



Wanguo International Mining Group Limited

萬國國際礦業集團有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 3939

Interim Report 2016



Integrate Resources,
Create Values, Build Benefits and
Contribute to the Society

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Corporate Information

DIRECTORS

Executive Directors:

Gao Mingqing (*Chairman, Chief Executive Officer*)
Gao Jinzhu
Xie Yaolin
Liu Zhichun

Non-executive Directors:

Li Kwok Ping
Lee Hung Yuen
Wen Baolin (Resigned on 18 March 2016)

Independent non-executive Directors:

Lu Jian Zhong
Qi Yang
Shen Peng

AUDIT COMMITTEE

Shen Peng (*Chairman*)
Qi Yang
Lu Jian Zhong

REMUNERATION COMMITTEE

Qi Yang (*Chairman*)
Lu Jian Zhong
Liu Zhichun

NOMINATION COMMITTEE

Shen Peng (*Chairman*)
Qi Yang
Gao Jinzhu

COMPANY SECRETARY

Wong Chi Wah (*HKICPA, FCCA*)

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Xinzhuang Township Yifeng County
Jiangxi Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1, 28/F
Singa Commercial Centre
144-151 Connaught Road West
Hong Kong

REGISTERED OFFICE

3rd Floor, Queensgate House
113 South Church Street
P.O. Box 10240
Grand Cayman, KY1-1002
Cayman Islands

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square Grand Cayman KY1-1102
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F, One Pacific Place
88 Queensway
Hong Kong

LEGAL ADVISER

as to Hong Kong Law
Dentons Hong Kong
3201 Jardine House
1 Connaught Place
Central
Hong Kong

PRINCIPAL BANKER

Bank of China, Yifeng Branch
239 Xinchang West Street
Yifeng County
Jiangxi Province
PRC

STOCK CODE

3939

COMPANY WEBSITE

www.wgmine.com

Management Discussion and Analysis

BUSINESS REVIEW

Wanguo International Mining Group Limited (our “Company”) and its subsidiaries (collectively referred to as the “Group” or “We”) is principally engaged in the business of mining, ore processing and sale of concentrates products in the People’s Republic of China (the “PRC”).

Through our wholly-owned subsidiaries, we currently own the entire equity interest in Jiangxi Province Yifeng Wanguo Mining Company Limited (“Yifeng Wanguo”) which in turn owns the Xinzhuang Mine in which we conduct underground mining. The Xinzhuang Mine has a substantial volume of non-ferrous polymetallic mineral resources. Products of our Group primarily include copper concentrates, iron concentrates, zinc concentrates, lead concentrates, sulfur concentrates as well as by-products of gold and silver.

EXPANSION IN EXISTING MINE

We had completed major upgrading projects in the Xinzhuang Mine and had reached 600,000 tonnes per annum (“tpa”) in both mining capacity and processing capacity in accordance with the expansion plan.

Yifeng Wanguo, an indirect wholly-owned subsidiary of our Company, has entered into an agreement with China Nerin Engineering Co., Ltd (中國瑞林工程技術有限公司) for conducting a feasibility study on an expansion plan of the Xinzhuang Mine to 900,000 tpa. The Group expects to receive the report on the feasibility study by the end of 2016 and thereby commencing such expansion plan in 2017, which will further increase the capacities of the Xinzhuang Mine.

EXPANSION IN SURROUNDING AREAS

According to the Independent Technical Expert’s Report in the prospectus of our Company dated 28 June 2012, there are significant additional defined mineral resources outside the planned mining area in the Xinzhuang Mine within the boundary covered by the current mining licence held by the Group. On 20 November 2012, Yifeng Wanguo entered into an exploration agreement (the “Exploration Agreement”) with the Bureau of Geology and Mineral Exploration of Jiangxi Province (江西省地質礦產勘查開發局) (the “Jiangxi Geology Bureau”). By the end of 2013, Jiangxi Geology Bureau has completed the field exploration work. A Mineral Resources Verification Report (資源儲量核實報告) has been finished and approved by Jiangxi Province Land Resources Bureau in April 2014 and registration was obtained in December 2014.

The exploration in the Xinzhuang Mine has increased the geological reserves of the Group and further proved the hydrogeology conditions in the mining area. Yifeng Wanguo also has appointed Changsha Mine Research Institute (長沙礦山研究院) to carry out mining experiments on the possibility to remove the waterproof pillars in the mining area. In the event that the waterproof pillars can be successfully removed, the Group expects the mineral resources of the Xinzhuang Mine can be upgraded by more than 10,000,000 tonnes.

HORIZONTAL EXPANSION

On 16 May 2014, Yifeng Wanguo and Taylor Investment International Limited (“HK Taylor”), both being the wholly-owned subsidiaries of the Company, entered into two equity transfer agreements (“Acquisition Agreement(s)”) with Mr. Liu Dingbo, Mr. Yang Zhi and Mr. Wen Baolin (collectively referred as “Vendors”) pursuant to which Yifeng Wanguo and HK Taylor have conditionally agreed to acquire and the Vendors have conditionally agreed to dispose of 51% equity interests in Xizang Changdu County Dadi Mining Company Limited (“Xizang Changdu”) at the consideration of RMB239.7 million in aggregate.

Management Discussion and Analysis

HORIZONTAL EXPANSION *(Continued)*

However, the Vendors have not yet fulfilled the conditions precedent of the Acquisition Agreements, i.e. obtaining proper consents and approvals of the transfer in various local government bureaus, before 30 September 2014 (being the latest date of payment by the Company as disclosed in the Company's circular dated 29 August 2014). The Company, having considered that the acquisition would further expand the Company's business and maximise returns to the shareholders of the Company (the "Shareholders"), has conditionally agreed with the Vendors' proposal to continue with the acquisition based on the amended terms of the Acquisition Agreements (the "Amended Terms"). Upon negotiations and mediation conducted by the Changsha Arbitration Commission (長沙仲裁委員會) on 8 October 2015, the amendments to the Acquisition Agreements as conditionally agreed among the Company and each of the Vendors include (i) reduction of the consideration to be settled and amending dates of payment, and (ii) enforcement on the proper consents and approval of the transfer in various local government bureaus.

