



**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 2012**

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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

### 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, 30/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 SHARE REGISTRAR

Tricor Investor Services Limited  
26/F, Tesbury Centre  
28 Queen's Road East  
Wanchai  
Hong Kong

## AUDITORS

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

## LEGAL ADVISER

O'Melveny & Myers  
31/F, AIA Central  
1 Connaught Road  
Central  
Hong Kong

## COMPLIANCE ADVISOR

Guotai Junan Capital Limited  
27/F, Low Block  
Grand Millennium Plaza  
181 Queen's Road 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](http://www.wgmine.com)

# Management Discussion and Analysis

## BUSINESS REVIEW

Our Group is principally engaged in the business of mining, ore processing and sale of the concentrates products in the PRC. Copper concentrates and iron concentrates are our core commodities.

Currently, we, through our wholly-owned subsidiaries, own the entire equity interest in Yifeng Wanguo which in turn owns the Xinzhuang Mine in which we conduct underground mining. The Xinzhuang Mine is covered by a mining licence issued by the Department of Land and Resources of Jiangxi Province valid until April 2032 covering an aggregate area of 3.7692 km<sup>2</sup> pursuant to which we can conduct underground mining for copper, lead, zinc and iron ores at a rate of 600,000 tpa.

The Xinzhuang Mine was under construction during the period between 2003 and 2006 with an initial designed mining capacity and an initial designed processing capacity of both 200,000 tpa. Xinzhuang Mine and its processing plants began trial production in January 2007 and commercial production in August 2007. It reached the initial designed mining capacity and the initial designed processing capacity of both 200,000 tpa in 2008. Since then, we have continued our expansion and, as at 31 December 2011, we had a mining capacity of approximately 300,000 tpa and a processing capacity of approximately 400,000 tpa. We target to reach 450,000 tpa in both mining capacity and processing capacity by the end of 2012.

## EXPANSION PLAN

We plan to undergo an expansion plan for our mining and ore processing facilities, as disclosed in the prospectus dated 28 June 2012 (the “Prospectus”), by which, when completed, we expect to reach a mining capacity and a processing capacity of both 600,000 tpa by the end of 2014. According to the Independent Technical Expert’s Report in the Prospectus, as at 31 December 2011, the reserves at the Xinzhuang Mine were estimated to be sufficient for production at the planned long-term production rate of 600,000 tpa for approximately 31 years. We plan to focus on the production of copper concentrates and iron concentrates as our core commodities by expanding our production at the Xinzhuang Mine under the expansion plan.

## FINANCIAL REVIEW

### Revenue

The overall revenue decreased by 11.7% from approximately RMB166.3 million for the six months ended 30 June 2011 to RMB146.8 million for six months ended 30 June 2012. It was mainly because there was no sales of ingots during the reporting period.

Our revenue from sales of processed concentrates increased by approximately 8.5% from approximately RMB135.3 million for the six months ended 30 June 2011 to approximately RMB146.8 million for the six months ended 30 June 2012. The increase was primarily attributable to the increase in the sales volume of copper concentrates, iron concentrates and sulfur concentrates which was priced based on the content of copper, iron and sulfur therein, respectively.

For the six months ended 30 June 2012, we sold 1,535 tonnes of copper in copper concentrates, 45,633 tonnes of iron concentrates and 51,816 tonnes of sulfur concentrates, compared to 1,196 tonnes, 42,245 tonnes and 28,170 tonnes, respectively, for the six months ended 30 June 2011, representing an increase of approximately 28.3%, 8.0% and 83.9%, respectively.

Our Directors believe that the growth was primarily due to the shortage of mineral supply in China as well as our mine’s expansion.

# Management Discussion and Analysis

## FINANCIAL REVIEW (Continued)

### Revenue (Continued)

However, the average prices of copper in copper concentrates, iron concentrates and sulfur concentrates for the six months ended 30 June 2012 were approximately RMB42,514, RMB751 and RMB374 per tonne respectively, compared to approximately RMB51,519, RMB938 and RMB414 per tonne, respectively, for the six months ended 30 June 2011, representing a drop of approximately 17.5%, 19.9% and 9.7%, respectively. During the reporting period, the market prices of certain metals such as copper and iron were also on decreasing trends. Our Directors believe that the decrease was mainly due to instability of global economy.

Revenue from sales of ingots for the six months ended 30 June 2011 was approximately RMB30.9 million and no ingots have been sold during the six months ended 30 June 2012. The business of ingots trading will be ceased once all the existing inventories are sold.

