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中國礦業資源集團有限公司*
China Mining Resources Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00340)

**ANNOUNCEMENT OF INTERIM RESULTS
 FOR THE SIX MONTHS ENDED 30 JUNE 2011**

The board of directors (the “Board”) of China Mining Resources Group Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2011, with the comparative figures in 2010, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

| | <i>Notes</i> | Six months ended 30 June | |
|---|--------------|---------------------------------|---------------------------------|
| | | 2011 | 2010 |
| | | HK\$'000 | HK\$'000 |
| | | (unaudited) | (unaudited and restated) |
| | | | <i>(Note 13)</i> |
| Continuing operations | | | |
| Revenue | 3 | 117,642 | 86,554 |
| Cost of sales | | <u>(62,038)</u> | <u>(72,813)</u> |
| Gross profit | | 55,604 | 13,741 |
| Other income | | 5,943 | 8,887 |
| Other gains and losses | | 39,443 | 5,235 |
| Distribution and selling expenses | | (15,715) | (5,462) |
| Administrative expenses | | (35,547) | (40,131) |
| Finance costs | 4 | (15,066) | (10,991) |
| Impairment losses on goodwill | 10 | — | (423,086) |
| Impairment losses on other intangible assets | 10 | — | (44,091) |
| Profit (loss) before tax | | 34,662 | (495,898) |
| Income tax credit | 5 | <u>1,094</u> | <u>9,412</u> |
| Profit (loss) for the period from continuing operations | 6 | <u>35,756</u> | <u>(486,486)</u> |

* *For identification purpose only*

| | Notes | Six months ended 30 June | |
|--|-------|---------------------------------|--|
| | | 2011 HK\$'000 (unaudited) | 2010 HK\$'000 (unaudited and restated) (Note 13) |
| Discontinued operation | 7 | | |
| Loss for the period from discontinued operation | | — | (3,023) |
| Profit (loss) for the period | | <u>35,756</u> | <u>(489,509)</u> |
| Other comprehensive income (expense) | | | |
| Exchange differences arising on translation | | 8,101 | 1,139 |
| Loss on change in fair value of available-for-sale investments | | (38,216) | (35,482) |
| Actuarial gain (loss) on defined benefit pension plans | | 773 | (3,200) |
| Other comprehensive expense for the period | | <u>(29,342)</u> | <u>(37,543)</u> |
| Total comprehensive income (expense) for the period | | <u><u>6,414</u></u> | <u><u>(527,052)</u></u> |
| Profit (loss) for the period attributable to: | | | |
| Owners of the Company | | | |
| — Profit (loss) for the period from continuing operations | | 41,396 | (465,394) |
| — Loss for the period from discontinued operation | | — | (3,023) |
| Profit (loss) for the period attributable to owners of the Company | | <u>41,396</u> | <u>(468,417)</u> |
| Non-controlling interests | | | |
| — Loss for the period from continuing operations attributable to non-controlling interests | | <u>(5,640)</u> | <u>(21,092)</u> |
| | | <u><u>35,756</u></u> | <u><u>(489,509)</u></u> |
| Total comprehensive income (expense) attributable to: | | | |
| Owners of the Company | | 14,154 | (506,333) |
| Non-controlling interests | | (7,740) | (20,719) |
| | | <u><u>6,414</u></u> | <u><u>(527,052)</u></u> |
| Earnings (loss) per share | 9 | | |
| From continuing and discontinued operations | | | |
| Basic | | <u>HK0.45 cent</u> | <u>(HK7.33) cents</u> |
| Diluted | | <u>HK0.32 cent</u> | <u>(HK7.33) cents</u> |
| From continuing operations | | | |
| Basic | | <u>HK0.45 cent</u> | <u>(HK7.28) cents</u> |
| Diluted | | <u>HK0.32 cent</u> | <u>(HK7.28) cents</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2011