The aggregate consideration for the two Acquisition Agreements under the Amended Terms has been reduced from RMB239.7 million to RMB195.0 million, representing a saving by the Group of RMB44.7 million or 18.6% for the acquisition.

The Vendors are in the progress of requesting their suppliers and other relevant parties to issue supporting for the transactions in construction work done between 2006 and 2013, and detailed survey done and expenses incurred before 2014 and therefore require additional time for finalisation. The Group expects the completion date of the acquisition under the Amended Terms shall be no later than the end of 2016. Please refer to the announcement of the Company dated 30 June 2016 for details.

EXPLORATION ACTIVITIES IN AUSTRALIA

On 24 October 2014, the Company had entered into a Farm In Agreement and a Minerals Royalty Deeds with Snow Peak Mining Pty Limited ("SPM"), a company incorporated in Australia as a limited liability company in December 2012, pursuant to which the Company will perform exploration activities in the Regional Project and the Near Mine Project respectively. Both Regional Project and Near Mine Project are owned by SPM.

By the end of 2015, the Group has finished preliminarily geological survey and induced polarisation (IP) measurements. In view of current slipping of metal prices, the Group has decided to utilise the resources in other directions and temporarily suspended further exploration for the Regional Project and Near Mine Project during the six months ended 30 June 2016.

PROPOSED ACQUISITION OF 55% EQUITY INTEREST OF A GOLD MINE COMPANY

On 20 July 2016, the Group announced that it had entered into a non-legally binding investment framework agreement with an Australian company, which owns 90% equity interest of a gold mine company and in turn holds the entire equity interests in a gold mine in the Pacific region with substantial mineral resources and a partially damaged processing plant used to process 2.5 million tonnes of ore per annum. The Group intends to acquire 55% equity interests in the gold mine company (the "Proposed Acquisition").

The Group is now in progress of conducting due diligence in technical, legal and commercial aspects during 150 days exclusivity period granted. In view of the current growth of gold prices, the Proposed Acquisition can diversify the risk of continuous slipping of other metal prices in the Group. The Directors consider that the Proposed Acquisition offers the Group an opportunity to increase its revenue and profit and is in the interest of the Company and its Shareholders as a whole. Please refer to the announcement of the Company dated 20 July 2016 for details.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The Group's overall revenue decreased by approximately 27.8% from approximately RMB117.8 million for the six months ended 30 June 2015 to approximately RMB85.0 million for the six months ended 30 June 2016. The decrease was primarily attributable to the decrease in volume of concentrates sold and decrease in selling price.

For the six months ended 30 June 2016, we sold 1,382 tonnes of copper in copper concentrates, 51,361 tonnes of iron concentrates and 61,219 tonnes of sulfur concentrates, compared to 1,822 tonnes, 65,322 tonnes and 76,116 tonnes, respectively, for the six months ended 30 June 2015, representing an decrease of approximately 24.1%, 21.4% and 19.6% for copper in copper concentrates, iron concentrates and sulfur concentrates, respectively. The decrease was principally attributable to low grading of ores mined and sales of all the ores remained in warehouse during the upgrading of Concentrator No.1 system in the first half of 2015.

The average prices of copper in copper concentrates, iron concentrates and sulfur concentrates for the six months ended 30 June 2016 were approximately RMB24,956, RMB282 and RMB153 per tonne respectively, compared to approximately RMB30,340, RMB408 and RMB172 per tonne, respectively, for the six months ended 30 June 2015, representing a drop of approximately 17.7%, 30.9% and 11.0%, respectively. During the six months ended 30 June 2016, most of the metals prices have been slipping downwards continuously. Our Directors believe that such decrease was mainly due to the drop in demand caused by the continued pessimism in China's economy.

Cost of sales

Our cost of sales of concentrates decreased by approximately 25.3% from approximately RMB81.2 million for the six months ended 30 June 2015 to approximately RMB60.6 million for the six months ended 30 June 2016. It was mainly due to the decrease in unit cost of subcontracting fee and strict control on wages and electricity fee.

Gross profit and gross profit margin

The overall gross profit of our Group for the six months ended 30 June 2016 was approximately RMB24.4 million, which represents an decrease of approximately 33.4% compared to approximately RMB36.6 million for the six months ended 30 June 2015. Our overall gross profit margin decreased from approximately 31.1% for the six months ended 30 June 2015 to approximately 28.7% for the six months ended 30 June 2016. Such decrease was mainly attributable to the decline in the selling prices of the concentrates.

Other income

Our other income comprised mainly bank interest income of approximately RMB0.1 million and government grant and subsidy to Yifeng Wanguo in relation to the mining technology improvement of approximately RMB0.6 million for the six months ended 30 June 2016. Other income increased by approximately RMB0.3 million compared with the corresponding period in 2015, which was attributable to the increase in government grant and subsidy during the six months ended 30 June 2016.

Other gains and losses

Our other gains and losses increased by approximately RMB0.2 million, which comprised mainly unrealised exchange gain of approximately RMB0.5 million as a result of the translation of Australian dollars and Hong Kong dollars into Renminbi under appreciation of Australian dollars and Hong Kong dollars as at 30 June 2016. Unrealised exchange loss of approximately RMB0.7 million was incurred for the six months ended 30 June 2015 from the depreciation of Australian dollars against Renminbi.

Selling and distribution expenses

Our selling and distribution expenses decreased by approximately 14.9% from approximately RMB1.2 million for the six months ended 30 June 2015 to approximately RMB1.1 million for the six months ended 30 June 2016. The decrease was mainly attributable to the decrease in the transportation fees as result of decrease in sale volume.