### Cost of sales

Our cost of sales of concentrates increased by approximately 13.5% from approximately RMB57.9 million for the six months ended 30 June 2011 to approximately RMB65.7 million for the six months ended 30 June 2012. The increase in cost of sales was mainly attributable to increase in sales volume of concentrates under the growth of business.

Our cost of sales of ingots were nil and approximately RMB30.4 million for the six months ended 30 June 2012 and 2011, respectively.

### Gross profit and gross profit margin

The overall gross profit of our Group for the six months ended 30 June 2012 was approximately RMB81.1 million, which represents an increase of approximately 4.1% compared to approximately RMB77.9 million for the six months ended 30 June 2011. Our overall gross profit margin increased from approximately 46.9% for the six months ended 30 June 2011 to approximately 55.3% for the six months ended 30 June 2012. Such increase was mainly attributable to absence of sales of ingots which have a lower gross profit margin during the reporting period.

### Other gains and income

Our other gains and income decreased by approximately RMB1.3 million from approximately RMB2.0 million for the six months ended 30 June 2011 to approximately RMB0.7 million for the six months ended 30 June 2012. The decrease was primarily attributable to exchange gains arising mainly from the translation of the amount due to shareholder from Hong Kong dollars into Renminbi under appreciation of Renminbi in 2011 while there were no such exchange gains during the reporting period.

### Selling and distribution expenses

Our selling and distribution expenses decreased by approximately 11.8% from approximately RMB1.7 million for the six months ended 30 June 2011 to approximately RMB1.5 million for the six months ended 30 June 2012, principally because no transportation costs were incurred in respect of the sales of ingots during the reporting period.

### Administrative expenses

Our administrative expenses increased by approximately 42.9% from approximately RMB10.5 million for the six months ended 30 June 2011 to approximately RMB15.0 million for the six months ended 30 June 2012. The increase was principally attributable to increase in staff costs, travelling and transportation costs under the growth of operation.

# Management Discussion and Analysis

## FINANCIAL REVIEW (Continued)

### Finance costs

Our finance costs increased by approximately 100% from approximately RMB1.4 million for the six months ended 30 June 2011 to approximately RMB2.8 million for the six months ended 30 June 2012, primarily due to the unwinding finance cost of approximately RMB1.7 million from the long-term payable to the Brigade of Geological Survey of West-Jiangxi of the Bureau of Geology and Mineral Exploration of Jiangxi Province (“West-Jiangxi Brigade”) arising from the capital reduction Jiangxi Province Yifeng Wanguo Mining Co. Ltd. (“Yifeng Wanguo”).

### Income tax expense

Our income tax expense was approximately RMB16.8 million for the six months ended 30 June 2012, consisting of PRC corporate income tax payable of approximately RMB18.5 million, less a reversal of withholding tax payable of approximately RMB1.6 million and a deferred tax credit of approximately RMB0.1 million. Our income tax expense was approximately RMB16.6 million for the six months ended 30 June 2011, consisting of PRC corporate income tax payable of approximately RMB15.0 million and deferred tax charge of approximately RMB1.6 million.

The increase in our income tax expense for the six months ended 30 June 2012 was primarily due to increase in the PRC corporate income tax expenses as a result of increase in expenses not deductible for tax purpose.

### Profit and total comprehensive income

As a result of the foregoing, our profit after taxation decreased by approximately 8.3%, or approximately RMB3.7 million, from approximately RMB44.5 million for the six months ended 30 June 2011 to approximately RMB40.8 million for the six months ended 30 June 2012. Our net profit margin increased from approximately 26.8% for the six months ended 30 June 2011 to approximately 27.8% for the six months ended 30 June 2012 under increase in sales volume of our high margin concentrates products.

### Profit attributable to owners of our Company

The profit attributable to the owners of our Company decreased by approximately 5.4% or approximately RMB2.1 million, from approximately RMB39.1 million for the six months ended 30 June 2011 to approximately RMB37.0 million for the six months ended 30 June 2012.

### Liquidity and financial resources

During the six months ended 30 June 2012, the Group’s net cash from operating activities was approximately RMB69.0 million (six months ended 30 June 2011: RMB59.6 million) and the Group’s bank balances and cash was approximately RMB57.1 million (as at 31 December 2011: RMB37.4 million) as at 30 June 2012. Included in bank balances and cash, approximately RMB0.4 million (as at 31 December 2011: RMB1.2 million) were denominated in Hong Kong dollars.

