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North Mining Shares Company Limited
北方礦業股份有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 433)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2015

The board of directors (the “Board”) of North Mining Shares Company Limited (the “Company”) announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2015, together with the comparative figures for the corresponding period in 2014:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2015

		Six months ended 30 June	
		2015	2014
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	200,028	211,451
Cost of sales		(151,127)	(163,202)
Gross profit		48,901	48,249
Other income and gains	4	45,207	42,272
General and administrative expenses		(36,338)	(34,490)
Other operating expenses		(71,370)	(33,540)
(Loss)/Profit from operations	6	(13,600)	22,491
Finance costs	7	(8,695)	(7,327)
(Loss)/Profit before taxation		(22,295)	15,164
Taxation	8	7,766	5,048
(Loss)/Profit for the period		(14,529)	20,212

		Six months ended 30 June	
		2015	2014
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
(Loss)/Profit attributable to:			
Owners of the Company		(8,168)	18,790
Non-controlling interests		(6,361)	1,422
		<u>(14,529)</u>	<u>20,212</u>
(Loss)/Earnings per share			
— Basic, HK cents	10	<u>(0.05)</u>	<u>0.14</u>
— Diluted, HK cents		<u>(0.05)</u>	<u>0.14</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss)/Profit for the period	(14,529)	20,212
Other comprehensive income (Net of tax effect):		
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising from translation of foreign subsidiaries	(41,543)	(6,024)
Other comprehensive loss for the period	(41,543)	(6,024)
Total comprehensive (loss)/income for the period	(56,072)	14,188
Attributable to:		
Owners of the Company	(48,746)	12,766
Non-controlling interests	(7,326)	1,422
	(56,072)	14,188

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

		30 June 2015	31 December 2014
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
ASSETS			
<i>Non-Current Assets</i>			
Property, plant and equipment		545,989	572,858
Prepaid lease payments		69,277	71,796
Mining rights		1,748,479	1,774,175
Other financial assets	11	1,018,965	992,985
Loan receivable		203,718	202,199
		3,586,428	3,614,013
<i>Current Assets</i>			
Other financial assets	11	794,895	805,376
Inventories		231,801	173,081
Trade and bills receivables	12	9,664	8,688
Prepayments, deposits and other receivables		676,079	658,011
Tax recoverable		8,153	7,604
Cash and cash equivalents		3,008	102,238
		1,723,600	1,754,998
Total Assets		5,310,028	5,369,011
CAPITAL AND RESERVES			
Share capital		265,641	265,641
Reserves		3,601,318	3,650,064
Equity attributable to owners of the Company		3,866,959	3,915,705
Non-controlling interests		400,943	408,269
Total Equity		4,267,902	4,323,974

	30 June 2015 <i>Notes</i> HK\$'000 (Unaudited)	31 December 2014 <i>HK\$'000</i> <i>(Audited)</i>
LIABILITIES		
<i>Non-Current Liabilities</i>		
Deferred tax liabilities	440,710	447,107
<i>Current Liabilities</i>		
Trade payables	68,205	63,654
Other payables and accruals	257,724	182,221
Bank loans and other borrowings	136,198	171,248
Amounts due to related parties	36,431	54,266
Provision for environmental and resources tax	101,859	101,099
Tax payables	999	25,442
	601,416	597,930
Total Liabilities	1,042,126	1,045,037
Total Equity and Liabilities	5,310,028	5,369,011
Net Current Assets	1,122,184	1,157,068
Total Assets less Current Liabilities	4,708,612	4,771,081
Net Assets	4,267,902	4,323,974

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Attributable to owners of the Company							Attributable to Non-controlling interests	Total equity
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings/ (Accumulated loss) HK\$'000		
At 1 January 2015	265,641	3,283,205	31,350	(894)	12,677	300,887	22,839	3,915,705	4,323,974
Loss and total comprehensive loss for the period	-	-	-	-	-	-	(8,168)	(8,168)	(14,529)
Exchange difference arising from translation of foreign subsidiaries	-	-	-	-	-	(40,578)	-	(40,578)	(41,543)
At 30 June 2015	265,641	3,283,205	31,350	(894)	12,677	260,309	14,671	3,866,959	4,267,902
At 1 January 2014	230,921	2,688,625	31,350	(894)	12,677	297,964	(117,572)	3,143,071	3,604,340
Profit and total comprehensive income for the period	-	-	-	-	-	-	18,790	18,790	20,212
Exchange difference arising from translation of foreign subsidiaries	-	-	-	-	-	(6,024)	-	(6,024)	(6,024)
Exercise of convertible note option	2,400	41,100	-	-	-	-	-	43,500	43,500
At 30 June 2014	233,321	2,729,725	31,350	(894)	12,677	291,940	(98,782)	3,199,337	3,662,028

