



## INTERIM REPORT 2013



**JINCHUAN 金川**

**Jinchuan Group International Resources Co. Ltd**

(Incorporated in the Cayman Islands with limited liability)  
(Stock Code : 2362)

## CONTENTS

*Pages*

### UNAUDITED INTERIM FINANCIAL REPORT

#### Condensed Consolidated:

|  |    |
|--|----|
| Statement of Profit or Loss and Other Comprehensive Income | 2  |
| Statement of Financial Position                            | 3  |
| Statement of Changes in Equity                             | 5  |
| Statement of Cash Flows                                    | 6  |
| Notes to the Condensed Consolidated Financial Statements   | 7  |
| Management Discussion and Analysis                         | 19 |
| Disclosure of Interests                                    | 24 |
| Share Option Scheme  | 26 |
| Corporate Governance Information                           | 26 |



## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2013

|   |       | <b>Six months ended</b>                       |  |
|---|-------|---|--|
|   | Notes | <b>30.6.2013<br/>HK\$'000<br/>(unaudited)</b> | 30.6.2012<br>HK\$'000<br>(restated and<br>unaudited) |
| <b>CONTINUING OPERATION</b>   |       |   |  |
| Revenue   |       | <b>1,147,451</b>                              | 165,934  |
| Cost of sales   |       | <b>(1,113,566)</b>                            | (164,014)  |
| Gross profit  |       | <b>33,885</b>                                 | 1,920  |
| Other income  |       | <b>882</b>                                    | 5,559  |
| Other gains and losses  | 5     | <b>14,320</b>                                 | (2,760)  |
| Selling and distribution costs  |       | <b>(1,362)</b>                                | (1,468)  |
| Administrative expenses   |       | <b>(7,471)</b>                                | (6,582)  |
| Other expenses  |       | <b>(15,377)</b>                               | -  |
| Finance costs   |       | <b>(6,917)</b>                                | (1)  |
| Profit (loss) before taxation   | 6     | <b>17,960</b>                                 | (3,332)  |
| Taxation  | 7     | <b>(4,257)</b>                                | -  |
| Profit (loss) for the period from<br>continuing operation               |       | <b>13,703</b>                                 | (3,332)  |
| <b>DISCONTINUED OPERATIONS</b>  |       |   |  |
| Profit (loss) for the period from discontinued<br>operations            | 8     | <b>21,887</b>                                 | (2,232)  |
| Profit (loss) for the period  |       | <b>35,590</b>                                 | (5,564)  |
| <b>Other comprehensive income (expense)</b>                             |       |   |  |
| Items that may be reclassified subsequently<br>to profit or loss:       |       |   |  |
| Exchange difference arising on translation<br>of foreign operations     |       | <b>(79)</b>                                   | 310  |
| Exchange reserve released upon disposal<br>of subsidiaries              |       | <b>(18,047)</b>                               | -  |
| Total comprehensive income (expense)<br>for the period                  |       | <b>17,464</b>                                 | (5,254)  |
| Profit (loss) for the period attributable to<br>owners of the Company   |       | <b>13,703</b>                                 | (3,332)  |
| - from continuing operation   |       | <b>21,887</b>                                 | (2,232)  |
| - from discontinued operations  |       | <b>35,590</b>                                 | (5,564)  |
| Total comprehensive income (expense)<br>for the period attributable to: |       |   |  |
| Owners of the Company   |       | <b>17,464</b>                                 | (5,254)  |
| Non-controlling interests   |       | <b>-</b>                                      | -  |
|   |       | <b>17,464</b>                                 | (5,254)  |
| <b>BASIC EARNINGS (LOSS) PER SHARE</b>                                  |       |   |  |
| From continuing operation and discontinued operations                   | 10    | <b>HK1.3 cents</b>                            | (HK0.2 cents)  |
| From continuing operation   |       | <b>HK0.5 cents</b>                            | (HK0.1 cent)   |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

|  | Notes | At<br>30.6.2013<br>HK\$'000<br>(unaudited) | At<br>31.12.2012<br>HK\$'000<br>(restated and<br>unaudited) |
|--|-------|--|---|
| Non-current assets                                 |       |  |   |
| Property, plant and equipment                      | 11    | 714  | 26,555  |
| Prepaid land lease payments                        |       | -  | 3,482   |
| Intangible assets                                  |       | -  | 15,706  |
| Long term deposits                                 |       | -  | 2,000   |
|  |       | <b>714</b>                                 | <b>47,743</b>   |
| Current assets                                     |       |  |   |
| Derivative financial instruments                   | 12    | 38,166                                     | 14,093  |
| Inventories  |       | -  | 17,588  |
| Trade and bill receivables                         | 13    | 1,308,691                                  | 1,338,066   |
| Prepayments, deposits and other receivables        |       | 45,426                                     | 14,650  |
| Due from related parties                           |       | -  | 2,852   |
| Restricted cash deposits                           |       | 2,058                                      | 39,833  |
| Bank balances and cash                             |       | 271,163                                    | 302,099   |
|  |       | <b>1,665,504</b>                           | <b>1,729,181</b>  |
| Current liabilities                                |       |  |   |
| Derivative financial instruments                   | 12    | 42,504                                     | 14,466  |
| Trade and bill payables                            | 14    | 178,789                                    | 933,041   |
| Other payables and accruals                        |       | 20,680                                     | 36,868  |
| Interest-bearing bank borrowings                   | 15    | 651,341                                    | 16,933  |
| Due to related parties                             |       | -  | 18,966  |
| Tax payable  |       | 6,257                                      | 5,824   |
| Finance lease payables                             |       | 26   | 115   |
| Due to non-controlling shareholder of subsidiaries |       | -  | 593   |
|  |       | <b>899,597</b>                             | <b>1,026,806</b>  |
| Net current assets                                 |       | <b>765,907</b>                             | <b>702,375</b>  |
| Total assets less current liabilities              |       | <b>766,621</b>                             | <b>750,118</b>  |