The Group had a gearing ratio of approximately 0.90 (which is calculated by dividing total debts by total assets. Debts are defined to exclude deferred income, deferred tax liabilities and provisions) as at 30 June 2012. The gearing ratio was approximately 0.36 as at 31 December 2011. Increase in gearing ratio was mainly attributable to increase in payables to West-Jiangxi Brigade and dividend payable.

As at 30 June 2012, the Group’s secured bank borrowings amounted RMB45 million (31 December 2011: RMB45 million) and were all denominated in Renminbi with floating interest rate. The floating rate is determined based on the RMB Benchmark Loan Rates issued by the People’s Bank of China. There were no change of secured bank borrowings during the reporting period. Amounts of RMB9.0 million, RMB9.0 million and RMB27.0 million will be repayable within one year, between one and two years and more than two years respectively.

As at 30 June 2012, the Group had a net current liabilities of approximately RMB16.4 million which was principally due to payables to West-Jiangxi Brigade and dividend payable. The Group had restored to a net current assets position immediately upon completion of the Share Offer as at 10 July 2012.

# Management Discussion and Analysis

## FINANCIAL REVIEW *(Continued)*

### Capital expenditure

Capital expenditure includes purchase of mining equipment, expansion of ore processing facilities, costs for constructing mining structures. For the six months ended 30 June 2012, capital expenditure of approximately RMB27.7 million has been incurred.

### Reserves

As a result of the capital reduction of Yifeng Wanguo, our group had recorded a total liability of approximately RMB153.6 million which was the present value of the redemption monies payable to West-Jiangxi Brigade. This resulted in reduction in the total equity of Yifeng Wanguo of approximately RMB153.6 million upon completion of the capital reduction. Please refer to section headed “History and Development” of the Prospectus for details.

### Contingent liabilities

As at 30 June 2012, the Group did not have any material contingent liabilities or guarantees.

### Material acquisition and disposal

During the reporting period, the Group had no material acquisition and disposal of subsidiaries and associated companies.

### Charge on group assets

As at 30 June 2012, the Group’s mining rights with carrying value of approximately RMB9.2 million (31 December 2011: RMB9.5 million) were pledged to secure the Group’s bank borrowings. Details have been set out in note 10 to the condensed consolidated financial statements.

### Exposure to fluctuations in exchange rates

The Group businesses are located in the PRC and most of the transactions are conducted in Renminbi. Except for the Group’s certain bank balance and cash denominated in Hong Kong dollars, the majority of the Group’s assets and liabilities are denominated in RMB. Therefore, the Group currently does not have a foreign currency hedging policy.

As Renminbi fluctuates against Hong Kong dollars in a limited extent during the reporting period, the Group had no material adverse exposure to foreign exchange fluctuations during the reporting period.

## INTERIM DIVIDENDS

On 18 April 2012, and 21 June 2012, the Board declared dividends of HK\$2,000,000 and RMB32,400,000, respectively, to the then shareholders of the Company.

Save as disclosed above, the Board does not recommend the payment of an interim dividend for the six months ended 30 June 2012.

## HUMAN RESOURCES

As at 30 June 2012, the Group employed approximately 381 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 including medical insurance and retirement benefits. The Group’s employees in Hong Kong are also enrolled in the mandatory provident fund scheme.

# Management Discussion and Analysis

## 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 will continue to increase in the near future with targeted mining capacity and processing capacity of 600,000 tpa both in 2014. To minimise costs, we will continue to outsource our underground mining works to third-party contractors.

### Exploring additional mineral resources in our mine

According to the Independent Technical Expert's Report disclosed in Appendix V of the Prospectus, there is a potential to find additional mineral resources at the Xinzhuang Mine. We plan to conduct exploration activities in the surrounding areas of the Xinzhuang Mine and to commercialise any mineral resources discovered as a result of our exploration activities.

### Horizontal expansion through future acquisitions of new mines

We intend to expand our mineral resources and ore reserves through the acquisitions of new mines. We will carefully consider and balance assessment criteria in acquisition of any targets, in order to pursue acquisitions prudently with a view to further growing our business and maximising returns to our Shareholders.