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 30 June 2015*

	Six months ended 30 June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash (used in)/generated from operating activities	(19,843)	236,345
Net cash used in investing activities	(300)	(119,134)
Net cash used in financing activities	(43,745)	(92,418)
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(63,888)	24,793
Cash and cash equivalents at 1 January	102,238	44,907
Effect of foreign exchange rate changes, net	(35,342)	(10,209)
	<hr/>	<hr/>
Cash and cash equivalents at 30 June	3,008	59,491
	<hr/>	<hr/>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	3,008	59,491
	<hr/>	<hr/>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company was incorporated in Bermuda on 10 April 1995 under the Companies Act 1981 of Bermuda (as amended) as an exempted company with limited liability. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business of the Company is located at Rooms 1505–07, 15/F., Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong.

The principal activities of the Company are investment holding and property investment. The principal activities of the Company and its subsidiaries (the “Group”) are mining operation and property management operation.

In the opinion of the directors of the Company (the “Directors”), the Company’s ultimate and immediate holding company is China Wan Tai Group Limited, which was incorporated in Hong Kong.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Unaudited Condensed Consolidated Interim Financial Statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the Unaudited Condensed Consolidated Interim Financial Statements include applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited.

The Unaudited Condensed Consolidated Interim Financial Statements should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2014 which were prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the HKICPA.

These interim results are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

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

In the current interim period, the Group has applied, for the first time, a number of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 January 2015.

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. REVENUE

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Sales of molybdenum concentrate	184,154	207,710
Trading of minerals resources	12,173	–
Property management fee income	3,701	3,741
	200,028	211,451

4. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	–	22
Imputed interest income arising from promissory notes	44,951	41,978
Sundry income	256	272
	45,207	42,272

5. SEGMENT INFORMATION

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

	For the six months ended 30 June 2015 (Unaudited)			
	Mining operations	Property leasing	Property management	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue	<u>196,327</u>	<u>–</u>	<u>3,701</u>	<u>200,028</u>
Segment results	<u>(26,015)</u>	<u>–</u>	<u>(7)</u>	<u>(26,022)</u>
Unallocated revenue				44,951
Unallocated expenses				<u>(41,224)</u>
Loss before taxation				(22,295)
Taxation				<u>7,766</u>
Loss for the period				<u>(14,529)</u>

Other segment information:

	Mining operation						Total HK\$'000
	Property leasing HK\$'000	Property management HK\$'000	Mining exploitation HK\$'000	Mining exploration HK\$'000	Trading of mineral resources HK\$'000	Others HK\$'000	
Depreciation and amortisation	-	-	50,920	-	-	-	50,920
Capital expenditures	-	-	271	-	-	-	271

For the six months ended 30 June 2014 (Unaudited)				
	Mining operations HK\$'000	Property leasing HK\$'000	Property management HK\$'000	Total HK\$'000
Segment revenue	207,710	-	3,741	211,451
Segment results	4,063	-	(7)	4,056
Unallocated revenue				42,272
Unallocated expenses				(31,164)
Profit before taxation				15,164
Taxation				5,048
Profit for the period				20,212

Other segment information:

	Mining operation						Total HK\$'000
	Property leasing HK\$'000	Property management HK\$'000	Mining exploitation HK\$'000	Mining exploration HK\$'000	Trading of mineral resources HK\$'000	Others HK\$'000	
Depreciation and amortisation	-	-	47,390	-	-	-	47,390
Capital expenditures	-	-	2,769	-	-	-	2,769

The following is an analysis of the Group's segment assets, liabilities and other segment information