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)

Administrative expenses

Our administrative expenses decreased by approximately 5.8% from approximately RMB14.1 million for the six months ended 30 June 2015 to approximately RMB13.3 million for the six months ended 30 June 2016. The decrease was principally attributable to the decrease in depreciation for a certain fully depreciated assets and tightening of the staff headcounts.

Finance costs

Our finance costs increased by approximately 29.5% from approximately RMB5.9 million for the six months ended 30 June 2015 to approximately RMB7.6 million for the six months ended 30 June 2016, primarily due to the increase in interest expense from bank borrowings.

Income tax expense

Our income tax expense was approximately RMB2.5 million for the six months ended 30 June 2016, consisting of PRC corporate income tax payable of approximately RMB2.6 million and deferred tax credit of approximately RMB0.1 million. Our income tax expense was approximately RMB6.7 million for the six months ended 30 June 2015, consisting of PRC corporate income tax payable of approximately RMB6.1 million and withholding tax payable of approximately RMB0.6 million.

The decrease in our income tax expense for the six months ended 30 June 2016 was primarily due to the decrease in the PRC corporate income tax expenses as a result of decrease in operating profit.

Profit and total comprehensive income

As a result of the foregoing, our profit after taxation decreased by approximately 88.2%, or approximately RMB8.3 million, from approximately RMB9.4 million for the six months ended 30 June 2015 to approximately RMB1.1 million for the six months ended 30 June 2016. Our net profit margin decreased from approximately 8.0% for the six months ended 30 June 2015 to approximately 1.3% for the six months ended 30 June 2016 mainly as a result of the decrease in profit margin of concentrates sold.

Liquidity and financial resources

During the six months ended 30 June 2016, the Group's net cash from operating activities was approximately RMB16.4 million (net cash from operating activities for the six months ended 30 June 2015: RMB19.8 million) and the Group's bank balances and cash was approximately RMB6.0 million as at 30 June 2016 (as at 31 December 2015: RMB12.3 million). Included in bank balances and cash, approximately RMB0.8 million (as at 31 December 2015: RMB1.3 million) were denominated in Hong Kong dollars and Australian dollars. Such decrease was attributable to the repayment of bank borrowings, deposit paid for acquisition of a subsidiary coupled with the consideration paid to a former non-controlling shareholder of a subsidiary.

The Group had a gearing ratio of approximately 42.4% (representing total bank borrowings and payables to former non-controlling shareholder of a subsidiary divided by total assets) as at 30 June 2016. The gearing ratio was approximately 38.6% as at 31 December 2015. The increase in gearing ratio was mainly attributable to the increase in bank borrowings of approximately RMB59.8 million during the six months ended 30 June 2016.

Bank borrowings

As at 30 June 2016, the Group had secured bank borrowings of RMB119.8 million in aggregate with maturity from one year to three years and effective interest rate of 6.06%.

Capital expenditure

Capital expenditure mainly includes purchase of mining equipment, expansion of ore processing facilities, costs for constructing mining structures as well as office premises. For the six months ended 30 June 2016, capital expenditure of approximately RMB37.4 million has been incurred (for the six months ended 30 June 2015: RMB23.5 million).

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)

Contractual obligations and capital commitment

As at 30 June 2016, the Group has entered into a non-cancellable operating lease with lease payables of approximately RMB0.3 million for certain properties of the Group.

As at 30 June 2016, the Group's capital commitments amounted to approximately RMB157.8 million, and decreased by approximately RMB14.6 million as compared to approximately RMB172.4 million as at 31 December 2015, which was primarily due to partial execution of construction projects under our operating mine and consideration paid for acquisition of a subsidiary.

Contingent liabilities

As at 30 June 2016, the Group did not have any material contingent liabilities or guarantees.

Material acquisition and disposal of subsidiaries, associates and joint ventures

During the six months ended 30 June 2016, the Group had no material acquisition and disposal of subsidiaries, associates and joint ventures.

Significant investments and future plan for material investments or capital assets

Save as disclosed in this interim report, the Group had no significant investment nor were there any plan for material investments or additions of capital assets authorised by the Board as at the date of this interim report.

Charge on group assets

As at 30 June 2016, the Group's prepaid lease payment, mining rights and building with carrying value of approximately RMB82.0 million (31 December 2015: mining rights and buildings with carrying value of approximately RMB55.9 million) were pledged to secure the Group's bank borrowings and facilities. Details have been set out in note 16 to the condensed consolidated financial statements.

Exposure to fluctuations in exchange rates

The Group's businesses are located primarily in the PRC and most of the transactions are conducted in Renminbi. Except for certain Group's bank balance and cash which are denominated in Hong Kong dollars and Australian dollars, the majority of the Group's assets and liabilities are denominated in Renminbi.

As Renminbi fluctuates against Hong Kong dollars and Australian dollars in a limited extent during the reporting period, the Group had no material adverse exposure to foreign exchange fluctuations during the six months ended 30 June 2016.

Interest rate risk

Our bank borrowings are denominated in Renminbi borrowed from domestic commercial banks at interest rates that are determined by reference to the benchmark interest rates set by the People's Bank of China ("PBoC"). Interest rates on our bank loans are subject to adjustments by our lenders in accordance with changes in the PBoC benchmark rates. We are exposed to interest rate risk resulting from changes in interest rates on our short-term and long-term bank borrowings. Increases in benchmark interest rates will increase the interest rates on our bank loans. Increases in interest rates will increase our expense on outstanding borrowings and the cost of new borrowings, and therefore could have a material adverse effect on our financial results. We have not used any interest rate swaps or other derivatives to hedge against interest rate risk.

Management Discussion and Analysis

INTERIM DIVIDENDS

The board of Directors (the “Board”) did not recommend the payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

SHARE OPTION SCHEME

During the six months ended 30 June 2016, no share option was granted, exercised, expired or lapsed and there was no outstanding share option under the share option scheme.