| | | 30 June | 31 December |
|--|--------------|--------------------|------------------|
| | | 2011 | 2010 |
| | <i>Notes</i> | HK\$'000 | HK\$'000 |
| | | (unaudited) | (audited) |
| Non-current Assets | | | |
| Property, plant and equipment | | 129,867 | 111,685 |
| Prepaid lease payments | | 32,462 | 33,800 |
| Goodwill | <i>10</i> | 88,295 | 88,295 |
| Other intangible assets | <i>10</i> | 150,279 | 143,542 |
| Available-for-sale investments | | 251,505 | 326,710 |
| Deposit for acquisition of tea mountain | | 21,115 | 20,705 |
| | | 673,523 | 724,737 |
| Current Assets | | | |
| Inventories | | 177,248 | 164,754 |
| Trade and other receivables | <i>11</i> | 165,715 | 96,446 |
| Prepaid lease payments | | 4,455 | 3,873 |
| Held-for-trading investments | | 21,029 | 34,353 |
| Bank balances and cash | | 282,928 | 391,894 |
| | | 651,375 | 691,320 |
| Current Liabilities | | | |
| Trade and other payables | <i>12</i> | 225,695 | 260,593 |
| Amounts due to non-controlling shareholders | | — | 150,500 |
| Tax payable | | 59,942 | 62,454 |
| Bank borrowings | | 104,757 | 82,645 |
| Other borrowings | | 15,653 | 1,181 |
| Provisions | | 65,787 | 64,540 |
| | | 471,834 | 621,913 |
| Net Current Assets | | 179,541 | 69,407 |
| Total Assets less Current Liabilities | | 853,064 | 794,144 |

| | 30 June 2011 HK\$'000 (unaudited) | 31 December 2010 HK\$'000 (audited) |
|--|--|--|
| Capital and Reserves | | |
| Share capital | 913,878 | 913,878 |
| Share premium and deficits | <u>(441,231)</u> | <u>(493,218)</u> |
| Equity attributable to owners of the Company | 472,647 | 420,660 |
| Non-controlling interests | <u>99,407</u> | <u>78,607</u> |
| Total Equity | <u>572,054</u> | <u>499,267</u> |
| Non-current Liabilities | | |
| Deferred income | 39,701 | 35,782 |
| Other borrowings | 17,207 | 19,233 |
| Provisions | 78,067 | 76,311 |
| Deferred tax liabilities | 16,102 | 18,747 |
| Other long term payables | 77,746 | 92,768 |
| Non-redeemable convertible preference shares | <u>52,187</u> | <u>52,036</u> |
| | <u>281,010</u> | <u>294,877</u> |
| | <u>853,064</u> | <u>794,144</u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2011

1. BASIS OF PREPARATION

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

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 values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2011 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2010.

In the current interim period, the Group has applied, for the first time, the following new or revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

- *Improvements to HKFRSs* issued in 2010
- HKAS 24 (as revised in 2009) *Related Party Disclosures*
- Amendments to HKAS 32 *Classification of Rights Issues*
- Amendments to HK(IFRIC) — Int 14 *Prepayments of a Minimum Funding Requirement*
- HK(IFRIC) — Int 19 *Extinguishing Financial Liabilities with Equity Instruments*

The application of the above new and revised 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.

The Group has not early applied new or revised standards and amendments that have been issued but are not yet effective. The following new or revised standards and amendments have been issued after the date the consolidated financial statements for the year ended 31 December 2010 were authorised for issuance and are not yet effective.

| | |
|------------------------------|--|
| HKFRS 10 | Consolidated Financial Statements ¹ |
| HKFRS 11 | Joint Arrangements ¹ |
| HKFRS 12 | Disclosure of Interests in Other Entities ¹ |
| HKFRS 13 | Fair Value Measurement ¹ |
| HKAS 1 (Amendments) | Presentation of Items of Other Comprehensive Income ² |
| HKAS 19 (as revised in 2011) | Employee Benefits ¹ |
| HKAS 27 (as revised in 2011) | Separate Financial Statements ¹ |
| HKAS 28 (as revised in 2011) | Investments in Associates and Joint Ventures ¹ |

¹ Effective for annual periods beginning on or after 1 January 2013

² Effective for annual periods beginning on or after 1 July 2012

The directors of the Company anticipate that the application of these new or revised standards and amendments will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

Information reported to the Group's chief operating decision maker ("CODM") for the purposes of resource allocation and assessment of performance focuses on type of goods delivered. This is also the basis upon which the Group is organised and specifically focuses on the Group's operating divisions. Specifically, the Group's operating and reportable segments are as follows:

| | | |
|-------------------------------|---|---|
| Tea products | — | production and sales of tea |
| Molybdenum | — | mining, processing and sales of molybdenum |
| Online video business ("iTV") | — | Online video broadcasting |
| Others | — | mining, processing and sales of other minerals such as rutile, silicon and iron |

