |
| Interest on non-redeemable convertible preference shares | —                               | 2,012                           |
|  | <u>2,302</u>                    | <u>5,056</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 from continuing operation.

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



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 6. DISCONTINUED OPERATION

### Cease of the iTV business

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

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

|   |                                |
|---|--------------------------------|
|   | <i>HK\$'000</i><br>(Unaudited) |
| Loss for the period from discontinued operation | <u>(255)</u>                   |
|   | <i>HK\$'000</i><br>(Unaudited) |
| Attributable to:                                |                                |
| Owners of the Company                           | (180)                          |
| Non-controlling interests                       | <u>(75)</u>                    |
|   | <u>(255)</u>                   |

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 6. DISCONTINUED OPERATION (Continued)

### Cease of the iTV business (Continued)

|  | <i>HK\$'000</i> |
|--|-----------------|
|  | (Unaudited)     |
| 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>    |

|   | <i>HK\$'000</i> |
|---|-----------------|
|   | (Unaudited)     |
| 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 2016

## 7. LOSS FOR THE PERIOD – CONTINUING OPERATION

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

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 8. DIVIDENDS

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

## 9. LOSS PER SHARE

### From continuing and discontinued operations

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

|  | Six months ended 30 June |                           |
|--|--------------------------|---------------------------|
|  | 2016                     | 2015                      |
|  | HK\$'000                 | HK\$'000                  |
|  | (Unaudited)              | (Unaudited)<br>(Restated) |
| Loss for the purpose of basic loss per share:                            |                          |                           |
| Loss for the period attributable to owners of the Company                | (7,895)                  | (25,760)                  |
| Effect of dilutive potential ordinary shares:                            |                          |                           |
| Interest on non-redeemable convertible preference shares ( <i>Note</i> ) | <u>N/A</u>               | <u>N/A</u>                |
| Loss for the purpose of diluted loss per share                           | <u>(7,895)</u>           | <u>(25,760)</u>           |

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 9. LOSS PER SHARE (Continued)

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

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

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

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

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

### From discontinued operation

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group disposed of certain property, plant and equipment with zero carrying amount (for the six months ended 30 June 2015: with an aggregate carrying amount of approximately HK\$5,000) for cash proceeds of approximately HK\$24,000 (for the six months ended 30 June 2015: cash proceeds of approximately HK\$9,000), resulting in a gain on disposal of approximately HK\$24,000 (for the six months ended 30 June 2015: approximately HK\$4,000).

No property, plant and equipment was written-off or impaired during the current interim period. During the six months ended 30 June 2015, the Group had written-off certain property, plant and equipment with an aggregate carrying amount of approximately HK\$6,000 and impaired certain property, plant and equipment with an aggregate carrying amount of approximately HK\$75,000.

During the current interim period, the Group has paid approximately HK\$6,004,000 (for the six months ended 30 June 2015: approximately HK\$6,118,000) for acquisition of property, plant and equipment in the PRC.

At 30 June 2016 and 31 December 2015, certain of the Group's buildings, which had been fully impaired, were pledged as security for the Group's bank borrowings (Note 16).

Upon adoption of the Amendments to HKAS 16 and HKAS 41 as disclosed in Note 2 to the condensed consolidated financial statements, the carrying amount of the tea plantation of approximately HK\$11,745,000 as at 1 January 2015 was reclassified from biological assets to property, plant and equipment.

The estimated quantity and fair value less costs-to-sell of agricultural produce, representing tea leaves before further processing into raw teas, harvested from tea trees during the reporting periods were as follows:

|   | <b>Six months ended 30 June</b> |             |
|---|---------------------------------|-------------|
|   | <b>2016</b>                     | 2015        |
|   | <b>HK\$'000</b>                 | HK\$'000    |
|   | <b>(Unaudited)</b>              | (Unaudited) |
|   |                                 | (Restated)  |
| Estimated fair value less costs-to-sell | <b>513</b>                      | 516         |
| Estimated quantity (kg)                 | <b>21,248</b>                   | 20,027      |

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 11. OTHER INTANGIBLE ASSETS

The Group has pledged the forest use right with carrying value of approximately HK\$5,871,000 (31 December 2015: approximately HK\$6,153,000) as security for the Group's bank borrowings (Note 16).