HUMAN RESOURCES

As at 30 June 2016, the Group employed approximately 291 employees. Remuneration is determined and reviewed based on fair principles with reference to market conditions and individual performances.

The Group also provides other benefits to its employees in the PRC including medical insurances and retirement benefits. The Group’s employees in Hong Kong are also enrolled in the mandatory provident fund scheme.

PROSPECT

We intend to continue to grow our business into a leading copper and iron mining company in the PRC through the following major strategies.

Growing production at our mine and outsourcing our mining works

The scale of our production operation in the Xinzhuang Mine has increased to our targeted mining capacity and processing capacity of 600,000 tpa by end of 2014. We planned to further upgrade the mining capacity to 900,000 tpa in coming years. To minimise costs, we will continue to outsource our underground mining works to third-party contractors.

Horizontal expansion through future acquisitions of new mines

We intend to further expand our mineral resources and ore reserves through the acquisitions of new mines. We will consider and balance assessment criteria carefully in respect of our acquisition targets, in order to pursue acquisitions prudently with a view to further growing our business and maximising returns to the Shareholders. As at the date of this interim report, the Group has been in progress of acquiring 51% equity interest in Xizang Changdu, conducting due diligence for the Proposed Acquisition as well as the exploration in Australia.

OUTLOOK

Following the previous sharp fall in 2015, the prices of commodity products further went down in the first quarter of 2016. Various metal prices plunged to the bottom level, which presented a significant challenge to the Group’s core business. Fortunately, there was a sign of rebound starting in the second quarter of 2016. Despite facing the aforesaid challenges, our Group adhered to expand the multi-mineral operation strategy, such as expansion of the Xinzhuang Mine, acquisition of 51% equity interest in Xizang Changdu and the Proposed Acquisition. The Group will continue to have a cautious and optimistic attitude towards the trends in metal markets in the second half of 2016.

EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES

Mineral exploration

During the first half of 2016, the exploration activities occurred in the Xinzhuang Mine was within 4-23 exploration line. We have completed underground geological drilling of 2,954.54 m, with drill size of 60-90 mm for the six months ended 30 June 2016 and we have also finished tunnel drilling of 597.9 m, resulted in total tunnel drilling of 4,502.9 m.

Management Discussion and Analysis

EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES *(Continued)*

For outside planned mining area, the Group entered into the Exploration Agreement with Jiangxi Geology Bureau to conduct exploration work outside the planned mining area in the Xinzhuang Mine within the boundary covered by the current mining licence held by the Group during 2012. By the end of 2014, a Mineral Resources Verification Report has been approved by the Jiangxi Province Land Resources Bureau (江西省國土資源廳). The Group had appointed Changsha Mine Research Institute (長沙礦山研究院) to carry out mining experiments on the possibility to remove the waterproof pillars in the mining area for purpose of further increase our reserves in the Xinzhuang Mine. Furthermore, the Group signed an agreement with China Nerin Engineering Co., Ltd (中國瑞林工程技術有限公司) for conducting a feasibility study on our expansion plan of the Xinzhuang Mine to 900,000 tpa.

For the six months ended 30 June 2016, the total expenditure of mineral exploration was approximately RMB1.8 million.

Development

During the six months ended 30 June 2016, the Group incurred development expenditure of approximately RMB19.3 million in respect of our expansion plan in the Xinzhuang Mine, mainly comprising:

Mining system:	Completion upgrading in transportation, ventilation, back-filling, drainage, air-supply, water-supply and electricity-supply
Processing system:	Completion construction of crushing, floating mill and dehydration systems
Integrated system:	Completion construction of tailings dam, waste rock pile, roads in mining area

Details breakdown of development expenditure is as follows:

	RMB'(million)
Mining structures	13.9
Machinery and electronic equipment for process plants	4.7
Motor vehicles	0.7
	19.3

Mining activities

During the six months ended 30 June 2016, we processed a total of 290,125 tonnes of ore in the Xinzhuang Mine. The volume of our concentrates products sold were 1,382 tonnes, 51,361 tonnes, 1,275 tonnes, 61,219 tonnes, 32 kg, 2,329 kg and 545 kg for copper in copper concentrates, iron concentrates, zinc in zinc concentrates, sulfur concentrates, gold in copper concentrates, silver in copper concentrates and silver in zinc concentrates, respectively. During the six months ended 30 June 2016, the Group incurred expenditures for mining and processing activities of RMB33.5 million (30 June 2015: 40.3 million) and RMB17.5 million (30 June 2015: 26.2 million) respectively. The unit expenditures for mining and processing activities for the six months ended 30 June 2016 were RMB119.8/t (30 June 2015: RMB154.4/t) and RMB60.4/t (30 June 2015: RMB78.6/t) respectively.

Corporate Governance Practices

The Company is committed to maintaining high standards of corporate governance and has complied with all material code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the six months ended 30 June 2016, except for the deviation from code provision A.2.1 of the CG Code in respect of segregation of the roles of chairman and chief executive officer as mentioned below.

According to code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Gao Mingqing, in addition to his duties as the chairman of the Company, is also responsible for the strategic planning and overseeing all aspects of the Group’s operations as the chief executive officer of the Company. This constitutes a deviation from code provision A.2.1 of the CG Code. Mr. Gao Mingqing as one of the founders of the Group has extensive experience and knowledge in the core business of the Group and his duties for overseeing the Group’s operations is clearly beneficial to the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct (the “Code of Conduct”) regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Listing Rules. Having made specific enquiries with all Directors, all Directors have confirmed that they had complied with the Model Code and the required standard set out in the Code of Conduct during the six months ended 30 June 2016.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2016.