As at 30 June 2015 (Unaudited)							
Mining operation							
	Property leasing HK\$'000	Property management HK\$'000	Mining exploitation HK\$'000	Mining exploration HK\$'000	Trading of mineral resources HK\$'000	Others HK\$'000	Total HK\$'000
Segment assets	<u>-</u>	<u>904</u>	<u>2,595,436</u>	<u>-</u>	<u>406</u>	<u>2,713,282</u>	<u>5,310,028</u>
Segment liabilities	<u>-</u>	<u>1,326</u>	<u>1,039,080</u>	<u>-</u>	<u>-</u>	<u>1,720</u>	<u>1,042,126</u>
As at 31 December 2014 (Audited)							
Mining operation							
	Property leasing HK\$'000	Property management HK\$'000	Mining exploitation HK\$'000	Mining exploration HK\$'000	Trading of mineral resources HK\$'000	Others HK\$'000	Total HK\$'000
Segment assets	<u>-</u>	<u>734</u>	<u>2,617,335</u>	<u>-</u>	<u>45,926</u>	<u>2,705,016</u>	<u>5,369,011</u>
Segment liabilities	<u>-</u>	<u>1,146</u>	<u>1,041,766</u>	<u>-</u>	<u>82</u>	<u>2,043</u>	<u>1,045,037</u>

6. (LOSS)/PROFIT FROM OPERATIONS

The Group's (loss)/profit from operations is arrived at after charges:

		Six months ended 30 June	
		2015	2014
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Cost of inventories		151,127	163,202
Depreciation of property, plant and equipment		9,003	16,873
Operating lease payments in respect of offices premises		2,653	1,323
Director's emoluments		571	364
Staff costs (including directors' remuneration)			
— Wages and salaries		9,628	5,918
— Retirement benefits contributions		771	527
Amortisation of prepaid lease payment		3,036	3,023
Amortisation of mining rights		38,881	30,517

7. FINANCE COSTS

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank loans and other borrowings wholly repayable within five years	<u>8,695</u>	<u>7,327</u>

8. TAXATION

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
PRC corporate income tax	<u>1,954</u>	<u>2,581</u>

- (i) The provision for Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for the period. No provision for Hong Kong Profits Tax has been made in the interim financial statements as at Group's operations in Hong Kong incurred a tax loss for the period (30 June 2014: Nil).
- (ii) PRC income tax charge represents the PRC Enterprise Income Tax paid or payable during the period. Enterprise Income Tax in the PRC has been provided at the prevailing rate.

Deferred tax liabilities amounted to HK\$9,720,000 (2014: HK\$7,629,000) has been unwounded as a result of amortisation of mining right for the period ended 30 June 2015.

9. DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

10. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to owners of the Company of approximately HK\$8,168,000 for six months ended 30 June 2015 (six months ended 30 June 2014: profit attributable to owners of the Company of approximately HK\$18,790,000) and on the weighted average number of 15,223,246,846 shares in issue during the period (six months ended 30 June 2014: 14,443,450,042).

(b) Diluted (loss)/earnings per share

There were no potential dilutive shares in existence for the six months ended 30 June 2015 and 2014, and accordingly, diluted (loss)/earnings per share equal to basic (loss)/earnings per share.

11. OTHER FINANCIAL ASSETS

Other financial assets represent present value of promissory notes receivables, details of which are set out below:

Ding Jin Promissory Note

During the period ended 31 December 2011, the Group has entered into a subscription agreement with Shannxi Ding Jin Mining Company Limited (“Ding Jin”), pursuant to which the Company is eligible to subscribe for the promissory note issued by Ding Jin. The principal amount of the promissory note was HK\$500 million and carried at a total of 20% interest which is payable 5 years from the date of issuance of this promissory note.

During the period ended 30 June 2015, imputed interest income which amounted to approximately HK\$13,462,000 (2014: HK\$11,028,000) has been generated from holding such promissory note.

Rui Sui Promissory Note

During the year ended 31 December 2012, the Group disposed of 26% equity interests in Rui Sui Kuang Ye Company Limited, for an aggregated consideration of HK\$600 million, which was satisfied by subscription of promissory note which are carried at a total interest of 6% wholly payable three years from the date of issuance of the promissory note. During the period under review, the promissory note has been extended one year from the date of maturity.

During the period ended 30 June 2015, imputed interest income which amounted to approximately HK\$14,728,000 (2014: HK\$14,280,000) has been generated from holding such promissory note.

Yi Tong Promissory Note

During the year ended 31 December 2012, the Group disposed 70% equity of Heilongjiang Yi Tong Mining Company Limited at a consideration of HK\$230 million, of which approximately HK\$46 million was settled by cash and approximately HK\$184 million was settled by issuance of the promissory note issued by the purchaser. The maturity date is three years from the date of issuance of such promissory note.