During the first-half of 2012, the metal market remained sluggish under the influence of the European debt crisis and global economic volatility. Prices of certain metals such as copper, iron and zinc stayed low, posing challenges to our operations. In the second-half of the year, we expect that uncertainties still exist. We will continue to pay attention to the trend of metal prices and respond by formulating corresponding operational strategies, striving to ease off the pressure on operations brought by the global economic environment.

## EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES

### Mineral exploration

During the six months ended 30 June 2012, the Group had no expenditure in respect of mineral exploration.

### Development

During the six months ended 30 June 2012, the Group incurred capital expenditure of approximately RMB15.6 million in respect of our expansion plan for 600,000 tpa as described in the Prospectus, mainly comprising research and design fees, construction of tailing storage facilities, construction of subsurface curtain grouting walls in three wells, construction for shafts areas as well as high-voltage electrical wires and transformers, etc.

### Mining activities

During the first-half of 2012, we processed a total of 224,939 tonnes of ore at the Xinzhuang Mine. The volume of our concentrates products sold were 1,535 tonnes, 45,633 tonnes, 1,264 tonnes, 51,816 tonnes, 25 kg, 2,557 kg and 668 kg for copper in copper concentrates, iron concentrates, zinc concentrates, sulfur concentrates, gold in copper concentrates, silver in copper concentrates and silver in zinc concentrates, respectively.

## USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

On 10 July 2010, the shares of our Company were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The initial public offering by way of international placing and Hong Kong public offering was welcomed by investors.

As stated in the Prospectus, the Group intends to use the proceeds for the expansion project at the Xinzhuang Mine, exploration activities in surrounding areas, miscellaneous technological improvement and renovation projects as well as for general working capital. The Group currently does not anticipate any change to the above use of proceeds.



## Corporate Governance Practices

As the Company's shares were not yet listed on the Stock Exchange as at 30 June 2012, the Corporate Governance Code (the "Code") as set out in Appendix 14 of the Listing Rules was not applicable to the Company for the reporting period. The Company has adopted the Code as its corporate governance code of practices upon listing on the Stock Exchange and has complied with the code provisions of the Code since the listing of the Company except for the deviation from A.2.1 of the Code in respect of segregation of the roles of chairman and chief executive officer.

According to Code Provision A.2.1, 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. 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

As the Company's shares were not yet listed on the Stock Exchange as at 30 June 2012, the Model Code for Securities Transactions by Directors (the "Model Code") as set out in Appendix 10 of the Listing Rules was not applicable to the Company for the reporting period. The Company has adopted a code of conduct (the "Code of Conduct") regarding directors' securities transactions on terms based on the required standard set out in the Model Code upon listing. Having made specific enquiry of all Directors, all Directors have confirmed that they had complied with the required standard set out in the Code of Conduct since the listing of the Company.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

As the Company's shares were not yet listed on the Stock Exchange as at 30 June 2012, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the reporting period.

### AUDIT COMMITTEE

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 internal control of the Group. The Audit Committee has reviewed the unaudited financial results of the Group for the reporting period and considered that they were prepared in compliance with the relevant accounting standards, and that the Company has made appropriate disclosure thereof.

## Other Information

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

The Company's shares were listed on the Stock Exchange on 10 July 2012, which is after 30 June 2012 (i.e. end of the reporting period). Accordingly, Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO") and Section 352 of the SFO were not applicable to the Company or the Company's directors as at 30 June 2012.

As at the date of this report, 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 SFO) as notified to our Company and 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 for Securities Transactions by Directors of Listed Issuers 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
Gao Mingqing	Interest in controlled corporation	301,500,000 <sup>(1)</sup>	50.25%
Gao Jinzhu	Interest in controlled corporation	148,500,000 <sup>(2)</sup>	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.

#### (b) Long positions in associated corporations

Name of Director	Name of associated corporation	Percentage of shareholding
Gao Mingqing	Victor Soar Investments Limited <sup>(Note)</sup>	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.

## Other Information

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PARTIES' INTERESTS IN SECURITIES

As stated above, the Company's shares were not listed on the Stock Exchange as at 30 June 2012. Accordingly, no disclosure of interests or short positions in any shares or underlying shares of the Company was required to be made to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as at 30 June 2012.