REVIEW OF ACCOUNTS BY THE AUDIT COMMITTEE

The audit committee of the Board (the “Audit Committee”) comprises three independent non-executive Directors, namely Mr. Shen Peng, Mr. Qi Yang and Dr. Lu Jian Zhong. The purpose of the establishment of the Audit Committee is for reviewing and supervising the financial reporting process, and risk management and internal control of the Group. The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2016 and considered that they were prepared in compliance with the relevant accounting standards, and that the Company has made appropriate disclosure thereof under the requirements of the Listing Rules.

The unaudited interim results of the Group for the six months ended 30 June 2016 have been reviewed by the auditors of the Company, Messrs. Deloitte Touche Tohmatsu.

Other Information

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Share Option Scheme”) on 12 June 2012.

1. Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to provide an incentive for Eligible Participants (defined below) to work with commitment towards enhancing the value of our Company and the shares of our Company (the “Shares”) for the benefit of our Shareholders and to retain and attract calibres and working partners whose contributions are or may be beneficial to the growth and development of our Group.

2. Participants of the Share Option Scheme and the basis of determining the eligibility of the participants

The Board may at its discretion grant options to any full-time or part-time employees, potential employees, consultants, executives or officers (including executive, non-executive and independent non-executive Directors) of our Company or any of its subsidiaries and any suppliers, customers, consultants, agents and advisers who, in the sole opinion of the Board has contributed or will contribute to our Group (collectively “Eligible Participants”).

3. Maximum number of Shares

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme shall not in aggregate exceed the number of Shares that shall represent 10% of the total number of Shares in issue as of the Listing Date (i.e. 10 July 2012), which is 60,000,000 Shares, being 10% of the issued share capital of the Company as at the date of this interim report. The limit may be refreshed at any time provided that the new limit must not be in aggregate exceed 10% of the issued share capital of the Company as at the date of the Shareholders’ approval in general meeting.

However, the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other scheme of the Company must not in aggregate exceed 30% of the shares in issue from time to time.

4. Maximum entitlement of each participant

Unless approved by our Shareholders in general meeting in the manner prescribed in the Listing Rules, the Board shall not grant options to any participant if the acceptance of those options would result in the total number of Shares issued and to be issued to that participant on exercise of his options during any 12-month period exceeding 1% of the total Shares then in issue.

5. Offer period and amount payable for options

The offer shall remain open for acceptance for a period of 14 business days from the date on which it is made provided that no such offer shall be open for acceptance after the expiry of the Scheme Period (as defined below) or after the termination of the Share Option Scheme. Unless otherwise determined by the Board and stated in the Offer Letter, there shall be no general performance target for the vesting or exercise of options.

An option shall be deemed to have been granted to (subject to certain restrictions in the Share Option Scheme), and accepted by, the Eligible Participant (the “Grantee”) and to have taken effect upon the issue of an option certificate after the duplicate offer letter comprising acceptance of the option duly signed by the Grantee together with a remittance in favor of our Company of HK\$1.00 by way of consideration for the grant of the option shall have been received by our Company on or before the last day for acceptance set out above.

Other Information

SHARE OPTION SCHEME (Continued)

6. Minimum period for which an option must be held before it can be exercised

Options may be exercised at any time from the date of grant of the option in the following manner:

- i. up to 25% of the option granted from the first anniversary of date of grant of the option
- ii. up to 50% of the option granted from the second anniversary date of grant of the option
- iii. up to 75% of the option granted from the third anniversary date of grant of the option
- iv. up to 100% of the option granted from the fourth anniversary date of grant of the option

7. Basis of determining the exercise price

The exercise price is determined by the Directors, and will not be less than the highest of (i) the closing price per share as stated in the Stock Exchange's daily quotations sheets on the date of the grant of the options; (ii) the average closing price per share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant of the options; or (iii) the nominal value of a share.

8. Remaining Life of the Share Option Scheme

The Share Option Scheme shall be valid and effective for 10 years from the Listing Date i.e. 10 July 2012 (the "Scheme Period"), after which time no further option will be granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects.

During the six months ended 30 June 2016, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30 June 2016, the interests or short positions of our Directors and chief executives in the shares, underlying shares or debentures of our Company and our associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as notified to our Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or as recorded, pursuant to section 352 of the SFO, in the register referred to therein or which will be required to notify our Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules, were as follows:

(a) Long positions in shares of the Company

Name of Director	Capacity/nature of interest	Number of issued ordinary shares held	Approximate percentage of shareholding in the Company
Mr. Gao Mingqing	Interest in controlled corporation	301,500,000 ⁽¹⁾	50.25%
Ms. Gao Jinzhu	Interest in controlled corporation	148,500,000 ⁽²⁾	24.75%

Notes:

1. The 301,500,000 shares were owned by Victor Soar Investments Limited which is wholly-owned and controlled by Mr. Gao Mingqing.
2. The 148,500,000 shares were owned by Achieve Ample Investments Limited which is wholly-owned and controlled by Ms. Gao Jinzhu.

Other Information

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES (Continued)

(b) Long positions in associated corporations

Name of Director	Name of associated corporation	Percentage of shareholding
Mr. Gao Mingqing	Victor Soar Investments Limited ^(Note)	100%

Note: Victor Soar Investments Limited holds more than 50% of the shares in the Company and, therefore, is an associated corporation of the Company.