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(continued)*

At 30 June 2013

|  | <i>Notes</i> | <b>At<br/>30.6.2013<br/>HK\$'000<br/>(unaudited)</b> | At<br>31.12.2012<br>HK\$'000<br>(restated and<br>audited) |
|--|--------------|--|---|
| Non-current liabilities                      |              |  |   |
| Provision for long service payments          |              | -  | 232   |
| Finance lease payables                       |              | <b>39</b>  | 54  |
| Deferred tax liabilities                     |              | -  | 1,541   |
|  |              | <b>39</b>  | 1,827   |
| Net assets                                   |              | <b>766,582</b>                                       | 748,291   |
| Capital and reserves                         |              |  |   |
| Share capital                                | 16           | <b>27,549</b>  | 27,549  |
| Reserves                                     |              | <b>739,033</b>                                       | 721,569   |
| Equity attributable to owners of the Company |              | <b>766,582</b>                                       | 749,118   |
| Non-controlling interests                    |              | -  | (827)   |
| Total equity                                 |              | <b>766,582</b>                                       | 748,291   |

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the six months ended 30 June 2013

|  | Attributable to owners of the Company |                       |                |                     |                              |                              | Total           | Non-controlling interests | Total equity    |
|--|---------------------------------------|-----------------------|----------------|---------------------|------------------------------|------------------------------|-----------------|---------------------------|-----------------|
|  | Issued capital                        | Share premium account | Reserve funds  | Contributed surplus | Exchange fluctuation reserve | Accumulated (losses) profits |                 |                           |                 |
|  | HK\$'000                              | HK\$'000              | HK\$'000       | HK\$'000            | HK\$'000                     | HK\$'000                     | HK\$'000        | HK\$'000                  |                 |
| At 1 January 2013 (audited)                                      | <b>27,549</b>                         | <b>698,848</b>        | <b>7,321</b>   | <b>73</b>           | <b>18,126</b>                | <b>(2,799)</b>               | <b>749,118</b>  | <b>(827)</b>              | <b>748,291</b>  |
| Profit for the period  | -                                     | -                     | -              | -                   | -                            | <b>35,590</b>                | <b>35,590</b>   | -                         | <b>35,590</b>   |
| Exchange difference arising on translation of foreign operations | -                                     | -                     | -              | -                   | <b>(79)</b>                  | -                            | <b>(79)</b>     | -                         | <b>(79)</b>     |
| Exchange reserve released upon disposal of subsidiaries          | -                                     | -                     | -              | -                   | <b>(18,047)</b>              | -                            | <b>(18,047)</b> | -                         | <b>(18,047)</b> |
| Total comprehensive income (expense) for the period              | -                                     | -                     | -              | -                   | <b>(18,126)</b>              | <b>35,590</b>                | <b>17,464</b>   | -                         | <b>17,464</b>   |
| Disposal of subsidiaries   | -                                     | -                     | <b>(7,321)</b> | -                   | -                            | <b>7,321</b>                 | -               | <b>827</b>                | <b>827</b>      |
| At 30 June 2013 (unaudited)                                      | <b>27,549</b>                         | <b>698,848*</b>       | -              | <b>73*</b>          | -                            | <b>40,112*</b>               | <b>766,582</b>  | -                         | <b>766,582</b>  |
| At 1 January 2012 (audited)                                      | 27,549                                | 1,201,949             | 7,321          | 73                  | 17,879                       | (498,533)                    | 756,238         | (826)                     | 755,412         |
| Loss for the period  | -                                     | -                     | -              | -                   | -                            | (5,564)                      | (5,564)         | -                         | (5,564)         |
| Exchange difference arising on translation of foreign operations | -                                     | -                     | -              | -                   | 310                          | -                            | 310             | -                         | 310             |
| Total comprehensive expense for the period                       | -                                     | -                     | -              | -                   | 310                          | (5,564)                      | (5,254)         | -                         | (5,254)         |
| Transfer of share premium to accumulated losses (Note)           | -                                     | (503,101)             | -              | -                   | -                            | 503,101                      | -               | -                         | -               |
| At 30 June 2012 (unaudited)                                      | 27,549                                | 698,848*              | 7,321*         | 73*                 | 18,189*                      | (996)*                       | 750,984         | (826)                     | 750,158         |

\* These reserve accounts comprise the consolidated reserves of HK\$739,033,000 (six months ended 30 June 2012: HK\$723,435,000) in the condensed consolidated statement of financial position.

Note: On 20 June 2012, a resolution was passed by the directors of the Company to offset accumulated losses of HK\$503,101,000 of the Company against its share premium account.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six months ended 30 June 2013

|   |       | <b>Six months ended</b>                                   |   |
|---|-------|---|---|
|   | Notes | <b>30.6.2013</b><br><b>HK\$'000</b><br><b>(Unaudited)</b> | 30.6.2012<br><b>HK\$'000</b><br>(Unaudited) |
| Net cash used in operating activities                       |       | <b>(694,307)</b>  | (129,380)                                   |
| Investment activities                                       |       |   |   |
| Net cash inflow from disposal<br>of subsidiaries            | 8     | <b>12,243</b>   | -   |
| Proceeds from disposal of property, plant<br>and equipment  |       | <b>813</b>  | -   |
| Interest received   |       | <b>882</b>  | 5,565                                       |
| Purchase of property, plant and equipment                   |       | <b>(1,596)</b>  | (592)                                       |
| Proceeds from disposal of available-for-sale<br>investments |       | -   | 17,250                                      |
| Purchase of held-to-maturity investments                    |       | -   | (24,428)                                    |
| Net cash from (used in) investing activities                |       | <b>12,342</b>   | (2,205)                                     |
| Financing activities  |       |   |   |
| New bank and related party loans raised                     |       | <b>761,725</b>  | 11,789                                      |
| Repayment of bank and related party loans                   |       | <b>(110,384)</b>  | (6,325)                                     |
| Repayment of obligations under<br>finance lease             |       | <b>(104)</b>  | -   |
| Net cash from financing activities                          |       | <b>651,237</b>  | 5,464                                       |
| Net decrease in cash and cash equivalents                   |       | <b>(30,728)</b>   | (126,121)                                   |
| Cash and cash equivalents at beginning<br>of the period     |       | <b>300,096</b>  | 711,306                                     |
| Effect of foreign exchange rate changes                     |       | <b>1,795</b>  | 594   |
| Cash and cash equivalents at<br>end of the period           |       | <b>271,163</b>  | 585,779                                     |
| Analysis of cash and cash equivalents                       |       |   |   |
| Bank balances and cash                                      |       | <b>271,163</b>  | 588,198                                     |
| Bank overdrafts   |       | -   | (2,419)                                     |
|   |       | <b>271,163</b>  | 585,779                                     |

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***For the six months ended 30 June 2013***1. CORPORATE INFORMATION**

Jinchuan Group International Resources Co. Ltd (the "Company") is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is at P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands.