As at the date of this report, the following persons, other than a director or chief executive of the Company, had interests or short positions in shares or underlying shares of the Company, being 5% or more of the issued share capital of the Company, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

#### Long positions in shares of the Company

Name of shareholder	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 <sup>(1)</sup>	50.25%
Ms. Lin Yinyin	Interest of spouse	301,500,000 <sup>(2)</sup>	50.25%
Achieve Ample Investments Limited	Beneficial owner	148,500,000 <sup>(3)</sup>	24.75%
Mr. Wang Weimian	Interest of spouse	148,500,000 <sup>(4)</sup>	24.75%

Notes:

1. Victor Soar Investments Limited is wholly owned and controlled by Mr. Gao Mingqing.
2. 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.
3. Achieve Ample Investments Limited is wholly owned and controlled by Ms Gao Jinzhu.
4. 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.

By Order of the Board

**Wanguo International Mining Group Limited**

**Gao Mingqing**

*Chairman*

Hong Kong, 24 August 2012

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2012

	Notes	Six months ended 30 June	
		2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)
<b>Revenue</b>	3	146,776	166,256
Cost of sales		(65,682)	(88,315)
<b>Gross profit</b>		81,094	77,941
Other gains and income		722	2,033
Selling and distribution expenses		(1,465)	(1,658)
Administrative expenses		(15,022)	(10,454)
Listing expenses		(4,895)	(5,403)
Finance costs	4	(2,846)	(1,359)
<b>Profit before tax</b>		57,588	61,100
Income tax expense	5	(16,800)	(16,625)
<b>Profit and total comprehensive income for the period</b>	6	40,788	44,475
<b>Attributable to:</b>			
Owners of the Company		37,019	39,110
Non-controlling interests		3,769	5,365
		40,788	44,475
<b>Earnings per share</b>			
Basic (RMB cents)	8	8	9

# Condensed Consolidated Statement of Financial Position

At 30 June 2012

	Notes	30 June 2012 RMB'000 (unaudited)	31 December 2011 RMB'000 (audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	161,085	142,441
Mining right	10	9,208	9,521
Prepaid lease payments		21,383	21,626
Deposit for acquisition of land use right	11	33,640	29,547
Deposit for purchase of property, plant and equipment		772	1,055
Deferred tax assets	12	1,455	1,312
Restricted bank balance	13	2,222	1,596
		229,765	207,098
<b>CURRENT ASSETS</b>			
Prepaid lease payments		484	484
Inventories		44,002	48,803
Trade and other receivables	14	9,277	3,779
Bank balances and cash	13	57,083	37,380
		110,846	90,446
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	56,232	40,113
Dividend payables		34,018	—
Tax payable		21,854	15,459
Consideration payable to a former non-controlling shareholder of a subsidiary	16	5,801	—
Amounts due to shareholders	17	306	7,297
Amount due to a related company	18	—	216
Secured bank borrowings		9,000	9,000
		127,211	72,085
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<b>(16,365)</b>	<b>18,361</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>213,398</b>	<b>225,459</b>

# Condensed Consolidated Statement of Financial Position

At 30 June 2012

	Notes	30 June 2012 RMB'000 (unaudited)	31 December 2011 RMB'000 (audited)
<b>NON-CURRENT LIABILITIES</b>			
Secured bank borrowings		36,000	36,000
Consideration payable to a former non-controlling shareholder of a subsidiary	16	143,517	—
Deferred tax liabilities	12	—	3,526
Deferred income		16,911	17,166
Provision		1,500	1,245
		<b>197,928</b>	<b>57,937</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	19	4	—
Reserves		15,468	152,908
Equity attributable to owners of the Company		15,472	152,908
Non-controlling interests		—	14,614
		<b>15,472</b>	<b>167,522</b>
		<b>213,398</b>	<b>225,459</b>

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2012

	Equity attributable to owners of the Company				Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Capital reserves RMB'000	Statutory reserves RMB'000 (Note)	Retained profits RMB'000			
At 1 January 2011	370	—	12,517	16,651	29,538	6,178	35,716
Profit and total comprehensive income for the period	—	—	—	39,110	39,110	5,365	44,475
Deemed distribution to a shareholder	—	—	—	(20,523)	(20,523)	—	(20,523)
At 30 June 2011 (unaudited)	370	—	12,517	35,238	48,125	11,543	59,668
At 1 January 2012	—	71,005	23,434	58,469	152,908	14,614	167,522
Profit and total comprehensive income for the period	—	—	—	37,019	37,019	3,769	40,788
Dividend recognised as distribution	—	—	—	(34,018)	(34,018)	(5,240)	(39,258)
Capital reduction of a subsidiary (note 16)	—	—	(23,434)	(117,007)	(140,441)	(13,143)	(153,584)
Issue of shares	4	—	—	—	4	—	4
At 30 June 2012 (unaudited)	4	71,005	—	(55,537)	15,472	—	15,472

