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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 2016

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 2016, together with the comparative figures for the corresponding period in 2015:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2016

		Six months ended 30 June	
		2016	2015
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	118,527	200,028
Cost of sales		(108,703)	(151,127)
Gross profit		9,824	48,901
Other income and gains	4	32,132	45,207
General and administrative expenses		(44,644)	(36,338)
Other operating expenses		(5,907)	(71,370)
Loss from operations	6	(8,595)	(13,600)
Finance costs	7	(4,606)	(8,695)
Loss before taxation		(13,201)	(22,295)
Taxation	8	764	7,766
Loss for the period		(12,437)	(14,529)

		Six months ended 30 June	
		2016	2015
<i>Notes</i>		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Attributable to:			
Owners of the Company		(2,224)	(8,168)
Non-controlling interests		<u>(10,213)</u>	<u>(6,361)</u>
Loss for the period		<u>(12,437)</u>	<u>(14,529)</u>
Other comprehensive loss (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		<u>(94,341)</u>	<u>(41,543)</u>
Other comprehensive loss for the period		<u>(94,341)</u>	<u>(41,543)</u>
Total comprehensive loss for the period		<u>(106,778)</u>	<u>(56,072)</u>
Attributable to:			
Owners of the Company		(97,799)	(48,746)
Non-controlling interests		<u>(8,979)</u>	<u>(7,326)</u>
		<u>(106,778)</u>	<u>(56,072)</u>
Loss per share			
— Basic, HK cents	10	<u>(0.01)</u>	<u>(0.05)</u>
— Diluted, HK cents		<u>(0.01)</u>	<u>(0.05)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

		30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
	<i>Notes</i>		
ASSETS			
<i>Non-Current Assets</i>			
Property, plant and equipment		527,204	545,198
Prepaid lease payments		58,111	62,128
Mining rights		1,079,776	1,104,387
Goodwill		13,403	13,403
Loan receivable		187,332	191,068
		<u>1,865,826</u>	<u>1,916,184</u>
<i>Current Assets</i>			
Other financial assets	11	1,072,991	1,045,628
Inventories		291,445	411,032
Investment deposits		100,000	458,252
Trade and bills receivables	12	40,977	16,318
Prepayments, deposits and other receivables		422,720	374,381
Tax recoverables		14,928	15,225
Cash and cash equivalents		676,471	225,362
		<u>2,619,532</u>	<u>2,546,198</u>
Total Assets		<u><u>4,485,358</u></u>	<u><u>4,462,382</u></u>
CAPITAL AND RESERVES			
Share capital		318,441	318,441
Reserves		3,124,464	3,222,263
		<u>3,442,905</u>	<u>3,540,704</u>
Equity attributable to owners of the Company			
Non-controlling interests		125,547	134,526
		<u>125,547</u>	<u>134,526</u>
Total Equity		<u><u>3,568,452</u></u>	<u><u>3,675,230</u></u>

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
LIABILITIES		
<i>Non-Current Liabilities</i>		
Deferred tax liabilities	295,146	301,801
	<u>295,146</u>	<u>301,801</u>
<i>Current Liabilities</i>		
Trade payables	15,122	76,663
Other payables and accruals	58,361	135,590
Bank loans and other borrowings	379,495	100,908
Amounts due to related parties	51,500	52,527
Provision for environmental and resources tax	93,666	95,534
Tax payables	23,616	24,129
	<u>621,760</u>	<u>485,351</u>
Total Liabilities	<u>916,906</u>	<u>787,152</u>
Total Equity and Liabilities	<u>4,485,358</u>	<u>4,462,382</u>
Net Current Assets	<u>1,997,772</u>	<u>2,060,847</u>
Total Assets less Current Liabilities	<u>3,863,598</u>	<u>3,977,031</u>
Net Assets	<u>3,568,452</u>	<u>3,675,230</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2016