In the opinion of the directors, the ultimate holding company of the Company is Jinchuan Group Co., Ltd\* (金川集团股份有限公司), which is incorporated in the People's Republic of China (the "PRC").

**2. BASIS OF PREPARATION**

The condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard ("IAS") 34 "Interim financial reporting" issued by the International Accounting Standards Board (the "IASB") 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").

**3. PRINCIPAL ACCOUNTING POLICIES**

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

Except as disclosed below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

In the current interim period, the Company together with its subsidiaries (collectively referred to as the "Group") has applied, for the first time, the following new or revised International Financial Reporting Standards ("IFRSs") issued by the IASB that are relevant for the preparation of the Group's condensed consolidated financial statements.

|   |   |
|---|---|
| Amendments to IFRSs                           | Annual improvements to IFRSs 2009 – 2011 cycle  |
| Amendments to IFRS 1                          | Government loans  |
| Amendments to IFRS 7                          | Disclosures – Offsetting financial assets and financial liabilities   |
| IFRS 10                                       | Consolidated financial statements   |
| IFRS 11                                       | Joint arrangements  |
| IFRS 12                                       | Disclosures of interests in other entities  |
| IFRS 13                                       | Fair value measurement  |
| Amendments to IFRS 10,<br>IFRS 11 and IFRS 12 | Consolidated financial statements, joint arrangements and disclosures of interests in other entities: Transition guidance |
| Amendments to IAS 1                           | Presentation of items of other comprehensive income   |
| IAS 19 (as revised in 2011)                   | Employee benefits   |
| IAS 27 (as revised in 2011)                   | Separate financial statements   |
| IAS 28 (as revised in 2011)                   | Investments in associates and joint ventures  |
| IFRIC – INT 20                                | Stripping costs in the production phase of a surface mine   |

\* For identification purposes only

**3. PRINCIPAL ACCOUNTING POLICIES** *(continued)*

**Amendments to IAS 1 “Presentation of items of other comprehensive income”**

The amendments to IAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to IAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

**IFRS 13 “Fair value measurement”**

The Group has applied IFRS 13 for the first time in the current interim period. IFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various IFRSs. Consequential amendments have been made to IAS 34 to require certain disclosures to be made in the condensed consolidated financial statements.

The scope of IFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. IFRS 13 contains a new definition for fair value and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are set out in note 19.

**Amendments to IAS 34 “Interim financial reporting”  
(as part of the annual improvements to IFRSs 2009-2011 cycle)**

The Group has applied the amendments to IAS 34 for the first time in the current interim period. The amendments to IAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the condensed consolidated financial statements only when the amounts are regularly provided to the chief operating decision maker (the “CODM”) and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

Since the CODM does not review assets and liabilities of the Group’s reportable segments for performance assessment and resources allocation purposes, the Group has not included total assets information as part of segment information.

The application of other new or revised IFRSs 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.

**4. SEGMENT INFORMATION**

The Group was previously organised into three reportable segments: 1) trading of mineral and metal products; 2) property investment and development; and 3) cosmetic and beauty. During the six months ended 30 June 2013, the Group's CODM, being the executive directors, had changed the structure of its internal organisation for performance assessment and resources allocation of the Group following the disposal of subsidiaries and the cessation of property investment and development operation (see note 8). Subsequent to such changes, financial information provided to the CODM for performance assessment and resources allocation is based on the overall operating results and position of the Group which constitute the condensed consolidated statement of profit or loss and other comprehensive income and the condensed consolidated statement of financial position. Financial information regarding the segment for the six months ended 30 June 2013 and 2012 can be made reference to the results of continuing operation as set out in the condensed consolidated statement of profit or loss and other comprehensive income.

**5. OTHER GAINS AND LOSSES****CONTINUING OPERATION**

Net exchange gains (losses)

| <b>Six months ended</b>                                   |  |
|---|--|
| <b>30.6.2013</b><br><b>HK\$'000</b><br><b>(unaudited)</b> | 30.6.2012<br>HK\$'000<br>(restated and<br>unaudited) |
| <b>14,320</b>   | (2,760)  |

**6. PROFIT (LOSS) BEFORE TAXATION**

Profit (loss) before taxation has been arrived at after charging (crediting):

**CONTINUING OPERATION**

Depreciation of property, plant and equipment  
Fair value changes in embedded derivative arising from sales price adjustment  
Fair value changes in embedded derivative arising from purchase price adjustment  
Bank interest income

| <b>Six months ended</b>                                   |  |
|---|--|
| <b>30.6.2013</b><br><b>HK\$'000</b><br><b>(unaudited)</b> | 30.6.2012<br>HK\$'000<br>(restated and<br>unaudited) |
| <b>127</b>  | 171  |
| <b>119,518</b>  | 11,884   |
| <b>(117,782)</b><br><b>(882)</b>                          | (11,884)<br>(5,556)                                  |

## 7. TAXATION

|                             | <b>Six months ended</b>                                   |   |
|-----------------------------|---|---|
|                             | <b>30.6.2013</b><br><b>HK\$'000</b><br><b>(unaudited)</b> | 30.6.2012<br><i>HK\$'000</i><br>(restated and<br>unaudited) |
| <b>CONTINUING OPERATION</b> |   |   |
| Hong Kong Profits Tax       | <b>4,257</b>  | -   |

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the six months ended 30 June 2013.

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group has no assessable profits during the six months ended 30 June 2012.

## 8. DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATIONS)

During the current interim period, the Group entered into a sale and purchase agreement to dispose of its 100% equity interest in Carissa Bay Inc. (the "Carissa Bay") that carried out all of the Group's cosmetic and beauty operation. The disposal was completed in late June 2013, on which date the Group lost control of Carissa Bay. As one of the step to transform the Group's business into mining and mineral resources sector by disposing of and terminating the non-performing business, the Group's cosmetic and beauty operation and property investment and development operation are treated as discontinued operations.