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

Six months ended 30 June 2011

Continuing operations

| | Tea products <i>HK\$'000</i> | Molybdenum <i>HK\$'000</i> | iTV <i>HK\$'000</i> | Others <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|--|------------------------------------|-------------------------------|------------------------|---------------------------|--------------------------|
| REVENUE | | | | | |
| Segment revenue — external sales | <u>48,156</u> | <u>69,486</u> | <u>—</u> | <u>—</u> | <u>117,642</u> |
| RESULT | | | | | |
| Segment profit (loss) | <u>12,323</u> | <u>68,263</u> | <u>(2,678)</u> | <u>—</u> | 77,908 |
| Unallocated corporate income | | | | | 10,013 |
| Unallocated corporate expenses | | | | | (38,193) |
| Finance costs | | | | | <u>(15,066)</u> |
| Profit before tax (continuing operations) | | | | | <u>34,662</u> |

Six months ended 30 June 2010 (Restated)

Continuing operations

| | Tea products <i>HK\$'000</i> | Molybdenum <i>HK\$'000</i> | Others <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|---|------------------------------------|-------------------------------|---------------------------|--------------------------|
| REVENUE | | | | |
| Segment revenue — external sales | <u>46,737</u> | <u>29,968</u> | <u>9,849</u> | <u>86,554</u> |
| RESULT | | | | |
| Segment profit (loss) | <u>(461,482)</u> | <u>14,445</u> | <u>6,213</u> | (440,824) |
| Unallocated corporate income | | | | 3,154 |
| Unallocated corporate expenses | | | | (47,237) |
| Finance costs | | | | <u>(10,991)</u> |
| Loss before tax (continuing operations) | | | | <u>(495,898)</u> |

The operating segment of mining, processing and sales of copper and zinc was discontinued in 2010. The segment information reported above does not include any amounts for these discontinued operations, which are described in more detail in Note 7.

Segment result represents the profit (loss) earned by each segment without allocation of central administration costs, directors' salaries, change in fair value of held-for-trading investments, loss on disposal of available-for-sale investments, gain on disposal of property, plant and equipment, interest income, foreign exchange gain (loss) and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and assessment of performance focuses on type of goods delivered.

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

| | 30 June 2011 <i>HK\$'000</i> (unaudited) | 31 December 2010 <i>HK\$'000</i> (audited) |
|--------------------|---|---|
| Tea products | 416,362 | 417,955 |
| Molybdenum | 316,089 | 291,395 |
| iTV | 19,375 | 11,934 |
| Others | — | 17 |
| Unallocated assets | <u>573,072</u> | <u>694,756</u> |
| | <u>1,324,898</u> | <u>1,416,057</u> |

Other segment information

Continuing operations

For the six months ended 30 June 2011

| | Tea products HK\$'000 | Molybdenum HK\$'000 | iTV HK\$'000 | Others HK\$'000 | Sub-total HK\$'000 | Unallocated HK\$'000 | Total HK\$'000 |
|---|-----------------------------|------------------------|-----------------|--------------------|-----------------------|-------------------------|-------------------|
| Depreciation of property, plant and equipment | 2,047 | 1,918 | 208 | — | 4,173 | 351 | 4,524 |
| Amortisation of prepaid lease payments | 1,889 | 92 | — | — | 1,981 | — | 1,981 |
| Amortisation of other intangible assets | — | 824 | — | — | 824 | — | 824 |
| Gain on disposal of prepaid lease payments | — | (37,919) | — | — | (37,919) | — | (37,919) |
| Loss (gain) on disposal of property, plant and equipment | — | 48 | — | (1,568) | (1,520) | — | (1,520) |
| Gain on disposal of a subsidiary | — | (12,311) | — | — | (12,311) | — | (12,311) |
| Loss on disposal of available- for-sale investments | — | — | — | — | — | 191 | 191 |
| Reversal of allowance for inventories | — | (825) | — | — | (825) | — | (825) |
| Impairment loss on trade and other receivables | 1,306 | 262 | — | — | 1,568 | — | 1,568 |