Note: The statutory reserves represent the amount transferred from profit after taxation as reflected in the statutory financial statements of the PRC subsidiary in accordance with the relevant PRC laws. The statutory reserves are non-distributable and can be used where approval is obtained from the relevant PRC authority to apply the amount either in setting off the accumulated losses or increasing capital. The statutory reserve was used to set off the accumulated losses resulted from the capital reduction transaction as described in note 16.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2012

	Six months ended 30 June	
	2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	68,956	59,595
<b>INVESTING ACTIVITIES</b>		
Interest received	461	382
Government grant received related to assets	—	10,610
Repayment from a shareholder	—	175
Placement of restricted bank balance	(626)	(1,596)
Deposit paid for acquisition of land use right	(4,093)	—
Purchase of property, plant and equipment	(23,656)	(10,481)
Prepaid lease payments	—	(12,466)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	(27,914)	(13,376)
<b>FINANCING ACTIVITIES</b>		
Payment for unpaid share capital	4	—
Repayment to a related company	(216)	(4,362)
Interest paid	(1,601)	(1,635)
Transaction cost attributable to issue of new shares	(1,295)	—
Dividend paid to a non-controlling shareholder of a subsidiary	(5,240)	(3,030)
Consideration paid for redemption of non-controlling interest	(6,000)	—
Repayment to shareholders	(6,991)	(1,737)
Deemed distribution to the owner of the Company	—	(20,523)
Repayment of bank borrowings	—	(9,000)
Repayment to a non-controlling shareholder of a subsidiary	—	(2,499)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	(21,339)	(42,786)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	19,703	3,433
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	37,380	30,526
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD,</b> represented by bank balances and cash	57,083	33,959



# Notes to the Condensed Consolidated Financial Statements

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the Hong Kong Accounting Standard 34 (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”).

In preparing for the initial listing of the shares of the Company on the Main Board of the Stock Exchange, the companies now comprising the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) underwent the group reorganisation (the “Reorganisation”) to rationalise the group structure. As a result of the Reorganisation, the Company became the holding company of the Group on 25 July 2011. Details of the Group Reorganisation are more fully explained in the section headed “History and Development — Reorganisation” of the prospectus of the Company dated 28 June 2012. The Group resulting from the Reorganisation is regarded as a continuing entity. The condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the Group for the six months ended 30 June 2011 have been prepared on the basis as if the current group structure has been in existence throughout the period.

The shares of the Company were listed on the Stock Exchange on 10 July 2012.

As at 30 June 2012, the Group had net current liabilities of RMB16,365,000. Taking into account of the internally generated funds and the cash flow generated from initial public offering subsequent to the end of the reporting period, the directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial obligation as when they fall due for at least the next twelve months from the end of the reporting period and accordingly the condensed consolidated financial statements have been prepared on a going concern basis.

## 2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and method of computation used in the preparation of the condensed consolidated financial statements for the six months ended 30 June 2012 are consistent with those followed in the preparation of the Group’s financial information for the year ended 31 December 2011 included in the Accountants’ Report in Appendix I of the prospectus of the Company dated 28 June 2012.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standard (“HKFRSs”) issued by the HKICPA:

- amendments to HKFRS 7 Financial Instruments: Disclosures — Transfers of Financial Assets; and
- amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets.

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

# Notes to the Condensed Consolidated Financial Statements

## 3. REVENUE AND SEGMENT INFORMATION

### Segment revenue

Revenue represents revenue arising from sales of processed concentrates which comprise copper, iron and zinc concentrates, and sales of other ore commodities such as ingots of lead, zinc and aluminum. An analysis of the Group's revenue for the period is as follows:

	Six months ended 30 June	
	2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)
Sales of processed concentrates	146,776	135,346
Sales of other ore commodities	—	30,910
	<b>146,776</b>	<b>166,256</b>

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 is engaged in the following reportable and operating segment:

- mining and processing of ores, and sales of processed concentrates ("Mining operation")
- sales of other ore commodities ("Trading operation")