The loss from the discontinued operations for the current and preceding interim period is analysed as follows:

|  | <b>Six months ended</b>             |                              |
|--|-------------------------------------|------------------------------|
|  | <b>30.6.2013</b><br><b>HK\$'000</b> | 30.6.2012<br><i>HK\$'000</i> |
| Loss from cosmetic and beauty operation for the period                 | <b>(14)</b>                         | (2,513)                      |
| Gain from property investment and development operation for the period | -                                   | 281                          |
|  | <b>(14)</b>                         | (2,232)                      |
| Gain on disposal of cosmetic and beauty operation                      | <b>21,901</b>                       | -                            |
|  | <b>21,887</b>                       | (2,232)                      |

**8. DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATIONS)** *(continued)*

The results of cosmetic and beauty operation and property investment and development operation for the current and preceding interim period were as follows:

|                                | <b>Six months ended</b>             |                              |
|--------------------------------|-------------------------------------|------------------------------|
|                                | <b>30.6.2013</b><br><b>HK\$'000</b> | 30.6.2012<br><i>HK\$'000</i> |
| Revenue                        | <b>49,684</b>                       | 54,233                       |
| Cost of sales                  | <b>(10,347)</b>                     | (18,280)                     |
| Gross profit                   | <b>39,337</b>                       | 35,953                       |
| Other income                   | <b>1,708</b>                        | 686                          |
| Selling and distribution costs | <b>(14,089)</b>                     | (15,717)                     |
| Administrative expenses        | <b>(24,904)</b>                     | (22,009)                     |
| Finance costs                  | <b>(604)</b>                        | (1,162)                      |
| Profit (loss) before taxation  | <b>1,448</b>                        | (2,249)                      |
| Taxation                       | <b>(1,462)</b>                      | 17                           |
| Loss for the period            | <b>(14)</b>                         | (2,232)                      |

|   | <b>Six months ended</b>             |                              |
|---|-------------------------------------|------------------------------|
|   | <b>30.6.2013</b><br><b>HK\$'000</b> | 30.6.2012<br><i>HK\$'000</i> |
| <b>Cash flows from (used in) cosmetic and beauty operation:</b>       |                                     |                              |
| Net cash flows from operating activities                              | <b>5,935</b>                        | 3,501                        |
| Net cash flows used in investing activities                           | <b>(772)</b>                        | (1,593)                      |
| Net cash flows used in financing activities                           | <b>(90)</b>                         | (6,336)                      |
| Net cash flows  | <b>5,073</b>                        | (4,428)                      |
| <b>Cash flows from property investment and development operation:</b> |                                     |                              |
| Cash flow from investing activities                                   | <b>-</b>                            | 17,250                       |

**8. DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATIONS)** (continued)

The net assets of Carissa Bay at the date of disposal were as follows:

HK\$'000

**Consideration received:**

|               |        |
|---------------|--------|
| Cash received | 24,750 |
|---------------|--------|

**Analysis of assets and liabilities over which control was lost:**

|  |          |
|--|----------|
| Property, plant and equipment                      | 23,452   |
| Prepaid land lease payments                        | 3,238    |
| Intangible assets                                  | 15,706   |
| Long term deposits                                 | 2,000    |
| Inventories  | 17,161   |
| Trade and bill receivables                         | 12,506   |
| Prepayments, deposits and other receivables        | 11,662   |
| Due from related parties                           | 2,872    |
| Bank balances and cash                             | 12,507   |
| Trade payables                                     | (9,762)  |
| Other payables and accruals                        | (28,335) |
| Interest-bearing bank borrowings                   | (17,257) |
| Due to related parties                             | (18,938) |
| Tax payable  | (4,486)  |
| Due to non-controlling shareholder of subsidiaries | (589)    |
| Provision for long services payment                | (232)    |
| Deferred tax liabilities                           | (1,436)  |

20,069

HK\$'000

**Gain on disposal of subsidiaries:**

|                         |          |
|-------------------------|----------|
| Consideration received  | 24,750   |
| Net assets derecognised | (20,069) |

4,681  
(827)

|   |       |
|---|-------|
| Non-controlling interests   | 4,681 |
| Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from reserves to profit or loss upon disposal | (827) |

18,047

|                  |        |
|------------------|--------|
| Gain on disposal | 21,901 |
|------------------|--------|

**Net cash inflow arising on disposal:**

|                                       |          |
|---------------------------------------|----------|
| Cash consideration received           | 24,750   |
| Cash and cash equivalents disposed of | (12,507) |

12,243

## 9. DIVIDEND

No dividends has been paid or declared by the Company in respect of the six months ended 30 June 2013 (six months ended 30 June 2012: nil).

## 10. EARNINGS (LOSS) PER SHARE

### From continuing and discontinued operations

The calculation of basic earnings (loss) per share is based on the profit for the period attributable to owners of the Company of HK\$35,590,000 (six months ended 30 June 2012: loss for the period of HK\$5,564,000) and on the weighted average of 2,754,873,051 ordinary shares (six months ended 30 June 2012: 2,754,873,051) in issue during the period.

### From continuing operation

The calculation of basic earnings (loss) per share from continuing operation is based on the profit for the period from continuing operation attributable to owners of the Company of HK\$13,703,000 (six months ended 30 June 2012: loss for the period of HK\$3,332,000) and on the the weighted average of 2,754,873,051 ordinary shares (six months ended 30 June 2012: 2,754,873,051) in issue during the period.

The denominators used are the same as those for calculation of basic earnings (loss) per share from continuing and discontinued operations.

### From discontinued operations

Basic earnings per share for the operations during the six months ended 30 June 2013 is HK\$0.8 cents (six months ended 30 June 2012: basic loss per share of HK\$0.1 cent), based on the profit for the period from the discontinued operations of HK\$21,887,000 (six months ended 30 June 2012: loss for the period of HK\$2,232,000) and the denominators detailed above for basic loss per share from continuing and discontinued operations.

For the six months ended 30 June 2013 and 2012, diluted earnings (loss) per share has not been disclosed as the Company had no potential dilutive ordinary shares outstanding during the periods.

## 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2013, the Group spent HK\$1,596,000 (six months ended 30 June 2012: HK\$592,000) on purchase of property, plant and equipment and disposed of property, plant and equipment with carrying value of HK\$1,134,000 (six months ended 30 June 2012: nil). In addition, property, plant and equipment with carrying value of HK\$23,452,000 (six months ended 30 June 2012: nil) were disposed of through the disposal of subsidiaries.