For the six months ended 30 June 2010

| | Tea products HK\$'000 | Molybdenum HK\$'000 | Others HK\$'000 | Sub-total HK\$'000 | Unallocated HK\$'000 | Total HK\$'000 |
|---|-----------------------------|------------------------|--------------------|-----------------------|-------------------------|-------------------|
| Depreciation of property, plant and equipment | 1,796 | 293 | — | 2,089 | 1,524 | 3,613 |
| Amortisation of prepaid lease payments | 1,599 | 44 | 16 | 1,659 | — | 1,659 |
| Amortisation of other intangible assets | — | 540 | — | 540 | — | 540 |
| Impairment losses on goodwill | 423,086 | — | — | 423,086 | — | 423,086 |
| Impairment losses on other intangible assets | 44,091 | — | — | 44,091 | — | 44,091 |
| Reversal of allowance for inventories | (41) | — | (793) | (834) | — | (834) |
| Reversal of impairment loss on trade and other receivables | — | (65) | — | (65) | — | (65) |
| Write-off of inventories | 4,361 | — | — | 4,361 | — | 4,361 |

4. FINANCE COSTS

| | Six months ended 30 June | |
|--|--|--|
| | 2011 <i>HK\$'000</i> (unaudited) | 2010 <i>HK\$'000</i> (unaudited) |
| Continuing operations | | |
| Imputed interest on long term payables and provisions | 7,663 | 7,540 |
| Interest on bank and other borrowings wholly repayable within five years | 3,287 | 3,451 |
| Interest on non-redeemable convertible preference shares | 4,116 | — |
| | <u>15,066</u> | <u>10,991</u> |

5. INCOME TAX CREDIT

| | Six months ended 30 June | |
|--|--|--|
| | 2011 <i>HK\$'000</i> (unaudited) | 2010 <i>HK\$'000</i> (unaudited) |
| Continuing operations | | |
| Current tax: | | |
| People's Republic of China (the "PRC") Enterprise Income Tax | 839 | 1,050 |
| Deferred tax: | | |
| Current period | <u>(1,933)</u> | <u>(10,462)</u> |
| | <u>(1,094)</u> | <u>(9,412)</u> |

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

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

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

6. PROFIT (LOSS) FOR THE PERIOD — CONTINUING OPERATIONS

Profit (loss) for the period from continuing operations has been arrived at after charging (crediting) the following items:

| | Six months ended 30 June | |
|--|--------------------------|-------------|
| | 2011 | 2010 |
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| Depreciation of property, plant and equipment | 4,524 | 3,613 |
| Amortisation of prepaid lease payments | 1,981 | 1,659 |
| Amortisation of other intangible assets | 824 | 540 |
| Net foreign exchange (gain) loss | (1,268) | 677 |
| Impairment loss (reversal of impairment loss) on trade and other receivables | 1,568 | (65) |
| Government grants | (3,088) | (6,948) |
| Interest income | (1,572) | (1,246) |
| Loss on disposal of available-for-sale investments | 191 | — |
| Gain on disposal of prepaid lease payments (<i>note</i>) | (37,919) | — |
| Gain on disposal of property, plant and equipment | (1,520) | — |
| Gain on disposal of a subsidiary | (12,311) | — |
| Loss (gain) from change in fair value of held-for-trading investments | 13,392 | (346) |
| Reversal of allowance for inventories | (825) | (834) |
| Write-off of inventories | — | 4,361 |

note: The prepaid lease payments related to a piece of land in the city of Harbin of the PRC which was fully impaired in 2008 due to suspension of molybdenum-related products production. The related impairment loss recognised in 2008 was approximately HK\$16,087,000. The land was disposed to an independent third party during the current interim period at a consideration of approximately HK\$37,919,000.

7. DISCONTINUED OPERATION

On 22 November 2010, the Group entered into a sale agreement to dispose of a subsidiary, Harbin Songjiang Copper Enterprise Co. Ltd. (“HSC”), which was engaged in the Group’s mining, processing and sales of copper and zinc operation. The disposal was effected in order to generate cash flows for the expansion of the Group’s other businesses. The disposal was completed on 29 November 2010, on which date control of HSC was passed to the acquirer.

The comparative figures in the condensed consolidated statement of comprehensive income have been restated to present the results of the mining, processing and sales of copper and zinc operations for the period from 1 January 2010 to 30 June 2010 as loss from discontinued operation, as follows:

| | Six months ended 30 June 2010 <i>HK\$’000</i> (Restated) |
|---|--|
| Revenue | 4,124 |
| Cost of sales | <u>(2,999)</u> |
| Gross profit | 1,125 |
| Other income | 465 |
| Selling and distribution expenses | (30) |
| Administrative expenses | <u>(4,583)</u> |
| Loss for the period from discontinued operation | <u><u>(3,023)</u></u> |