## 12. AVAILABLE-FOR-SALE INVESTMENTS

|  | <b>30 June<br/>2016<br/>HK\$'000<br/>(Unaudited)</b> | 31 December<br>2015<br>HK\$'000<br>(Audited) |
|--|--|--|
| Available-for-sale investments                       |  |  |
| Equity investments listed in overseas stock exchange | <b>11,142</b>  | 3,551  |
| Unlisted equity securities                           | <b>140,400</b>                                       | 140,400                                      |
|  | <b>151,542</b>                                       | 143,951                                      |



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 13. LOAN AND LOAN INTEREST RECEIVABLES

|                           | <b>30 June<br/>2016<br/>HK\$'000<br/>(Unaudited)</b> | 31 December<br>2015<br>HK\$'000<br>(Audited) |
|---------------------------|--|--|
| Loan receivables          | <b>199,000</b>                                       | —  |
| Loan interest receivables | <b>1,933</b>   | —  |
|                           | <b>200,933</b>                                       | —  |

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 14. TRADE AND OTHER RECEIVABLES

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 14. TRADE AND OTHER RECEIVABLES (Continued)

Notes:

### (a) Trade receivables

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

|              | 30 June<br>2016<br>HK\$'000<br>(Unaudited) | 31 December<br>2015<br>HK\$'000<br>(Audited) |
|--------------|--|--|
| 0 – 30 days  | 1,920                                      | 6,518  |
| 31 – 60 days | 1,368                                      | 899  |
| 61 – 90 days | 381  | 1,178  |
| Over 90 days | 2,093                                      | 2,971  |
|              | <u>5,762</u>                               | <u>11,566</u>                                |

### (b) Advance to suppliers

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 15. TRADE AND OTHER PAYABLES

|                             | 30 June<br>2016<br><i>HK\$'000</i><br>(Unaudited) | 31 December<br>2015<br><i>HK\$'000</i><br>(Audited) |
|-----------------------------|---|---|
| Trade payables              | 24,905  | 17,945  |
| Other payables and accruals | 37,965  | 52,281  |
|                             | <u>62,870</u>                                     | <u>70,226</u>                                       |

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

|                | 30 June<br>2016<br><i>HK\$'000</i><br>(Unaudited) | 31 December<br>2015<br><i>HK\$'000</i><br>(Audited) |
|----------------|---|---|
| 0 – 90 days    | 19,094  | 6,475   |
| 91 – 180 days  | 3,746   | 8,203   |
| 181 – 365 days | 1,863   | 1,037   |
| Over 1 year    | 202   | 2,230   |
|                | <u>24,905</u>                                     | <u>17,945</u>                                       |

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 16. BANK BORROWINGS

During the current interim period, the Group obtained new bank borrowings amounting to approximately HK\$45,929,000 (for the year ended 31 December 2015: approximately HK\$89,295,000) and repaid the bank borrowings amounting to approximately HK\$48,108,000 (for the year ended 31 December 2015: approximately HK\$89,482,000). These new bank borrowings are secured, carry interest at fixed rate ranging from 5.00% to 5.46% (as at 31 December 2015: fixed rate ranging from 5.46% to 6.44%) per annum and repayable within one to three years.

The Group has pledged certain buildings, prepaid lease payments and forest use right with zero carrying amount (31 December 2015: zero), carrying amount of approximately HK\$15,198,000 (31 December 2015: approximately HK\$15,763,000) and HK\$5,871,000 (31 December 2015: approximately HK\$6,153,000), respectively to secure general banking facilities granted to the Group.

## 17. SHARE CAPITAL

| Ordinary shares   | Par value<br>per share<br><i>HK\$</i> | Number of<br>shares<br><i>'000</i> | Amount<br><i>HK\$'000</i> |
|---|---------------------------------------|------------------------------------|---------------------------|
| Authorised:   |                                       |                                    |                           |
| At 1 January 2015 and 31 December 2015<br>(Audited)                                     | 0.1                                   | 46,223,810                         | 4,622,381                 |
| Capital reorganisation ( <i>Note (c)</i> )  | N/A                                   | 416,014,290                        | —                         |
| <b>At 30 June 2016 (Unaudited)</b>  | <b>0.01</b>                           | <b>462,238,100</b>                 | <b>4,622,381</b>          |
| Issued and fully paid:  |                                       |                                    |                           |
| At 1 January 2015 (Audited)   | 0.1                                   | 9,138,782                          | 913,878                   |
| Issue of shares upon conversion of<br>convertible preference shares ( <i>Note (a)</i> ) | 0.1                                   | 3,776,190                          | 377,619                   |
| Placing of new shares ( <i>Note (b)</i> )   | 0.1                                   | 4,000,000                          | 400,000                   |
| At 31 December 2015 (Audited)   | 0.1                                   | 16,914,972                         | 1,691,497                 |
| Capital reorganisation ( <i>Note (c)</i> )  | N/A                                   | —                                  | (1,522,347)               |
| <b>At 30 June 2016 (Unaudited)</b>  | <b>0.01</b>                           | <b>16,914,972</b>                  | <b>169,150</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 2016