Save as disclosed above, as at 30 June 2016, so far as is known to any Directors or chief executives of the Company, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PARTIES' INTERESTS IN SECURITIES

As at 30 June 2016, the following persons, other than a Director or chief executive of the Company, had or were deemed or taken to have interests and/or short positions in the shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of part XV of the SFO as recorded in the register required to be kept by the Company under section 336 of the SFO, or who was, directly or indirectly, interested in 5% or more of the issued share capital of the Company:

Long positions in shares of the Company

Name of Director	Capacity/nature of interest	Number of issued ordinary shares held	Approximate percentage of shareholding in the Company
Victor Soar Investments Limited	Beneficial owner	301,500,000 ⁽¹⁾	50.25%
Ms. Lin Yinyin	Interest of spouse	301,500,000 ⁽²⁾	50.25%
Achieve Ample Investments Limited	Beneficial owner	148,500,000 ⁽³⁾	24.75%
Mr. Wang Weimian	Interest of spouse	148,500,000 ⁽⁴⁾	24.75%

Notes:

- Victor Soar Investments Limited is wholly-owned and controlled by Mr. Gao Mingqing.
- Ms. Lin Yinyin is the wife of Mr. Gao Mingqing and is deemed to be interested in the 301,500,000 shares of the Company held by Victor Soar Investments Limited, a company controlled by Mr. Gao Mingqing.
- Achieve Ample Investments Limited is wholly-owned and controlled by Ms. Gao Jinzhu.
- Mr. Wang Weimian is the husband of Ms. Gao Jinzhu and is deemed to be interested in the 148,500,000 shares of the Company held by Achieve Ample Investments Limited, a company controlled by Ms. Gao Jinzhu.

Other Information

SUBSTANTIAL SHAREHOLDERS' AND OTHER PARTIES' INTERESTS IN SECURITIES

(Continued)

Other than as disclosed above, as at 30 June 2016, the Company has not been notified by any person (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to section 336 of the SFO.

By Order of the Board

Wanguo International Mining Group Limited

Gao Mingqing

Chairman

Hong Kong, 22 August 2016

Report on Review of Condensed Consolidated Financial Statements



**TO THE BOARD OF DIRECTORS OF
WANGUO INTERNATIONAL MINING GROUP LIMITED**
萬國國際礦業集團有限公司
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Wanguo International Mining Group Limited (the “Company”) and its subsidiaries set out on pages 16 to 28, which comprise the condensed consolidated statement of financial position as of 30 June 2016 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and the Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
22 August 2016

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2016

	Notes	Six months ended 30 June	
		2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Revenue	3	85,014	117,785
Cost of sales		(60,637)	(81,158)
Gross profit		24,377	36,627
Other income		750	428
Other gains and losses		445	256
Selling and distribution expenses		(1,060)	(1,246)
Administrative expenses		(13,265)	(14,084)
Finance costs	4	(7,590)	(5,862)
Profit before tax		3,657	16,119
Income tax expense	5	(2,552)	(6,749)
Profit and total comprehensive income for the period	6	1,105	9,370
Earnings per share			
Basic (RMB cents)	7	0.2	1.6

Condensed Consolidated Statement of Financial Position

At 30 June 2016

	Notes	30.6.2016 RMB'000 (Unaudited)	31.12.2015 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	377,334	368,277
Mining right		7,506	7,723
Evaluation and exploration assets	9	19,918	18,900
Prepaid lease payments		61,799	62,486
Deposit for purchase of property, plant and equipment		2,317	568
Deposits for acquisitions of subsidiaries	10	55,828	39,600
Deferred tax assets		2,917	2,805
Restricted bank balance		7,572	2,495
		535,191	502,854
CURRENT ASSETS			
Prepaid lease payments		1,377	1,377
Inventories		12,783	10,643
Trade and other receivables	11	29,399	23,130
Bank balances and cash			
— cash and cash equivalents		6,039	12,296
— restricted bank balance		14,750	—
		64,348	47,446
CURRENT LIABILITIES			
Trade and other payables	12	54,285	39,231
Tax payable		6,233	6,565
Consideration payable to a former non-controlling shareholder of a subsidiary	13	60,486	80,801
Secured bank borrowings	14	55,325	30,000
		176,329	156,597
NET CURRENT LIABILITIES		(111,981)	(109,151)
TOTAL ASSETS LESS CURRENT LIABILITIES		423,210	393,703
NON-CURRENT LIABILITIES			
Consideration payable to a former non-controlling shareholder of a subsidiary	13	74,160	71,677
Secured bank borrowings	14	64,458	30,000
Deferred income		14,410	14,711
Deferred tax liabilities		596	1,100
Provisions		3,489	3,223
		157,113	120,711
CAPITAL AND RESERVES			
Share capital	15	48,955	48,955
Reserves		217,142	224,037
EQUITY ATTRIBUTEABLE TO OWNERS OF THE COMPANY		266,097	272,992
		423,210	393,703

Condensed Consolidated Statement of Changes In Equity

For the six months ended 30 June 2016

	Attributable to owners of the Company					Total RMB'000
	Share Capital RMB'000	Share premium RMB'000 (note a)	Capital reserves RMB'000 (note b)	Statutory and surplus reserve RMB'000	Retained profits RMB'000	
At 1 January 2015 (audited)	48,955	94,418	71,005	47,234	10,807	272,419
Profit and total comprehensive income for the period	–	–	–	–	9,370	9,370
Dividend recognised as distribution (note 8)	–	(16,000)	–	–	–	(16,000)
At 30 June 2015 (unaudited)	48,955	78,418	71,005	47,234	20,177	265,789
At 1 January 2016 (audited)	48,955	78,418	71,005	56,023	18,591	272,992
Profit and total comprehensive income for the period	–	–	–	–	1,105	1,105
Dividend recognised as distribution (note 8)	–	(8,000)	–	–	–	(8,000)
At 30 June 2016 (unaudited)	48,955	70,418	71,005	56,023	19,696	266,097

Notes:

- (a) The capital reserve represents contributions from an equity participant in 2011.
- (b) The statutory reserve represents the appropriation of 10% of profit after taxation determined based on the relevant accounting rules and regulations of the People's Republic of China ("PRC") in accordance with the relevant PRC laws until the PRC statutory reserve reaches 50% of the registered capital of the relevant subsidiaries. The statutory reserve can be applied either to set off accumulated losses or to increase capital.