8. DIVIDENDS

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

9. EARNINGS (LOSS) PER SHARE

From continuing and discontinuing operations

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

| | Six months ended 30 June | |
|---|---------------------------------|--------------------------|
| | 2011 | 2010 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (unaudited) | (unaudited and restated) |
| Earnings | | |
| Profit (loss) for the purposes of basic and diluted earnings (loss) per share | <u>41,396</u> | <u>(468,417)</u> |
| Number of shares | '000 | '000 |
| Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share | 9,138,782 | 6,394,936 |
| Effect of dilutive potential ordinary shares: | | |
| Non-redeemable convertible preference shares | <u>3,776,190</u> | — |
| Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share | <u>12,914,972</u> | <u>6,394,936</u> |

From continuing operations

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

| | Six months ended 30 June | |
|--|---------------------------------|--------------------------|
| | 2011 | 2010 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (unaudited) | (unaudited and restated) |
| Profit (loss) for the period attributable to owners of the Company | 41,396 | (468,417) |
| Less: Loss for the period from discontinued operation | <u>—</u> | <u>3,023</u> |
| Profit (loss) for the purposes of basic and diluted earnings (loss) per share from continuing operations | <u>41,396</u> | <u>(465,394)</u> |

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

The computation of diluted earnings (loss) per share does not assume the conversion of the Company's outstanding share options for both periods as the exercise prices of these share options are higher than the average market price of the shares of the Company.

From discontinued operation

Basic and diluted loss per share for discontinued operation for the six months ended 30 June 2010 is HK\$0.05 cent per share, based on the loss for the period from discontinued operation of approximately HK\$3,023,000 and the denominators detailed above for both basic and diluted loss per share.

10. GOODWILL AND OTHER INTANGIBLE ASSETS

| | Goodwill | | Other intangible assets | | | | | | | |
|--|------------------|------------------|-------------------------|------------------|------------------|------------------|------------------------|------------------|------------------|------------------|
| | | | Mining rights | | Brand name | | Network video platform | | Total | |
| | Six months ended | Year ended | Six months ended | Year ended | Six months ended | Year ended | Six months ended | Year ended | Six months ended | Year ended |
| | 30 June 2011 | 31 December 2010 | 30 June 2011 | 31 December 2010 | 30 June 2011 | 31 December 2010 | 30 June 2011 | 31 December 2010 | 30 June 2011 | 31 December 2010 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| At beginning of the period/year | 88,295 | 511,381 | 105,665 | 103,000 | 35,283 | 79,374 | 2,594 | — | 143,542 | 182,374 |
| Additions | — | — | — | — | — | — | 3,902 | 1,531 | 3,902 | 1,531 |
| Acquired on acquisition of subsidiaries | — | — | — | — | — | — | — | 952 | — | 952 |
| Exchange adjustments | — | — | 3,470 | 3,808 | — | — | 189 | 111 | 3,659 | 3,919 |
| Amortised to profit or loss | — | — | (824) | (1,143) | — | — | — | — | (824) | (1,143) |
| Impairment loss recognised in profit or loss | — | (423,086) | — | — | — | (44,091) | — | — | — | (44,091) |
| At end of the period/year | <u>88,295</u> | <u>88,295</u> | <u>108,311</u> | <u>105,665</u> | <u>35,283</u> | <u>35,283</u> | <u>6,685</u> | <u>2,594</u> | <u>150,279</u> | <u>143,542</u> |

The directors of the Company determined that the recoverable amounts of the goodwill and other intangible assets are higher than their carrying values as at 30 June 2011. As a result, no impairment loss in respect of the goodwill and other intangible assets was recognised in the condensed consolidated statement of comprehensive income during the six months ended 30 June 2011.

11. TRADE AND OTHER RECEIVABLES

| | 30 June 2011 HK\$'000 (unaudited) | 31 December 2010 HK\$'000 (audited) |
|------------------------------------|--|--|
| Trade receivables | 124,792 | 71,789 |
| Less: Allowance for doubtful debts | <u>(6,253)</u> | <u>(6,323)</u> |
| | <u>118,539</u> | <u>65,466</u> |
| Other receivables | 66,520 | 77,195 |
| Less: Allowance for doubtful debts | <u>(53,000)</u> | <u>(59,022)</u> |
| | <u>13,520</u> | <u>18,173</u> |
| Deposits and prepayments | 24,023 | 12,807 |
| Advances to supplies | <u>9,633</u> | <u>—</u> |
| Total trade and other receivables | <u><u>165,715</u></u> | <u><u>96,446</u></u> |