	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 2016	318,441	3,562,405	31,350	(894)	12,677	30,105	(413,380)	3,540,704	3,675,230
Loss and total comprehensive loss for the period	-	-	-	-	-	(95,575)	(2,224)	(97,799)	(106,778)
At 30 June 2016	<u>318,441</u>	<u>3,562,405</u>	<u>31,350</u>	<u>(894)</u>	<u>12,677</u>	<u>(65,470)</u>	<u>(415,604)</u>	<u>3,442,905</u>	<u>3,568,452</u>
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	-	-	-	-	(40,578)	(8,168)	(48,746)	(7,326)	(41,543)
At 30 June 2015	<u>265,641</u>	<u>3,283,205</u>	<u>31,350</u>	<u>(894)</u>	<u>12,677</u>	<u>260,309</u>	<u>14,671</u>	<u>3,866,959</u>	<u>4,267,902</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 30 June 2016*

	Six months ended 30 June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(109,221)	(19,843)
Net cash generated from/(used in) investing activities	358,252	(300)
Net cash generated from/(used in) financing activities	275,954	(43,745)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	524,985	(63,888)
Cash and cash equivalents at 1 January	225,362	102,238
Effect of foreign exchange rate changes, net	(73,876)	(35,342)
	<hr/>	<hr/>
Cash and cash equivalents at 30 June	676,471	3,008
	<hr/>	<hr/>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	676,471	3,008
	<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 2015 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 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, a number of amendments to 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	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Sales of molybdenum concentrate	114,985	184,154
Trading of minerals resources	–	12,173
Property management fee income	3,542	3,701
	<u>118,527</u>	<u>200,028</u>

4. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	5	–
Imputed interest income arising from promissory notes	27,363	44,951
Loan interest income	4,754	–
Sundry income	10	256
	<u>32,132</u>	<u>45,207</u>

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 2016 (Unaudited)		
	Mining operations HK\$'000	Property management HK\$'000	Total HK\$'000
Segment revenue	<u>114,985</u>	<u>3,542</u>	<u>118,527</u>
Segment results	<u>(33,458)</u>	<u>(2)</u>	<u>(33,460)</u>
Unallocated revenue			32,132
Unallocated expenses			<u>(11,873)</u>
Loss before taxation			(13,201)
Taxation			<u>764</u>
Loss for the period			<u>(12,437)</u>

Other segment information:

	Property management <i>HK\$'000</i>	Mining exploitation <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Depreciation and amortisation	<u>3</u>	<u>15,836</u>	<u>2,784</u>	<u>18,623</u>

For the six months ended 30 June 2015 (Unaudited)

	Mining operations <i>HK\$'000</i>	Property management <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>196,327</u>	<u>3,701</u>	<u>200,028</u>
Segment results	<u>(26,015)</u>	<u>(7)</u>	<u>(26,022)</u>
Unallocated revenue			44,951
Unallocated expenses			<u>(41,224)</u>
Profit before taxation			(22,295)
Taxation			<u>7,766</u>
Profit for the period			<u>(14,529)</u>

Other segment information:

	Property management <i>HK\$'000</i>	Mining exploitation <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Depreciation and amortisation	–	50,920	–	50,920
Capital expenditures	<u>–</u>	<u>271</u>	<u>–</u>	<u>271</u>

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

	As at 30 June 2016 (Unaudited)			
	Property management <i>HK\$'000</i>	Mining exploitation <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>1,001</u>	<u>2,259,624</u>	<u>2,224,730</u>	<u>4,485,355</u>
Segment liabilities	<u>1,337</u>	<u>600,903</u>	<u>314,663</u>	<u>916,903</u>
	As at 31 December 2015 (Audited)			
	Property management <i>HK\$'000</i>	Mining exploitation <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>460</u>	<u>1,288,140</u>	<u>3,173,782</u>	<u>4,462,382</u>
Segment liabilities	<u>799</u>	<u>781,149</u>	<u>5,204</u>	<u>787,152</u>

6. LOSS FROM OPERATIONS

The Group's loss from operations is arrived at after charges:

	Six months ended 30 June	
	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)
Cost of inventories	107,922	151,127
Depreciation of property, plant and equipment	12,716	9,003
Operating lease payments in respect of offices premises	1,120	2,653
Director's emoluments	211	571
Staff costs (including directors' remuneration)		
— Wages and salaries	6,986	9,628
— Retirement benefits contributions	155	771
Amortisation of prepaid lease payment	2,844	3,036
Amortisation of mining rights	<u>3,063</u>	<u>38,881</u>

7. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank loans and other borrowings wholly repayable within five years	<u>4,606</u>	<u>8,695</u>

8. TAXATION

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
PRC corporate income tax	<u>2</u>	<u>1,954</u>

- (i) The provision for Hong Kong Profits Tax is calculated at 16.5% (2015: 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 2015: 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 amounted to HK\$766,000 (2015: HK\$9,720,000) has been unwounded as a result of amortisation of mining right for the period ended 30 June 2016.

9. DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

10. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately HK\$2,224,000 for six months ended 30 June 2016 (six months ended 30 June 2015: profit attributable to owners of the Company of approximately HK\$8,168,000) and on the weighted average number of 19,902,616,709 shares in issue during the period (six months ended 30 June 2015: 15,223,246,846).

(b) Diluted loss per share

There were no potential dilutive shares in existence for the six months ended 30 June 2016 and 2015, and accordingly, diluted loss per share equal to basic loss 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 year 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 2016, imputed interest income which amounted to approximately HK\$14,137,000 (2015: HK\$13,462,000) 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 2016, imputed interest income which amounted to approximately HK\$13,226,000 (2015: HK\$12,518,000) has been generated from holding such promissory note.

12. TRADE AND BILLS RECEIVABLES

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Trade and bills receivables	40,977	16,318

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

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
0–30 days	39,218	9,133
31–60 days	879	479
61–90 days	76	–
91–180 days	804	1,927
Over 180 days but within one year	–	4,779
	40,977	16,318

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL FINANCIAL PERFORMANCE

For the six months ended 30 June 2016, North Mining Shares Company Limited (the “Company”) and its subsidiaries (collectively the “Group”) recorded a revenue of approximately HK\$118,527,000 (30 June 2015: HK\$200,028,000), representing a decrease of approximately 40.7% over the same period in 2015.

During the period under review, the loss recorded by the Group was approximately HK\$12,437,000 (30 June 2015: loss of approximately HK\$14,529,000), representing a decrease in loss of approximately 14% over the same period in 2015.

BUSINESS REVIEW

The principal activities of the Group are (i) mining operations — exploitation, exploration and trading of mineral resources and (ii) property management operations. There was no change in business segment during the year under review. An analysis of each of these business segments is presented below:

Mining Operations — Exploitation and Exploration and Trading of Mineral Resources

During the period under review, the volume of molybdenum concentrate produced was about 97 tonnes (30 June 2015: 2,146 tonnes), whereas the grade of molybdenum concentrate was approximately 42% — 45%. The average selling price of molybdenum concentrate was approximately HK\$65,547 per tonne. During the period under review, the mining operation contributed a revenue of approximately HK\$114,985,000 (30 June 2015: HK\$196,327,000) to the Group, of which approximately HK\$111,758,000 was contributed by sales of molybdenum concentrate (30 June 2015: HK\$184,154,000) and approximately HK\$3,227,000 was contributed by sales of sulfuric acid and iron concentrate (30 June 2015: HK\$12,173,000). The cost of sales was approximately HK\$107,922,000 (30 June 2015: HK\$151,127,000). The gross profit was amounted to approximately HK\$7,063,000 (30 June 2015: HK\$48,901,000). During the six months ended 30 June 2016, the Group recognised an amortisation of mining rights of approximately 3,063,000 (30 June 2015: HK\$38,881,000).

Property management operations

During the year under review, the performance of the Group’s property management operations was relatively stable. For the six months ended 30 June 2016, the turnover generated from the property management operation was approximately HK\$3,541,000, representing a decrease of approximately 4.3% over the corresponding period of last year of HK\$3,701,000 and the decrease was mainly due to the effect of exchange rate differences.