## 12. DERIVATIVE FINANCIAL INSTRUMENTS

|   | <i>Notes</i> | <b>At<br/>30.6.2013<br/>HK\$'000<br/>(unaudited)</b> | At<br>31.12.2012<br>HK\$'000<br>(restated and<br>audited) |
|---|--------------|--|---|
| <b>Financial assets</b>   |              |  |   |
| Derivative financial instruments arising from sale/purchase price adjustments | (i)          | <b>37,960</b>  | 14,093  |
| Foreign exchange forward contracts  | (ii)         | <b>206</b>   | –   |
|   |              | <b>38,166</b>  | 14,093  |
| <b>Financial liabilities</b>  |              |  |   |
| Derivative financial instruments arising from sale/purchase price adjustments | (i)          | <b>38,305</b>  | 14,074  |
| Foreign exchange forward contracts  | (ii)         | <b>4,199</b>   | 392   |
|   |              | <b>42,504</b>  | 14,466  |

Notes:

- (i) The Group is exposed to movements in copper, silver and gold price. The Group's commodity price risk is partly related to change in fair value of embedded derivatives in trade and bills receivables and trade and bills payable reflecting copper, silver and gold sales and purchases provisionally priced based on the average London Metal Exchange cash settlement price at the quotation period.
- (ii) The Group uses foreign exchange forward contract to manage some of its exchange rate exposures. This foreign exchange forward contract is not designated as cash flow, fair value or net investment hedges and is measured at fair value through profit and loss.

## 13. TRADE AND BILL RECEIVABLES

The Group has different trading terms with its customers for different businesses.

For trading of mineral and metal products, credit period granted to its customer ranges from three to six months.

For sale of cosmetic and beauty products prior to the disposal of Carissa Bay, payment in advance was normally required, except for major customers. The Group's trading terms with these major customers were mainly on credit. The credit period granted to customers generally ranged from one to three months.

**13. TRADE AND BILL RECEIVABLES** *(continued)*

An aged analysis of the trade and bill receivables at the end of the reporting period, based on invoice date and net of provision, is as follows:

|                 | <b>At<br/>30.6.2013<br/>HK\$'000<br/>(unaudited)</b> | At<br>31.12.2012<br>HK\$'000<br>(restated and<br>audited) |
|-----------------|--|---|
| Within 3 months | <b>459,499</b>                                       | 1,044,128   |
| 4 to 6 months   | <b>752,778</b>                                       | 286,975   |
| 7 to 12 months  | <b>96,414</b>  | 3,549   |
| Over 1 year     | <b>-</b>   | 3,414   |
|                 | <b>1,308,691</b>                                     | 1,338,066   |

Included in the Group's trade and bill receivables is amount due from its ultimate holding company of HK\$1,308,691,000 (31 December 2012: HK\$1,323,039,000).

**14. TRADE AND BILL PAYABLES**

An aged analysis of the trade and bill payables at the end of the reporting period, based on invoice date, is as follows:

|                 | <b>At<br/>30.6.2013<br/>HK\$'000<br/>(unaudited)</b> | At<br>31.12.2012<br>HK\$'000<br>(restated and<br>audited) |
|-----------------|--|---|
| Within 3 months | <b>177,259</b>                                       | 906,942   |
| 4 to 6 months   | <b>1,530</b>   | 20,645  |
| 7 to 12 months  | <b>-</b>   | 118   |
| Over 1 year     | <b>-</b>   | 5,336   |
|                 | <b>178,789</b>                                       | 933,041   |

The trade and bill payables are normally settled within 120-day terms.

**15. INTEREST-BEARING BANK BORROWINGS**

During the six months ended 30 June 2013, the Group obtained new bank borrowings of HK\$761,725,000 (six months ended 30 June 2012: nil) and repaid bank borrowings of HK\$110,384,000 (six months ended 30 June 2012: HK\$6,325,000). In addition, bank borrowings with amount of HK\$17,257,000 (six months ended 30 June 2012: nil) were disposed of through the disposal of subsidiaries.

## 16. ISSUED CAPITAL

|  | <b>At<br/>30.6.2013<br/>HK\$'000<br/>(Unaudited)</b> | At<br>31.12.2012<br>HK\$'000<br>(Audited) |
|--|--|---|
| Authorised:<br>5,000,000,000 ordinary shares of HK\$0.01 each            | <b>50,000</b>  | 50,000                                    |
| Issued and fully paid:<br>2,754,873,051 ordinary shares of HK\$0.01 each | <b>27,549</b>  | 27,549                                    |

There were no change in authorised, issued and fully paid share capital for the period.

## 17. RELATED PARTY TRANSACTIONS

The Group had the following material transactions with related parties during the period:

|   |              | <b>Six months ended</b>                       |                                      |
|---|--------------|---|--------------------------------------|
|   | <i>Notes</i> | <b>30.6.2013<br/>HK\$'000<br/>(Unaudited)</b> | 30.6.2012<br>HK\$'000<br>(Unaudited) |
| Rental expenses paid to related parties         | (i, iv)      | <b>861</b>                                    | 573                                  |
| Management fee to related parties               | (ii, iv)     | <b>-</b>                                      | 300                                  |
| Consultancy fee paid to directors of subsidiary | (ii)         | <b>390</b>                                    | 300                                  |
| Sales of products to ultimate holding company   | (iii)        | <b>1,147,451</b>                              | 165,934                              |

Notes:

- (i) Rental expenses paid to related companies were made according to prices and conditions stated in the tenancy agreements that were agreed between the Group and the related companies.
- (ii) Consultancy fee and management fee were paid in accordance with contractual terms agreed between the Group and the related companies.
- (iii) Sales are made to its ultimate holding company. Selling price is determined by reference to relevant mineral and metal price quoted on the London Metal Exchange and negotiation between both parties.
- (iv) The related parties are parties in which a director of a subsidiary, a key management personnel of a subsidiary or their close family members have controlling beneficial interests.