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

The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period:

| | 30 June 2011 HK\$'000 (unaudited) | 31 December 2010 HK\$'000 (audited) |
|--------------|--|--|
| 0 — 30 days | 25,579 | 24,194 |
| 31 — 60 days | 9,306 | 267 |
| 61 — 90 days | 14,149 | 36,586 |
| Over 90 days | <u>69,505</u> | <u>4,419</u> |
| | <u><u>118,539</u></u> | <u><u>65,466</u></u> |

12. TRADE AND OTHER PAYABLES

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

| | 30 June 2011 HK\$'000 (unaudited) | 31 December 2010 HK\$'000 (audited) |
|--------------|--|--|
| 0 — 90 days | 17,544 | 13,261 |
| Over 90 days | 5,391 | 4,349 |
| | <u>22,935</u> | <u>17,610</u> |

13. COMPARATIVES

As disclosed in the annual consolidated financial statements of the Company for the year ended 31 December 2010, certain errors in the financial statements in respect of prior periods were identified by the directors of the Company. These errors represent (1) understatement of potential liabilities in relation to post-employment benefits and costs of residence and (2) overstatement of book value of goodwill and related impairment losses on goodwill made during the six months ended 30 June 2010. Accordingly, the comparative figures in the condensed consolidated statement of comprehensive income in respect of the six months ended 30 June 2010 have been restated to reflect those matters.

The effects of adjustments described above on the loss for the six months ended 30 June 2010 by line items presented in the condensed statement of comprehensive income are as follows:

| | Six months ended 30 June 2010 HK\$'000 (As originally stated) | Adjustments HK\$'000 | Six months ended 30 June 2010 HK\$'000 (As restated) |
|--|--|-------------------------|--|
| Administrative expenses | 45,637 | (5,506) | 40,131 |
| Impairment losses on goodwill | 444,218 | (21,132) | 423,086 |
| Total effect on loss for the period from continuing operations | <u>489,855</u> | <u>(26,638)</u> | <u>463,217</u> |

MANAGEMENT DISCUSSION AND ANALYSIS

Results Review

For the six months ended 30 June 2011, China Mining Resources Group Limited (the “Company”) together with its subsidiaries (the “Group”) recorded a consolidated revenue of HK\$117,642,000 (six months ended 30 June 2010: HK\$86,554,000) and gross profit of HK\$55,604,000 (six months ended 30 June 2010: HK\$13,741,000), representing an increase of 36% and 305% respectively as compared with the corresponding period in 2010. The increase in revenue in the first half of 2011 was primarily due to the significant increase of revenue generated from Harbin Songjiang Copper (Group) Company Limited (“Harbin Songjiang”) and its subsidiaries (“Harbin Songjiang Group”).

The Group’s unaudited profit attributable to owners of the Company amounted to HK\$41,396,000 (six months ended 30 June 2010: loss of HK\$468,417,000).

The Group’s profit before interest, taxes, depreciation and amortisation (“EBITDA”) was HK\$57,800,000 for the six months ended 30 June 2011 (six months ended 30 June 2010: loss before interest, taxes, depreciation and amortisation (“LBITDA”) of HK\$11,983,000).

Review of Operations

Harbin Songjiang Group

Harbin Songjiang is based in Harbin, Heilongjiang Province, the People’s Republic of China (the “PRC”) and specialises in the mining, processing and sales of molybdenum for the period ended 30 June 2011. The mining processing and sales business of copper and zinc has been terminated in the year ended 31 December 2010.

Harbin Songjiang Group contributed HK\$69,486,000 (six months ended 30 June 2010: HK\$43,941,000) and HK\$60,280,000 including a gain on disposal of a subsidiary of HK\$12,311,000 (six months ended 30 June 2010: loss of HK\$12,129,000) to the Group’s revenue and profit respectively for the six months ended 30 June 2011.

Revenue

The revenue of the mining business for the six months ended 30 June 2011 increased by 58% to HK\$69,486,000 compared to corresponding period in the previous financial year. The increase was mainly attributable to the continuing moderate recovery of the ferro molybdenum market in the PRC in the first half of 2011.

The average selling prices of ferro molybdenum was HK\$157,923 per tonne for the six months ended 30 June 2011 (six months ended 30 June 2010: HK\$172,230 per tonne).