The surplus reserve represents further appropriation out of the retained profits of the PRC subsidiary for any amount approved by its board of directors after the appropriation to the statutory reserve.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
NET CASH FROM OPERATING ACTIVITIES	16,375	19,809
INVESTING ACTIVITIES		
Placement of restricted bank balances	(19,827)	(74)
Purchase of property, plant and equipment	(19,323)	(15,262)
Deposits paid for acquisitions of subsidiaries	(16,228)	–
Payment for exploration and evaluation assets	(1,826)	(1,830)
Interest received	78	125
Release (placement) of bank deposits with original maturity over three months	–	(1,801)
Payment for land use rights	–	(6,374)
Placement of pledged structured deposits	–	(44,800)
Redemption of pledged structured deposits	–	79,407
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(57,126)	9,391
FINANCING ACTIVITIES		
New bank borrowings raised	89,783	30,000
Repayment of bank borrowings	(30,000)	(49,318)
Consideration paid for redemption of non-controlling interest	(22,468)	(16,000)
Interest paid	(2,840)	(794)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	34,475	(36,112)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,276)	(6,912)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	12,296	37,517
Effect of foreign exchange rate changes	19	3
CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by bank balances and cash	6,039	30,608

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

1. BASIS OF PREPARATION

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

The condensed consolidated financial statements have been prepared on a going concern basis. As at 30 June 2016, the Group’s current liabilities exceed its current assets by RMB111,981,000. In preparing the condensed consolidated financial statements, the directors of the Company have reviewed the Group’s financial and liquidity position, and taken into consideration the additional banking facilities of RMB600,000,000 obtained during the year ended 31 December 2015 and working capital expected to be generated from operating activities. The directors of the Company believe that the Group will be able to meet its full financial obligations as they fall due for the foreseeable future and accordingly, have prepared the condensed consolidated financial statements on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies and method 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 financial statements for the year ended 31 December 2015.

In the current interim period, the Group has applied, for the first time, amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are mandatorily effective for the current interim period.

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

3. REVENUE AND SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (“CODM”), being the executive directors of the Company, in order to allocate resources to segments and to assess their performance.

The Group determines that it has only one operating segment and revenue represents sales of processed concentrates which comprise copper, iron, zinc, lead, sulfur, gold in copper and lead concentrates and silver in copper, zinc and lead concentrates.

The Group operates in and all revenue is generated from the PRC. The Group’s non-current assets are also located in the PRC.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

4. FINANCE COSTS

	Six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Interest on bank borrowings	2,954	794
Imputed interest expenses on consideration payable to a former non-controlling shareholder of a subsidiary	4,636	5,068
Total borrowing costs	7,590	5,862

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Current tax charge:		
PRC Enterprise Income Tax ("EIT")		
— Current period	2,415	6,038
— Under provision in prior years	153	35
	2,568	6,073
Deferred tax (credit) charge:		
Current period	(16)	676
	2,552	6,749

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profit subject to Hong Kong Profits Tax during the reporting period.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of EIT Law, the tax rate of the PRC subsidiary was 25% during the reporting period.

The tax charge for the reporting period can be reconciled to the profit before tax per the condensed consolidated statement of profit or loss and other comprehensive income as follows:

	Six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Profit before tax	3,657	16,119
Tax at the EIT rate of 25%	914	4,030
Tax effect of expenses not deductible for tax purpose	1,389	2,052
Tax effect of income not taxable for tax purpose	—	(6)
Under provision in respect of prior years	153	35
Withholding tax on distributable earnings of PRC subsidiary	96	638
Tax charge for the period	2,552	6,749

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

6. PROFIT FOR THE PERIOD

Profit for the period is arrived at after charging (crediting):

	Six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Directors' and the chief executive's emoluments	1,549	1,675
Other staff costs	11,020	12,493
Retirement benefit scheme contributions, excluding those of directors and the chief executive	931	698
Total staff costs	13,500	14,866
Depreciation of property, plant and equipment	11,247	9,541
Amortisation of mining right	217	202
Release of prepaid lease payment	687	565
Total depreciation and amortisation	12,151	10,308
Cost of inventories recognised as an expense	60,637	81,158
Bank interest income	(78)	(125)
Exchange (gain) loss	(496)	659
Gain on investment in structured deposits	–	(915)

7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the following data:

	Six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Earnings:		
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	1,105	9,370
Number of shares:		
Number of ordinary shares for the purpose of basic earnings per share (in thousands)	600,000	600,000

No diluted earnings per share are presented as there were no potential dilutive ordinary shares in issue during both periods.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

8. DIVIDEND

During the period, the Company recognised the following dividends as distribution:

	Six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Final dividend for the year ended 31 December 2015 of RMB1.33 cents (2014: final dividend for the year ended 31 December 2014 of RMB2.67 cents) per share	8,000	16,000

No interim dividend is recommended by the board of directors of the Company for the six months ended 30 June 2016.

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT/EVALUATION AND EXPLORATION ASSETS

During the current interim period, the Group acquired property, plant and equipment and incurred construction costs of RMB20,173,000 (six months ended 30 June 2015: RMB17,711,000), with no interest capitalised (six months ended 30 June 2015: nil).

During the current interim period, the Group incurred costs directly associated with the evaluation and exploration assets of RMB1,018,000 (six months ended 30 June 2015: RMB2,983,000).

10. MOVEMENTS IN DEPOSITS PAID FOR ACQUISITION OF SUBSIDIARIES

During the current period, the Group paid a deposit amounting to RMB3,925,000 to the vendor pursuant to a non-legally binding investment framework agreement under which the Group proposed to acquire certain equity interests in a gold mine company overseas.