**18. OPERATING LEASE COMMITMENTS**

The Group leases certain of its leasehold land and buildings under operating lease arrangements. Leases for leasehold land and buildings are negotiated for terms ranging from one to three years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases as follows:

|  | <b>At<br/>30.6.2013<br/>HK\$'000<br/>(unaudited)</b> | At<br>31.12.2012<br>HK\$'000<br>(audited) |
|--|--|---|
| Within one year                        | <b>579</b>   | 8,295                                     |
| In the second to fifth years inclusive | <b>-</b>   | 12,367                                    |
|  | <b>579</b>   | 20,662                                    |

**19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS****Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis**

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used), as well as the level of fair value hierarchy into which the fair value measurements are categorized (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS** (continued)

| <b>Financial assets/<br/>financial liabilities</b>  | <b>Fair value as<br/>at 30.6.2013</b>                     | <b>Fair value<br/>hierarchy</b> | <b>Valuation techniques<br/>and key inputs</b>  | <b>Significant<br/>unobservable<br/>inputs</b> | <b>Relationship of<br/>unobservable<br/>inputs to<br/>fair value</b> |
|---|---|---------------------------------|---|--|--|
| 1) Derivative financial instruments arising from sale/purchase price adjustments classified as derivative financial instruments in the condensed consolidated statement of financial position | Assets – HK\$37,960,000; and Liabilities – HK\$38,305,000 | Level 2                         | The fair value is estimated by reference to the average quoted market price of mineral and metal products at the end of the reporting period with similar quotation period and the average quoted market price at inception of the contracts.                                 | N/A  | N/A  |
| 2) Foreign exchange forward contracts classified as derivative financial instruments in the condensed consolidated statement of financial position  | Assets – HK\$206,000; and Liabilities – HK\$4,199,000     | Level 2                         | Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties. | N/A  | N/A  |

There were no transfer among Level 1, 2 and 3 in the current and prior periods.

**20. EVENTS AFTER THE END OF THE REPORTING PERIOD**

There are no material events after the end of the reporting period that may have a material impact on the Group's financial position as at 30 June 2013.

**21. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The condensed consolidated financial statements were approved and authorised for issue by the board of directors on 23 August 2013.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The first half of 2013 has been a period where key strategic changes take place for the Group with the full support of our controlling shareholder Jinchuan Group Co., Ltd\* 金川集團股份有限公司 (the “Jinchuan Group”). The Group was able to cease operating its non-core businesses in Cosmetic and Beauty and Property Investment and Development during the period to focus its effort on the Mineral and Metal business.

#### Mineral and Metal

Since its commencement in April 2012, the Group’s international mineral and metal products trading business has been growing steadily. In January 2013, the Group renewed its annual contract with a Zambian producer to purchase approximately 18,000 tonnes of copper blister, an intermediate raw material used in the manufacturing of refined copper, for the contract period for the year of 2013. In the same month, the Group also renewed its annual contract with an European supplier to purchase approximately 60,000 tonnes of copper concentrates from Outer Mongolia for the year of 2013.

During the six months ended 30 June 2013, the Group purchased and sold a total of approximately 8,600 tonnes of copper blister and 58,700 tonnes of copper concentrates, represented a significant growth from only 2,830 tonnes of copper blister for the corresponding period in 2012.

#### Discontinued Operations

Consistent with the Company’s strategic intention to transform its business to the Mineral and Metal resources sector, the Company disposed of its Cosmetic and Beauty business represented by Carissa Bay Inc. (the “Carissa Bay”) and its subsidiaries in both Hong Kong and the People’s Republic of China (the “PRC”) in late June 2013 at a gain. For details of the disposal, please refer to the announcement and circular of the Company issued on 24 June 2013 and 9 July 2013 respectively.

The Cosmetic and Beauty business still recorded a loss for almost a six month period prior to its disposal in late June 2013, with its operation scale remained steady as that of the corresponding period in 2012.

Following the disposal of its remaining available-for-sale investment in certain Macau property, and consistent with the Group’s focus on developing and strengthening its Mineral and Metal business, the Group also decided not to pursue the Property Investment and Development business in the foreseeable future and therefore discontinued such business in the first half of 2013.

\* For identification purposes only

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(continued)*

### **FINANCIAL REVIEW**

Since the Group has discontinued its Cosmetic and Beauty and Property Investment and Development businesses during the period, the following discussions focused on the performance of the Mineral and Metal business of the Group during the period under review as compared with the corresponding period in 2012.

#### **Revenue and gross profit**

The Group's revenue for the continuing operation for the six months ended 30 June 2013 amounted to approximate HK\$1,147.5 million, which represents an appropriate six times increase from the revenue of HK\$165.9 million for the corresponding period in 2012. The lower revenue in the six months ended 30 June 2012 was because the Group did not begin trading in copper blister until April 2012 and did not begin trading in copper concentrates until July 2012. Therefore, the Group's trading volume in Mineral and Metal products has substantially increased in 2013.

For the same reason, the Group's gross profit for the continuing operation for the six months ended 30 June 2013 increased to approximately HK\$33.9 million from HK\$1.9 million for the same period in 2012, representing an increase by seventeen times.

The overall gross profit margin for the continuing operation increased to 2.9% for the six months ended 30 June 2013 from 1.2% for the corresponding period in 2012. The increase in gross profit margin was mainly because of the expansion of gross margin derived from the pricing mechanism concluded in the 2013 annual sales contracts as compared to those contracts effected during the same period in 2012.

#### **Other income, other gain and losses**

Other income for the continuing operation for the six months ended 30 June 2013 amounted to HK\$0.9 million, which was a decrease of 84.1% from HK\$5.6 million for the corresponding period in 2012. The decrease was primarily due to the decrease of interest income received from bank deposits as the Group utilised a majority of its available fund to support its trading business.

Other gains and losses for the continuing operation represent net exchange gains or losses. The Group recognized a net exchange gains of HK\$14.3 million for the six months ended 30 June 2013 compared to a net exchange losses of HK\$2.8 million for the corresponding period in 2012. The change was mainly due to the fact that most of the trade receivables of the Group are denominated in Renminbi and there was a gradual appreciation of Renminbi during the six months ended 30 June 2013, in contrast to recording a major exchange loss on converting a Renminbi bank deposit at a time of weakened Reminbi during the same period in 2012.

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(continued)*

### **Selling and distribution costs**

Selling and distribution costs for the continuing operation represent the expenses incurred for the trading of mineral and metal products, and the amount for the six months ended 30 June 2013 amounted to HK\$1.4 million, which was a slight decrease of 7.3% from HK\$1.5 million for the corresponding period in 2012. The higher amount of costs incurred for the six months ended 30 June 2012 was mainly due to the set up of the Group's trading business in 2012.