Cost of Sales and Gross Profit

The cost of sales of Harbin Songjiang Group for the six months ended 30 June 2011 was HK\$40,769,000 (six months ended 30 June 2010: HK\$40,075,000) and the gross profit margin was 41% (six months ended 30 June 2010: 9%). The increase in gross profit margin was primarily due to the relatively lower unit cost of production of ferro molybdenum which was sold during the period.

King Gold Group

King Gold and its subsidiaries (“King Gold Group”) is principally engaged in cultivation, research, production and sale of Chinese tea products, and its products are selling under the brand names of “武夷” and “武夷星” which are well-recognised in the PRC as premium tea products widely distributed throughout the country.

King Gold Group contributed HK\$48,156,000 and HK\$3,343,000 to the Group’s revenue and profit for the six months ended 30 June 2011 respectively (six months ended 30 June 2010: HK\$46,737,000 and loss of HK\$448,709,000 respectively). As there is no impairment loss recognised for goodwill and brand name which were recognised in the period end 30 June 2011, the tea business recorded a profit in the first half of 2011 from its business operations. There were one-off impairment losses of approximately HK\$423,086,000 and HK\$44,091,000 recognised in the consolidated statement of comprehensive income for the goodwill and brand name respectively during the six months ended 30 June 2010.

Revenue

For the six months ended 30 June 2011, King Gold Group generated a revenue of HK\$48,156,000. This represented an increase of HK\$1,419,000 or 3% in revenue when compared with the HK\$46,737,000 revenue which generated in the first half of 2010.

Cost of Sales and Gross Profit

The cost of sales of King Gold Group decreased from HK\$35,737,000 for the six months ended 30 June 2010 to HK\$21,269,000 for the six months ended 30 June 2011. The average gross profit margin for the current period was 56%, compared to 24% in the same period last year. The increase in gross profit margin was mainly contributed by the decrease in raw materials cost of the tea leaves during the period.

Year Joy Group

The Group has been engaged in the iTV business since 10 December 2010 after the acquisition of 70% interest in Year Joy Investments Limited (“Year Joy”) and its subsidiaries (together with Year Joy, the “Year Joy Group”). Year Joy indirectly holds the entire interest in Beijing Nian Yue Technology Co., Ltd. (“Beijing Nian Yue”), a wholly foreign-owned company established in the PRC with limited liability. Beijing Nian Yue owns 100% of the economic benefit from the operation of the iTV business of China iTV Network Co., Ltd. (“China iTV”), a company established in the PRC on 7 September 1998 with limited liability, through an exclusive business operation agreement.

China iTV is mainly engaged in online video service which involves an online video platform that offers various contents and deliver various value-added services to the customers of the telecommunication companies in the PRC. Year Joy Group has not generated revenue in the first half of 2011 as the iTV business is still in the development stage during the period. In July 2011, the pilot program was run on the “WO” platform (“沃門戶”) of Unicom Broadband Online Ltd. It is expected that the iTV business will start generating revenue from October 2011. Year Joy Group incurred HK\$2,286,000 loss for the six months ended 30 June 2011 which was mainly attributable to operating expenses, e.g, staff costs, office expenses etc, of the iTV business during the period.

Investments in Canada listed mining companies and other securities

The Group invested in several Canada listed mining companies for the purpose of long-term investments and capital gain and dividend income during the six months ended 30 June 2011. The investment portfolio of the Group, including available-for-sale investments and held-for-trading investments, has recorded a depreciation during the first half of 2011. The net decrease in fair value of the investment portfolio during the six months ended 30 June 2011 was HK\$51,798,000 (31 December 2010: net increase of HK\$133,630,000) including decrease in fair value and net loss on disposal.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2011, the Group had total assets and net assets of HK\$1,324,898,000 (31 December 2010: HK\$1,416,057,000) and HK\$572,054,000 (31 December 2010: HK\$499,267,000), respectively. The current ratio was 1.38, as compared to 1.11 as of year ended 31 December 2010.

As at 30 June 2011, the Group had bank balances and cash amounted to approximately HK\$282,928,000 (31 December 2010: HK\$391,894,000), of which most were denominated in Hong Kong dollars and Renminbi.