During the period ended 30 June 2015, imputed interest income which amounted to approximately HK\$4,243,000 (2014: HK\$4,721,000) has been generated from holding such promissory note.

Bai Shan Promissory Note

During the year ended 31 December 2013, the Group has disposed 25% equity interest in Rui Sui Kuang Ye Company Limited in return for a promissory note receivable with a face value of HK\$500 million. The maturity date is three years from date of issuance of the promissory note.

During the period ended 30 June 2015, imputed interest income which amounted to approximately HK\$12,518,000 (2014: HK\$11,848,000) has been generated from holding such promissory note.

12. TRADE AND BILLS RECEIVABLES

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Unaudited)
Trade and bills receivables	9,664	8,688

Trade and bills receivables with the following aging analysis presented based on invoice date as at the end of reporting period:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Unaudited)
0–30 days	1,376	4,343
31–60 days	2,392	1,264
61–90 days	612	1,137
91–180 days	2,752	127
Over 180 days but within one year	2,532	1,817
	9,664	8,688

The Group's credit policies for each of its principal activities are as follows:

(i) Sales of molybdenum concentrate

Sales of molybdenum concentrates are largely on cash basis with no credit terms being granted to customers, except for sizable customers with good credit history, the Group will allow a credit term of no more than 30 days.

(ii) Trading of mineral resources

The Group allows a credit period of 30 days from the issuance of invoices to its customers.

(iii) Property management fee income

The Group allows a credit period of 30 days from the date of issuance of invoices to the property's landlord.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM RESULTS

For the six months ended 30 June 2015, the Group recorded a turnover of approximately HK\$200,028,000 (30 June 2014: HK\$211,451,000), representing a decrease of about 5.4% over the same period in 2014.

During the period under review, the loss recorded by the Group was about HK\$14,529,000 (30 June 2014: profit of approximately HK\$20,212,000). The business condition of selling total volume molybdenum concentrate has become worse than that of last year's but the market price of molybdenum concentrate has increased slightly as compared with that of last year.

SEGMENT BUSINESS REVIEW

The principal activities of the Group are (i) mining operations — exploitation, exploration and trading of mineral resources, and (ii) property management operations. An analysis for each of the business operations is set out as follows:

Mining Operations — Exploitation and exploration

During the period under review, the volume of molybdenum concentrate produced was about 2,146 tonnes (30 June 2014: 1,541 tonnes). The sales volume of molybdenum concentrate was about 2,750 tonnes (30 June 2014: 3,348 tonnes), whereas the grade of molybdenum concentrate was approximately 42% to 45%. The average selling price of molybdenum concentrate was about HK\$66,965 per tonne. During the period under review, the mining operation contributed a revenue of approximately HK\$196,327,000 (30 June 2014: HK\$207,710,000) to the Group, of which approximately HK\$184,154,000 was attributable to sales of molybdenum concentrate (30 June 2014: HK\$207,710,000) and approximately HK\$12,173,000 was attributable to sales of sulfuric acid and iron concentrate (30 June 2014: HK\$Nil). The cost of sales was about HK\$151,127,000 (30 June 2014: HK\$163,202,000). The gross profit was amounted to about HK\$48,901,000 (30 June 2014: HK\$48,249,000). During the six months ended 30 June 2015, the Group recognised an amortisation of mining rights of approximately HK\$38,881,000 (30 June 2014: HK\$30,517,000).

Property Management Operations

For the six months ended 30 June 2015, the turnover generated from the property management operation was approximately HK\$3,701,000, representing a decrease of approximately 1% over the corresponding period of last year of HK\$3,741,000 and the decrease was mainly due to the effect of exchange rate differences.

Other Business

Other Financial Assets

As at 30 June 2015, the Group had four promissory notes, namely Ding Jin Promissory Note, Rui Sui Promissory Note and Yi Tong Promissory Note and Bai Shan Promissory Note, details of which are set out below:

Ding Jin Promissory Note

During the year ended 31 December 2011, the Group entered into a subscription agreement with Shannxi Ding Jin Mining Company Limited (“Ding Jin”), pursuant to which the Company would be eligible to subscribe for the promissory note issued by Ding Jin. The principal amount of the promissory note was HK\$500 million and carried an interest of HK\$100 million, payable on the date falling five years from the date of issuance of this promissory note.