### **Administrative expenses**

Administrative expenses for the continuing operation for the six months ended 30 June 2013 amounted to HK\$7.5 million, representing an increase of 13.5% from HK\$6.6 million for the corresponding period in 2012. The higher amount of costs incurred for the six months ended 30 June 2013 was mainly due to increase in staff costs to cater for the significant increase in trade volume during the period under review.

### **Other expenses**

Other expenses for the continuing operation of HK\$15.4 million incurred for the six months ended 30 June 2013 represented expenses incurred for the Group's efforts in studying potential acquisition and investment opportunities in mining related assets.

### **Finance costs**

New finance costs incurred for the six months ended 30 June 2013 as the Group had started utilizing bank borrowings to support its export sales business in 2013.

### **Profit for the period**

As a result of the above matters, the Group's profit for the period from the continuing operation for the six months ended 30 June 2013 increased to HK\$13.7 million from a loss of HK\$3.3 million for the corresponding period in 2012.

The Group's profit for the period (after the discontinued operations) for the six months ended 30 June 2013 was HK\$35.6 million, compared to a loss for the period (after the discontinued operations) of HK\$5.6 million for the corresponding period in 2012. The profit is attributable to the increase in the profit for the continuing operation as discussed above, as well as the gain derived from the disposal of the Cosmetic and Beauty business of HK\$21.9 million in late June 2013, of which HK\$18.0 million was related to the release of cumulative exchange differences in respect of the net assets of Cosmetic and Beauty business reclassified from reserves to profit or loss upon disposal.

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(continued)*

### **Liquidity, Financial Resources and Capital Structure**

On 30 June 2013, the Group had bank balances and cash of HK\$271.2 million (excluding restricted cash deposits) and interest-bearing bank borrowings of HK\$651.3 million. The gearing ratio of the Group, which is determined by net debt over total equity, was 49.7%. All interest-bearing bank borrowings of the Group are due within one year with variable interest rates determined at the time of borrowing.

During the six months ended 30 June 2013, the Group has generally financed its operations with internally generated cash flows and trade finance facilities provided by banks. As the mineral and metal products trade volume of the Group increased, the Group required to utilize more of its banking facilities to support its operations. Accordingly, the Group was at a net debt position on 30 June 2013 as compared with a net cash position on 31 December 2012.

### **Material acquisitions and disposals of investments**

In late June 2013, the Group completed the disposal of its Cosmetic and Beauty business, being its 100% equity interest in Carissa Bay and its subsidiaries, for a cash consideration of HK\$24.8 million.

Save for the above, the Group did not have any other material acquisition or disposal of investment during the six months ended 30 June 2013.

### **Significant capital expenditures**

During the six months ended 30 June 2013, the Group spent HK\$1.6 million on purchase of property, plant and equipment. However, all of them were disposed of through the disposal of Carissa Bay in late June 2013.

Save for the above, the Group did not have any significant capital expenditure during the six months ended 30 June 2013.

### **Details of charges on the Group's assets**

During the period under review, restricted cash deposits of HK\$2.1 million was pledged to secure banking facilities granted to the Group.

### **Contingent liabilities**

The Group had no material contingent liabilities as at 30 June 2013.

### **Foreign exchange risk management**

The reporting currency of the Group is in Hong Kong dollars ("HK\$") and the functional currencies of the subsidiaries of the Group are in HK\$ or United States dollars ("US\$"). For the mineral and metal products trading business during the six months ended 30 June 2013, sales were made in Renminbi ("RMB") and purchases were made in US\$. Given that HK\$ is pegged to US\$, the Group was not exposed to significant exchange rate risk for changes in the value of US\$. However, the exchange rate fluctuation of RMB against HK\$ could substantially affect the performance and financial position of the Group.

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(continued)*

### **Foreign exchange risk management** *(continued)*

During the six months ended 30 June 2013, the value of RMB has in general gradually appreciated against HK\$ which resulted in a significant exchange gain for the Group. Nevertheless, the Group has strictly adhered to its risk management policy to manage its foreign currency exchange risk arising from RMB by entering into specific foreign exchange forward contracts to fix the exchange rate in advance of RMB revenue receipt.

### **Other information**

The unaudited consolidated interim financial statements of the Group for the six months ended 30 June 2013 have been reviewed by the audit committee of the Company.

### **Prospects**

With the weakening of global demand for commodities, prices of mineral and metal commodities have experienced a declining trend and generated a gloomy sentiment over the industry. Notwithstanding the challenging environment, we were still able to generate a moderate profit from our continuing operation for the six months ended 30 June 2013 and our management believes that the outlook of our metal and mineral trading business remains promising going forward. The Group will continue to source new customers and suppliers to expand the portfolio of our trading business and strengthening our revenue generating ability. In fact, we have added new external customer of our copper blister trading business subsequent to the period under review.

Given the Group's focus on building its business in the mineral and metal resources sector, the Group will continue to actively explore the acquisition of overseas mining and mineral resources assets and to deploy specific strategies in such development with a longer term goal to transform the Group to a major international base metals mining group with large and high quality mineral assets. The Group will utilize appropriate means and channels to raise capital fund to support its pursuit for expansion of upstream mineral and mining related business operations and geographical coverage.

### **Employees**

As at 30 June 2013, the Group only has a limited number of employees following the disposal of the Cosmetic and Beauty business. Employees receive competitive remuneration packages include salary and medical benefits. Key staff may also be entitled to performance bonus and share options.

### **Dividend**

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: nil).

## DISCLOSURE OF INTERESTS

### **(a) Directors' interests and short positions in the securities of the Company and its associated corporations**

As at 30 June 2013, none of the directors and the chief executives of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are required: (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV and the SFO (including interests or short positions which he is taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

Save as disclosed in the section headed "Share Option Scheme" below, at no time during the six months ended 30 June 2013 were rights to acquire benefits by means of the acquisition of shares in, or debentures of, the Company granted to any of the directors or their respective spouses or minor children, or were any such rights exercised by them; nor was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

**DISCLOSURE OF INTERESTS** *(continued)***(b) Substantial shareholders' interest or short positions in the securities of the Company**

As at 30 June 2013, the following persons had interest or short positions in the shares and underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