## 17. SHARE CAPITAL (Continued)

Notes:

- (a) During the year ended 31 December 2015, all holders of the non-redeemable convertible preference shares (“CPS”) converted 3,776,190,000 CPSs held by them into 3,776,190,000 new ordinary shares at the conversion ratio of one CPS into one ordinary share.
- (b) On 11 August 2015, 11 November 2015 and 7 December 2015, the Company entered into a placing agreement and two supplemental agreements with a placing agent, respectively, to place 4,000,000,000 placing shares to not less than six placees at the placing price of HK\$0.10 per placing share. Net proceeds of HK\$396,000,000 were raised and used for funding any future business development and/or potential investment opportunities and for general working capital of the Company. Such placing of shares was completed on 31 December 2015.
- (c) Pursuant to the special resolution of the Company’s shareholders at its special general meeting on 18 February 2016, the capital reorganisation, involving the share premium cancellation (the “Share Premium Cancellation”), the capital reduction (the “Capital Reduction”), the share subdivision (the “Share Subdivision”) and the accumulated losses offset (the “Accumulated Losses Offset”) (collectively referred to as the “Capital Reorganisation”) were approved by the shareholders of the Company and the details are as follows:
- (i) **Share Premium Cancellation**
- The entire amount standing to the credit of the share premium account of the Company was cancelled and the credit arising from such cancellation had been transferred to the contributed surplus account (the “Contributed Surplus Account”). As at the completion date of the Capital Reorganisation, the Company had a credit balance of approximately HK\$3,548,588,000 standing in its share premium account.
- (ii) **Capital Reduction**
- The issued share capital of the Company was reduced by cancelling the paid-up capital to the extent of HK\$0.09 on each of the issued shares. On the basis of 16,914,972,211 shares currently in issue, a credit of approximately HK\$1,522,347,000 to the share capital arose from the Capital Reduction, and the credit arising from the Capital Reduction had been transferred to the Contributed Surplus Account.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 17. SHARE CAPITAL (Continued)

Notes: (Continued)

(c) (Continued)

### (iii) Share Subdivision

Forthwith upon the Capital Reduction taking effect, every authorised but unissued share (including those arising from the Capital Reduction) was subdivided into 10 new shares with a par value of HK\$0.01 each and every authorised but unissued preference share was subdivided into 10 new preference shares with a par value of HK\$0.01 each.

### (iv) Accumulated Losses Offset

The amount standing to the credit of the Contributed Surplus Account is applied to set off the accumulated losses of the Company as at 31 December 2015 of approximately HK\$4,783,439,000 as permitted by the bye-laws of the Company and all applicable laws in Bermuda.

Details of the Capital Reorganisation are disclosed in the announcements dated 8 January 2016 and 18 February 2016, and the circular dated 25 January 2016.

## 18. 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).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 18. FAIR VALUE MEASUREMENTS OF THE FINANCIAL INSTRUMENTS

(Continued)

**Fair value of the Group's financial assets that are measured at fair value on a recurring basis** (Continued)

| Financial assets  | Fair value as at                                   |  | Fair value hierarchy | Valuation technique(s) and key input(s) |
|---|--|--|----------------------|---|
|   | 30 June 2016                                       | 31 December 2015                         |                      |   |
| Listed equity securities classified as available-for-sale investments in the condensed consolidated statement of financial position | <b>Asset-<br/>Approximately<br/>HK\$11,142,000</b> | Asset-<br>Approximately<br>HK\$3,551,000 | 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 values.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

## 19. CAPITAL COMMITMENTS

Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided for in the condensed consolidated financial statements

| <b>30 June<br/>2016<br/>HK\$'000<br/>(Unaudited)</b> | 31 December<br>2015<br>HK\$'000<br>(Audited) |
|--|--|
| <b>8,995</b>   | 2,533  |

## 20. RELATED PARTY DISCLOSURES

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

### Compensation of key management personnel

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

|  | <b>Six months ended 30 June</b>          |                                 |
|--|--|---------------------------------|
|  | <b>2016<br/>HK\$'000<br/>(Unaudited)</b> | 2015<br>HK\$'000<br>(Unaudited) |
| Short-term benefits                        | <b>1,680</b>                             | 1,680                           |
| Contribution to retirement benefit schemes | <b>51</b>                                | 54                              |
|  | <b>1,731</b>                             | 1,734                           |