During the period ended 30 June 2015, imputed interest income which amounted to approximately HK\$13,462,000 (2014: HK\$11,028,000) had been generated from holding such promissory note.

Rui Sui Promissory Note

During the year ended 31 December 2012, the Group disposed of 26% equity interests in Rui Sui Kuang Ye Company Limited, for an aggregated consideration of HK\$600 million, which was satisfied by subscription of promissory note which are carried at a total interest of 6% wholly payable three years from the date of issuance of the promissory note. During the period under review, the promissory note has been extended one year from the date of maturity.

During the period ended 30 June 2015, imputed interest income which amounted to approximately HK\$14,728,000 (2014: HK\$14,280,000) has been generated from holding such promissory note.

Yi Tong Promissory Note

During the year ended 31 December 2012, the Group disposed of 70% equity interests of Heilongjiang Yi Tong Mining Company Limited at a consideration of HK\$230 million, of which approximately HK\$46 million was settled by cash and approximately HK\$184 million was settled by issuance of the promissory note by the purchaser. The maturity date is the date falling three years from the date of issuance of such promissory note.

During the period ended 30 June 2015, imputed interest income which amounted to approximately HK\$4,243,000 (2014: HK\$4,721,000) had been generated from holding such promissory note.

Bai Shan Promissory Note

During the year ended 31 December 2013, the Group disposed of 25% equity interest in Rui Sui Kuang Ye Company Limited for a consideration of HK\$500 million, which was satisfied by a promissory note with a face value of HK\$500 million issued by the purchaser. The maturity date is the date falling three years from date of issuance of the promissory note.

During the period ended 30 June 2015, imputed interest income which amounted to approximately HK\$12,518,000 (2014: HK\$11,848,000) has been generated from holding such promissory note.

PROSPECTS

In 2015 first half, the average selling price of molybdenum concentrates was approximately HK\$66,965 per tonne. The past few years downward trend of molybdenum price may come to an end. The Group will endeavor to keep abreast of the changing market condition and will fine tune its business strategies when the Directors think appropriate. Moreover, the Group is seeking more strategic opportunities to cooperate with another sizable mining companies in order to enhance its economies of scales.

MATERIAL FUND RAISING

Pursuant to the convertible notes option (“CN Option”) agreement dated on 19 July 2011 entered into between the Company and the potential subscribers, the Company was entitled to require each potential subscriber to, and the potential subscribers were also entitled to, fully or partially subscribe for the convertible notes (the “Convertible Notes”) within three years after the date of grant of the CN Option. During the option period, the CN Option had been exercised by the potential subscribers or their transferees as holder of the CN Option (the “Holder”) as follows:

- On 17 June 2014, a Holder exercised the CN Option to partially subscribe for the Convertible Notes in the amount of HK\$43,500,000. The net proceeds raised from the issue of such Convertible Notes amounted to approximately HK\$43,500,000 is intended to be used for general working capital purpose;
- On 3 July 2014, a Holder exercised the CN Option to partially subscribe for the Convertible Notes in the amount of HK\$43,500,000. The net proceeds raised from the issue of such Convertible Notes amounted to approximately HK\$43,500,000 is intended to be used for funding the proposed acquisition of 100% equity interests in China Potassium Shares Company Limited;
- On 18 July 2014, a Holder exercised the CN Option to partially subscribe for the Convertible Notes in the amount of HK\$542,300,000. The net proceeds raised from the issue of such Convertible Notes amounted to approximately HK\$542,300,000 is intended to be used for funding the proposed acquisition of 100% equity interests in China Potassium Shares Company Limited.

Liquidity and Financial Resources

The Group generally finances its operations with internally generated cash flow and proceeds from suitable source of funding. During the period under review, the Group recorded a net cash outflow of HK\$63,888,000 (2014: inflow of approximately HK\$24,793,000). The outflow was mainly due to the increase of the production volume of molybdenum concentrate and decrease sales volume while comprised with the same period last year and thus result in such outflow from invention, and the increase in trade and other receivables declined the Group's operating cash cycle. The Group also had a net outflow from financing activities was contributed by repayment of bank loan. The Directors believe that the overall effect on repaying long term bank loan would enhance the Group's financial position and thus reflected a better financial ratio for the period. The current ratio was approximately 2.86 as contrasted by 1.00 as at 31 December 2014. As at 30 June 2015, the debt to equity ratio was approximately 0.27 as contrasted by 0.27 as at 31 December 2014. The Board considered that the Group still had a healthy financial position and had enough resources to satisfy its working capital requirement.