*Long positions in shares of the Company:*

| <b>Name of Shareholders</b>                                      | <b>Capacity/<br/>nature of interest</b> | <b>Number of Shares<br/>held/involved</b> | <b>Approximate<br/>Percentage of<br/>interest</b> |
|--|---|---|---|
| Jinchuan Group Co., Ltd*<br>(Note 1)                             | Interest of a controlled corporation    | 1,667,142,857                             | 60.52%  |
| Jinchuan Group (Hongkong) Resources Holdings Limited<br>(Note 1) | Interest of a controlled corporation    | 1,667,142,857                             | 60.52%  |
| Jinchuan (BVI) Limited (Note 1)                                  | Interest of a controlled corporation    | 1,667,142,857                             | 60.52%  |
| Jinchuan (BVI) 1 Limited   | Beneficial owner                        | 956,557,377                               | 34.72%  |
| Jinchuan (BVI) 2 Limited   | Beneficial owner                        | 437,283,372                               | 15.88%  |
| Jinchuan (BVI) 3 Limited   | Beneficial owner                        | 273,302,108                               | 9.92%   |

*Note 1:* Jinchuan Group Co., Ltd\* directly owns 100% of the issued share capital of Jinchuan Group (Hongkong) Resources Holdings Limited which in turn owns 100% of the issued share capital of Jinchuan (BVI) Limited which owns 100% of the issued share capital of Jinchuan (BVI) 1 Limited, Jinchuan (BVI) 2 Limited and Jinchuan (BVI) 3 Limited. Therefore, Jinchuan Group Co., Ltd, Jinchuan Group (Hongkong) Resources Holdings Limited and Jinchuan (BVI) Limited are deemed to have an interest in 1,667,142,857 shares under the SFO.

Save as disclosed above, as at 30 June 2013, so far as is known to any director or chief executive, no other person (i) had interest or short positions in the shares and underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or (ii) were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying the right to vote in all circumstances at general meetings of the Company or any options in respect of such capital.

\* For identification purposes only

## **SHARE OPTION SCHEME**

On 20 June 2012, under the approval of its shareholders in general meeting, the Company adopted a new share option scheme (the "Scheme") and terminated the previous share option scheme adopted on 15 October 2003. The purpose of the Scheme is to provide incentives and reward to eligible persons for their contribution to, and continuing efforts to promote the interests of, the Group and for such other purposes as the Board may approve from time to time. Eligible participants of the Scheme include any director (whether executive or non-executive, including any independent non-executive director) or employee (whether full time or part time), of the Group. The Scheme, unless otherwise terminated or amended, will remain in force for a period of 10 years from 20 June 2012.

The Company had no share option outstanding during the six months ended 30 June 2013.

## **CHANGES IN INFORMATION OF DIRECTORS**

The change in information of directors of the Company subsequent to the publication of the Company's 2012 annual report is set out below:

Mr. Wu Chi Keung, an independent non-executive director of the Company, has been appointed as an independent non-executive director of Huabao International Holdings Limited (the shares of which are listed on the Main Board of the Stock Exchange) on 8 August 2013.

## **CORPORATE GOVERNANCE INFORMATION AUDIT COMMITTEE**

The Company has established an Audit Committee with written specific terms of reference in compliance with the provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules. The Audit Committee comprises three independent non-executive directors, namely Mr. Wu Chi Keung (chairman of Audit Committee), Mr. Gao Dezhu and Mr. Yen Yuen Ho, Tony, who together have the relevant accounting and financial management expertise, industrial knowledge, legal and business experience to discharge their duties. The Audit Committee's primary duties include review of the effectiveness of the Group's financial reporting process, internal control and risk management systems, overseeing the audit process and performing other duties as may be assigned by the Board from time to time.

## **REMUNERATION COMMITTEE**

The Company has established a Remuneration Committee with written specific terms of reference in compliance with the CG Code provisions. The Remuneration Committee comprises three independent non-executive directors, namely Mr. Gao Dezhu (chairman of Remuneration Committee), Mr. Wu Chi Keung and Mr. Yen Yuen Ho, Tony and one executive director, namely Zhang Sanlin. The primary responsibility of the Remuneration Committee is to review and formulate policies in respect of remuneration structure for all Directors and senior management of the Company and make recommendations to the Board for its consideration.

**CORPORATE GOVERNANCE INFORMATION** *(continued)***NOMINATION COMMITTEE**

The Company has established a Nomination Committee with written specific terms of reference in compliance with the CG Code provisions. The Nomination Committee comprises the Chairman of the Board, Mr. Yang Zhiqiang (chairman of Nomination Committee), and three independent non-executive directors, namely Mr. Gao Dezhu, Mr. Wu Chi Keung and Mr. Yen Yuen Ho, Tony. The primary responsibility of the Nomination Committee is to lead the process for Board appointments and to identify and nominate candidates for such appointments.

**OTHER BOARD COMMITTEES**

The Company has established a Risk Management Committee, a Strategy and Investment Committee and an Executive Committee to assist the Board to review significant daily operational matters and thus make recommendations to the Board.

**MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model code for Securities Transactions By Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Based on specific enquiry of all directors, the directors of the Company have confirmed that they have complied with required standards as set out in the Model Code for the six months ended 30 June 2013.

**CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has complied during the six months ended 30 June 2013 with the applicable code provisions of the CG Code, except for the following deviation:

**Non-compliance with paragraph A.2.1**

CG Code provision A.2.1 stipulates that the role of Chairman of the Board and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual. During the six months ended 30 June 2013, Mr. Yang Zhiqiang held the offices of Chairman of the Board and CEO of the Company. The Board believes that vesting the roles of both Chairman of the Board and CEO in the same person provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies.

Since the new CG Code has become effective on 1 April 2012, the Company has implemented the new requirements under the new CG Code. The Company will continue to review the effectiveness of the Group's corporate governance structure and consider whether any changes, including the separation of the roles of Chairman of the Board and CEO, are necessary.

**PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES**

During the six months ended 30 June 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board  
**JINCHUAN GROUP INTERNATIONAL RESOURCES CO. LTD**  
**Mr. Yang Zhiqiang**  
*Chairman*

Jinchang City, Gansu Province, the PRC, 23 August 2013

*As at the date of the report, the Board consists of three executive Directors, namely Mr. Yang Zhiqiang, Mr. Zhang Sanlin and Mr. Zhang Zhong, three non-executive Directors, namely, Mr. Gao Tianpeng, Mr. Qiao Fugui and Ms. Zhou Xiaoyin, and three independent non-executive Directors, namely Mr. Gao Dezhu, Mr. Wu Chi Keung, and Mr. Yen Yuen Ho, Tony.*