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 2016

## 21. 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.

## 22. EVENT AFTER THE REPORTING PERIOD

On 4 August 2016, Combined Success Investments Limited ("Combined Success"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (as purchaser) with Forever Success Investments Limited and Supreme Success Group Limited (collectively referred to as the "Vendors") and Mr. Ma Dongsheng and Ms. Lin Yuhua (collectively referred to as the "Guarantors") for the acquisition of the remaining 73% equity interests in One Champion at a consideration of HK\$438,000,000, which shall be settled by a combination of cash consideration of HK\$80,000,000 and the issue of 4,475,000,000 consideration shares by the Company at the issue price of HK\$0.08 each (the "Transaction"). The details of the Transaction were set out in the Company's announcement dated 4 August 2016. The Transaction is yet to be completed up to the date of this report.

# Corporate Governance

The Company is committed to comply with its established best practice in corporate governance and is acting in line with those practices as set out in the annual report of the Company for the financial year ended 31 December 2015. The Board believes that good corporate governance is crucial to enhance the performance of the Group and to safeguard the interests of the shareholders of the Company.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF THE LISTING RULES**

The Company has complied with the code provisions (“Code Provision(s)”) of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) during the six months ended 30 June 2016, except for certain deviations as specified and explained below with considered reasons for such deviations.

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

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

Since the resignation of Mr. Wang Hui as the chief executive officer of the Company (the “CEO”) on 1 June 2016, the Company has not appointed a new CEO. Until the appointment of the new CEO, the executive Directors, possessing extensive relevant industry knowledge, collectively oversee the day-to-day management of the business and operations of the Group.

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

# Corporate Governance

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

2. Under Code Provision E.1.2 of the CG Code, the Chairman should attend the annual general meeting. Since the new Chairman has not been appointed following the resignation of Dr. You Xian Sheng as the Chairman on 31 January 2014, Mr. Yeung Kwok Kuen, the executive Director, has been elected by other Directors present to act as the chairman of the annual general meeting of the Company held on 27 May 2016 in accordance with the Bye-laws of the Company.
3. Under Code Provision F.1.3 of the CG Code, the company secretary should report to the board chairman and/or the chief executive officer. Since the new Chairman has not been appointed following the resignation of Dr. You Xian Sheng as the Chairman on 31 January 2014 and the new CEO has not been appointed following the resignation of Mr. Wang Hui as the CEO on 1 June 2016, the company secretary of the Company reported to the executive Directors since 1 June 2016.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules. Upon specific enquiries, all Directors confirmed they had complied with the required standard set out in the Model Code during the six months ended 30 June 2016.

## **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 2016, 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 2016, 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:

### 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<br>(Note 1) |
|----------------------|------------------------------------|--------------------------------|-------------------------|---|
| Ho Ping Tanya        | Beneficial owner                   | Ordinary                       | 3,300,000,000           | 19.51%  |
| Zhang Wen            | Interest in controlled corporation | Ordinary                       | 910,000,000<br>(Note 2) | 5.38%   |

#### Notes:

1. The percentages are calculated based on the total number of ordinary shares of the Company in issue as at 30 June 2016, which were 16,914,972,211.
2. These shares are held by Purple Luck Limited which is 100% beneficially owned by Ms. Zhang Wen.

# 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 2016.

## **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 29 August 2016, the total number of ordinary shares of HK\$0.01 each in the capital of the Company (“Shares”) available for issue under the New Share Option Scheme was 1,691,497,221 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.

# Disclosure of Interests and Other Information

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

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 a Share 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 2016, 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 and up to 30 June 2016, there is no option granted by the Company under the New Share Option Scheme that remains outstanding as at 30 June 2016.

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

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



# Disclosure of Interests and Other Information

## **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 2016.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016.

## **CHANGE IN INFORMATION OF DIRECTOR**

Pursuant to Rule 13.51B(1) of the Listing Rules, the change of Director's information since the date of the 2015 annual report and up to the date of this interim report is as follows:

Mr. Wang Hui, the executive Director, was resigned as the chief executive officer of the Company on 1 June 2016.

By Order of the Board  
**China Mining Resources Group Limited**  
**Yeung Kwok Kuen**  
*Executive Director*

Hong Kong, 29 August 2016