Capital Commitment

As at 30 June 2015, the Group did not have any capital commitment.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2015 (2014: Nil).

Capital Structure

The capital structure of the Group as at 30 June 2015 has been summarized below:

	30 June 2015 HK'000 (Unaudited)	31 December 2014 HK'000 (Audited)
Current assets	1,723,600	1,754,998
Current liabilities	601,416	597,930
Shareholders' equity	3,866,959	3,915,705

Treasury Policies

During the six months ended 30 June 2015, the major currencies on which principal business activities of the Group used were mainly denominated in Hong Kong dollars and Renminbi. The Board does not consider the Group is significantly exposed to foreign currency risks. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group. For the six months ended 30 June 2015, the Group did not employ any financial instrument for hedging purpose and did not engage in foreign currency speculative activities.

Borrowings and Banking Facilities

As at 30 June 2015, the Group had current portion of bank borrowings of approximately HK\$25,464,000 (31 December 2014: HK\$95,580,000), the remaining bank borrowings were due over one year.

Human Resources and Remuneration Policy

As at 30 June 2015, the Group employed 615 (30 June 2014: 744) full time employees in Hong Kong and the PRC. Employee remuneration packages are structured and reviewed with reference to the nature of jobs, market condition and individual merits. The Group also provides other employees benefits which include year-end double pay, mandatory provident fund and medical insurance. Total staff costs for the six months end 30 June 2015 were approximately HK\$10,399,000.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period of the six months ended 30 June 2015.

CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2015, the Company had applied the principles of the Corporate Governance Code ("the Code") as set out in Appendix 14 of the Listing Rules and complied with all the applicable code provisions of the Code, except the following code provisions:

1. Under the code provision A.5.1 of the Code, company should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors.

However, the Board considers that the setting up of such a nomination committee may not be necessary at the current scale of the Board and the Company. The Board is responsible for considering and approving the appointment of its members and making recommendations to shareholders on directors standing for reelection, providing sufficient biographical details of directors to enable shareholders to make an informed decision on the re-election, and where necessary, nominate and appoint directors to fill casual vacancies.

The Company has set out a board diversity policy (the "Policy") for achieving diversity on board of directors of the Company. The Policy provide a sustainable and balanced development in Company's strategic objectives. The Board review the Policy annually and ensure the effectiveness of the Policy.

2. Under the code provision A.6.7 of the Code, independent non-executive directors should, inter alia, attend general meetings.

Due to personal and other important engagement at the relevant time, Mr. Mu Xiangming and Dr. Cheng Chak Ho were absent from the 2015 annual general meeting of the Company.

The Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than the Code.

The Company will periodically review and improve its corporate governance practices with reference to the latest development of corporate governance.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had 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. Having made specific enquiry of all directors, the Company confirmed that all Directors had fully complied with the required standard set out in the Model Code for the six month period ended 30 June 2015.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors, namely Messrs. Mu Xiangming, Cheng Chak Ho and Lo Wa Kei Roy. The purpose of the establishment of the audit committee is for reviewing and supervising the financial reporting process and internal control of the Group. The audit committee has reviewed the Group's interim results for the six months ended 30 June 2015.

PUBLICATION OF INTERIM REPORT ON THE STOCK EXCHANGE'S WEBSITE

The result announcement is published on the website of the Stock Exchange at www.hkex.com.hk and the Company's website at www.northmining.com.hk. The 2015 interim report of the Company containing all the information required by the Listing Rules will be dispatched to its shareholders and published on the above websites in due course.

By order of the Board
North Mining Shares Company Limited
Gao Yuan Xing
Chairman

Hong Kong, 27 August 2015

As at the date of this announcement, the Board of the Company comprises Mr. Gao Yuan Xing, Mr. Qian Yi Dong, Mr. Chen Jian Bao, Mr. Yang Ying Min, Mr. Zhang Jia Kun and Ms. Li Li Juan as executive Directors; and Mr. Mu Xiangming, Dr. Cheng Chak Ho and Mr. Lo Wa Kei Roy as independent non-executive Directors.