Included in the balance as at 30 June 2016 was also the refundable deposits of RMB51,903,000 (31 December 2015: RMB39,600,000) paid to three individuals are collectively referred to as the "Xizang Changdu Vendors") for 51% equity interest in Xizang Changdu-County Dadi Mining Company Limited ("Xizang Changdu"), which owns the exploration right of a lead mine in Walege of the Changdu County, Tibet Autonomous Region, the PRC. Up to the date these condensed consolidated financial statements are approved for issuance, none of the two transactions above has been completed.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

11. TRADE AND OTHER RECEIVABLES

	30.6.2016 RMB'000 (Unaudited)	31.12.2015 RMB'000 (Audited)
Trade and bills receivables	13,941	9,468
Prepayments	14,961	12,234
Other receivables	497	1,428
	15,458	13,662
Total	29,399	23,130

The Group grants a credit period of up to 90 days to its trade customers. The following is an aged analysis of trade and bills receivables presented based on the invoice dates at the end of the reporting period, which approximated the revenue recognition dates, as follows:

	30.6.2016 RMB'000 (Unaudited)	31.12.2015 RMB'000 (Audited)
0 – 30 days	12,913	7,272
31 – 90 days	411	2,196
Over 90 days	617	–
	13,941	9,468

12. TRADE AND OTHER PAYABLES

	30.6.2016 RMB'000 (Unaudited)	31.12.2015 RMB'000 (Audited)
Trade payables	8,383	6,901
Advances from customers	6,919	2,646
Value-added tax, resource tax and other tax payables	10,323	11,634
Other payables for construction in progress and property, plant and equipment	16,676	14,077
Other payables for evaluation and exploration assets	304	811
Dividend payable	8,000	–
Accrued expenses	3,680	3,162
	45,902	32,330
Total	54,285	39,231

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

12. TRADE AND OTHER PAYABLES (Continued)

The aged analysis of trade payables, presented based on the invoice date at the end of the reporting period, is as follows:

	30.6.2016 RMB'000 (Unaudited)	31.12.2015 RMB'000 (Audited)
0 – 30 days	3,928	3,583
31 – 60 days	745	1,443
61 – 90 days	775	659
91 – 180 days	220	596
Over 180 days	2,715	620
	8,383	6,901

13. CONSIDERATION PAYABLE TO A FORMER NON-CONTROLLING SHAREHOLDER OF A SBUSIDARY

At the end of the reporting period, the carrying amount of consideration payable is repayable as below:

	30.6.2016 RMB'000 (Unaudited)	31.12.2015 RMB'000 (Audited)
Within one year	60,486	80,801
More than one year, but not exceeding two years	38,343	37,059
More than two years, but not exceeding five years	35,817	34,618
	134,646	152,478
Less: amount due within one year shown under current liabilities	(60,486)	(80,801)
Amount shown under non-current liabilities	74,160	71,677

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

14. SECURED BANK BORROWINGS

	30.6.2016 RMB'000 (Unaudited)	31.12.2015 RMB'000 (Audited)
Secured bank borrowings, at:		
— fixed rate	89,783	30,000
— floating rate	30,000	30,000
	119,783	60,000
The carrying amounts of the above borrowing are repayable:		
— within one year	55,325	30,000
— within a period of more than one year but not exceeding two years	21,300	9,600
— within a period of more than two years but not exceeding five years	43,158	20,400
	119,783	60,000
Less: amount due within one year shown under current liabilities	(55,325)	(30,000)
Amount shown under non-current liabilities	64,458	30,000

The Group's floating-rate borrowings are mainly subject to interest at RMB Benchmark Loan Rates issued by the People's Bank of China. Interest is reset every year.

The effective interest rates on the Group's borrowings were as follows:

	30.6.2016 %	31.12.2015 %
Effective interest rate (per annum)	4.24 to 6.50	5.89 to 6.50

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

15. SHARE CAPITAL

	Number of shares ‘000	Share capital HK\$’000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 January 2015, 31 December 2015 and 30 June 2016	1,000,000	100,000
Issued:		
At 1 January 2015, 31 December 2015 and 30 June 2016	600,000	60,000
		RMB’000
Shown in the condensed consolidated statement of financial position		48,955

16. PLEDGE OF ASSETS

At the end of the reporting period, the following assets were pledged to banks for loan facilities granted to the Group:

	30.6.2016 RMB’000 (Unaudited)	31.12.2015 RMB’000 (Audited)
Property, plant and equipment	46,814	48,158
Mining right	7,506	7,723
Prepaid lease payment	27,649	–
	81,969	55,881

In addition to the above, the entire shareholding of the PRC subsidiary as at 30 June 2016 and 31 December 2015 was also pledged to a bank for a bank facility provided to the Group.

17. CAPITAL COMMITMENTS

	30.6.2016 RMB’000 (Unaudited)	31.12.2015 RMB’000 (Audited)
Capital expenditure contracted for but not provided for in the condensed consolidated financial statements in respect of acquisition of land use right and property, plant, and equipment	14,739	17,084
Capital expenditure contracted for but not provided for in respect of acquisition of 51% equity interest in Xizang Changdu (see note 10)	143,054	155,358
	157,793	172,442

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

18. RELATED PARTY DISCLOSURES

(a) Related party transactions and balances

During the year, the Group entered into the following transactions with related parties:

	Six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Sales to Shanghai Wanhe Trading Limited ("Shanghai Wanhe")	952	–

The following balances were outstanding at the end of the reporting period:

	30.6.2016	31.12.2015
	RMB'000 (Unaudited)	RMB'000 (Audited)
Advance from Shanghai Wanhe	45	559

Shanghai Wanhe is owned as to 51.1% by Ms. Gao Jinzhu, a substantial shareholder of the Company.

In addition, certain of the Group's borrowing as set out in note 14 as at 30 June 2016 and 31 December 2015 were personally guaranteed by Mr. Gao Mingqing and Ms. Gaojinzhu.

(b) Compensation of key management personnel

The remuneration of directors of the company and other key management personnel during the period were as follows:

	Six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Salaries and other allowances	1,883	1,990
Retirement benefit scheme contributions	17	14
	1,900	2,004

The remuneration of directors and key executives is determined having regard to the performance of individuals and market trends.