Other Financial Assets

Detail of the financial assets held by the Group is set out below:

Bai Shan Promissory Notes

During the year ended 31 December 2013, the Group disposed of 25% of the entire equity interests in Rui Sui Kuang Ye Mining Company Limited (“Rui Sui”) for an aggregate consideration of HK\$500 million which was satisfied by a promissory note receivable with a principal value of HK\$500 million issued by the purchaser. The maturity date is 3 years from the issue date of the promissory notes.

Ding Jin Promissory Notes

During the year ended 31 December 2011, the Group entered into a subscription agreement with Shaanxi Ding Jin Mining Company Limited (“Ding Jin”), the Issuer. Under this agreement, the Group has subscribed for the promissory notes issued by Ding Jin. The principal amount of the promissory notes was HK\$500 million and carried at interest of HK\$100 million, payable on the maturity date, which is 5 years from subscription.

PROSPECTS

In the first half of 2016, the global economic uncertainties were intensified, while China’s economy was also confronted with downward pressure. Nevertheless, 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.

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 inflow of HK\$524,985,000 (2015: outflow of approximately HK\$63,888,000). The inflow was mainly due to the recovery of the investment deposit of approximately HK\$358,252,000 from the Group’s investing activities. The Group also had a net inflow from financing activities was contributed by borrowing of approximately HK\$350,000,000. The current ratio was approximately 4.21 as contrasted by 5.25 as at 31 December 2015. As at 30 June 2016, the debt to equity ratio was approximately 0.27 as contrasted by 0.22 as at 31 December 2015. The Board considered that the Group had a healthy financial position and had enough resources to satisfy its working capital requirement.

CAPITAL COMMITMENT

As at 30 June 2016, 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 2016 (2015: Nil).

CAPITAL STRUCTURE

The capital structure of the Group as at 30 June 2016 has been summarised below:

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Current assets	2,619,532	2,546,918
Current liabilities	621,760	485,351
Shareholders' equity	3,442,905	3,540,704

TREASURY POLICIES

During the six months ended 30 June 2016, 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 2016, 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 2016, the Group had borrowings of approximately HK\$379,495,000 (31 December 2015: HK\$100,908,000).

CONTINGENT ASSETS AND LIABILITIES

As at 30 June 2016, the Group had no significant contingent assets and liabilities.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 June 2016, the Group employed 496 (30 June 2015: 615) 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 2016 were approximately HK\$6,986,000.

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 2016.

CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2016, the Company has 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.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Gao Yuan Xing resigned as the Chairman and executive director of the Company on 4 January 2016 due to his other business engagement which requires more of his attention, Mr. Yang Ying Min ("Mr. Yang"), the Chief Executive Officer of the Company then was appointed as the Chairman of the Board of the Company with effect from 4 January 2016.

The Board believe that Mr. Yang has in-depth knowledge and considerable experience of the Group's business as well as consistent leadership which can lead the Company to set up and implement strategic planning effectively at the roles of the Chairman and the Chief Executive Officer.

The Board shall nevertheless review the structure from time to time and shall consider the appropriate adjustment should suitable circumstance arise.

2. 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 re-election, 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.

3. 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, Dr. Cheng Chak Ho was absent from the 2016 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 2016.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors, namely Messrs. William Fong, Leung Kar Fai and Cheng Chak Ho. The audit committee shall review the interim and annual financial statement of the Group before their submission to the Board of the Company for approval, and review the effectiveness of the financial reporting system, risk management and internal control system of the Group. The audit committee has reviewed the Group's interim results for the six months ended 30 June 2016.

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 2016 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
Yang Ying Min
Chairman

Hong Kong, 25 August 2016

As at the date of this announcement, the Board of the Company comprises Mr. Yang Ying Min, Mr. Qian Yi Dong, Mr. Zhang Jia Kun and Ms. Li Li Juan as Executive Directors; and Mr. William Fong, Mr. Leung Kar Fai and Dr. Cheng Chak Ho as Independent Non-executive Directors.