As at the balance sheet date, the Group had (i) bank borrowings of HK\$104,757,000 (31 December 2010: HK\$82,645,000) which were interest-bearing at floating rates with reference to the prevailing borrowing rate quoted by the People's Bank of China and (ii) other loans of HK\$32,860,000 (31 December 2010: HK\$20,414,000), of which HK\$1,204,000 was interest-free and HK\$26,490,000 and HK\$5,166,000 was interest-bearing at 5% and 2.55% per annum respectively. The gearing ratio, as a ratio of total borrowings to shareholders' fund was 29.1% (31 December 2010: 60.3%).

Foreign Exchange Risk Management

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

Share Capital

As at 30 June 2011, the Company had 9,138,782,211 ordinary shares and 3,776,190,000 convertible preference shares in issue with total shareholders' fund of the Group amounting to approximately HK\$1,291,497,000.

Contingent Liabilities

The Group has no material contingent liabilities as at 30 June 2011.

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 2011.

Employees and Remuneration Policies

As at 30 June 2011, the Group had 12 and 1,125 employees in Hong Kong and Mainland China respectively.

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

According to the share option scheme adopted by the Company on 26 June 2002, share options may be granted to directors, employees and other eligible participants of the Group to subscribe for shares in the Company in accordance with the terms and conditions stipulated therein.

Prospects

After facing grim conditions of the production suspension of the molybdenum mine in the first eight months of 2009, the mining business has recovered since 2010. The Group has maintained a stable mining production and steady sales for the past six months. The Group has strategically continued to increase its natural resources assets and production capabilities to enhance our position in the mining industry.

The tea business maintained stable throughout the period. Under the fierce tea market environment in the PRC, we believe continue brand-building and retail market development will enlarge our market share and enhance our competitive strengths. Since August 2011, the Group has been promoting its brand national-wide through advertisements on various channels. In addition, the Group is cooperating with a famous PRC literature and art company to launch a new tea brand “Impression Dahongpao tea” (“印象大紅袍茶”). Meanwhile, the Group plans to establish more than 50 chain stores in 2011, including flagship stores, own-operated stores and stores operated through franchise arrangement. Furthermore, the Group will develop new and exclusive tea products, including products under the Impression Dahongpao series and some exclusive type of products for “Diao Yu Tai” (“釣魚臺”) boutiques.

For the online video business, the Group will continue to focus on the cooperation with the major telecommunication companies in the PRC and develop more value-added services, including but not limited to online video service to the telecommunication companies’ customer. Moreover, the Group plans to purchase more popular Japanese animations to enhance its content library and redistribute to other online video business companies. The ultimate goal for the online video business is to have a long-term and stable cooperative relationship with the PRC major telecommunications companies and continue to develop relevant internet and mobile value-added service applications to the end-users of the telecommunications companies. In the foreseeable future, the online video business will focus on providing the high quality and value-added products and services including animations, finance, and others video program channels, to smartphone and tablet computer’s users, including iphone and ipad’s users.

During the current period, the Group is actively looking for attractive merger and acquisition opportunities and strives to extend our business reach and enhance the profitability to maximize our shareholders’ value.

During the first half of 2011, the global economy is still fluctuating and the PRC inflation pressure was further intensified. Under the even-changing market environment, we overcome all difficulties with concerted efforts through strengthening our internal management process and promoting efficient cost control and capital utilization so as to enhance economic benefit. Looking ahead, we will continue our active development strategies, deepen market penetration, increase product innovation, develop new profit growth spots, in order to promote sales growth, increase market share and enhance our competitiveness in our mining, tea and iTV business sectors, so that to generate the greatest returns for shareholders.

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 2010. The Board believes that good corporate governance is crucial to enhance the performance of the Group and to safeguard the interests of the shareholders of the Company.

Compliance with The Code on Corporate Governance Practices

The Company has complied with all the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) during the six months ended 30 June 2011.

Compliance with The Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules. Upon specific enquiries, all directors of the Company (“Directors”) confirmed they had complied with the required standard set out in the Model Code during the six months ended 30 June 2011.

Audit Committee

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SHARES

The Company has not redeemed any of its securities during the six months ended 30 June 2011. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s securities during the six months ended 30 June 2011.

AUDIT COMMITTEE

The Audit Committee and management have reviewed the accounting principles and policies adopted by the Group and the unaudited interim financial statements for the six months ended 30 June 2011.

INTERIM DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30 June 2011.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published in the Company's website (www.chinaminingresources.com) and the designated website of the Stock Exchange (www.hkexnews.hk). The interim report will be available on the websites of the Company and the Stock Exchange in due course.

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

Hong Kong, 29 August 2011

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