# Notes to the Condensed Consolidated Financial Statements

## 3. REVENUE AND SEGMENT INFORMATION *(Continued)*

### Segment revenue and result

The accounting policies of reportable segments are the same as the Group's accounting policies except for the accounting policy of the mining right which is amortised over the license terms using straight-line method in preparing the internal report of mining operation segment. Segment profits represent the profit earned by each segment without allocation of other gains and income, listing expenses and certain administrative expenses. This is the measure reported to the directors of the Company for the purposes of resource allocation and performance assessment. Reconciliations from the segment profit to the profit before tax as stated in the condensed consolidated financial statements are as follows:

For the six months ended 30 June 2012

	Mining operation RMB'000 (unaudited)	Trading operation RMB'000 (unaudited)	Total RMB'000 (unaudited)
Revenue			
External sales	146,776	—	146,776
Segment profit (loss)	64,829	(317)	64,512
Other gains and income			722
Listing expenses			(4,895)
Unallocated administrative expenses			(965)
Unallocated finance costs			(1,734)
Accounting difference on amortisation of mining right			(52)
Profit before tax			57,588

Amounts included in the measure of segment profit or loss

	Mining operation RMB'000 (unaudited)	Trading operation RMB'000 (unaudited)	Total RMB'000 (unaudited)
Depreciation and amortisation	6,288	—	6,288
Impairment loss recognised in respect of inventories	—	317	317

# Notes to the Condensed Consolidated Financial Statements

## 3. REVENUE AND SEGMENT INFORMATION *(Continued)*

### Segment revenue and result *(Continued)*

For the six months ended 30 June 2011

	Mining operation RMB'000 (unaudited)	Trading operation RMB'000 (unaudited)	Total RMB'000 (unaudited)
Revenue			
External sales	135,346	30,910	166,256
Segment profit	63,979	530	64,509
Other gains and income			2,033
Listing expenses			(5,403)
Unallocated administrative expenses			(26)
Accounting difference on amortisation of mining right			(13)
Profit before tax			61,100

### Amounts included in the measure of segment profit or loss

	Mining operation RMB'000 (unaudited)	Trading operation RMB'000 (unaudited)	Total RMB'000 (unaudited)
Depreciation and amortisation	6,387	—	6,387

# Notes to the Condensed Consolidated Financial Statements

## 3. REVENUE AND SEGMENT INFORMATION *(Continued)*

### Segment assets and liabilities

As at 30 June 2012

	Mining operation RMB'000 (unaudited)	Trading operation RMB'000 (unaudited)	Total RMB'000 (unaudited)
Segment assets	242,694	35,804	278,498
Unallocated assets			61,819
Accounting difference on amortisation of mining right			294
Consolidated assets			340,611
Segment liabilities	91,586	33,000	124,586
Unallocated liabilities			200,553
Consolidated liabilities			325,139

As at 31 December 2011

	Mining operation RMB'000 (audited)	Trading operation RMB'000 (audited)	Total RMB'000 (audited)
Segment assets	220,399	36,121	256,520
Unallocated assets			40,678
Accounting difference on amortisation of mining right			346
Consolidated assets			297,544
Segment liabilities	101,453	364	101,817
Unallocated liabilities			28,205
Consolidated liabilities			130,022

# Notes to the Condensed Consolidated Financial Statements

## 4. FINANCE COSTS

	Six months ended 30 June	
	2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)
Interest on:		
— Bank borrowings wholly repayable within five years	1,601	528
— Bank borrowings wholly repayable over five years	—	1,107
Imputed interest expenses on consideration payable to a former non-controlling shareholder of a subsidiary	1,734	—
Total borrowing costs	3,335	1,635
Less: amount capitalised	(489)	(276)
	2,846	1,359

## 5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)
Current tax:		
— PRC Enterprise Income Tax (“EIT”)	18,547	15,176
— withholding tax on distribution of earnings of a PRC subsidiary	1,922	—
Deferred tax		
Current period	(3,669)	1,449
	16,800	16,625

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.

## Notes to the Condensed Consolidated Financial Statements

### 5. INCOME TAX EXPENSE (Continued)

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

	Six months ended 30 June	
	2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)
Profit before tax	57,588	61,100
Tax at the PRC Enterprise Income Tax rate of 25%	14,397	15,275
Tax effect of expenses not deductible for tax purpose	4,007	49
Tax effect of income not taxable for tax purpose	—	(371)
(Reversal of) provision for withholding tax for distributable earnings of PRC subsidiary (note)	(1,604)	1,672
Tax charge for the period	16,800	16,625

Note:

As a result of capital reduction of Yifeng Wanguo, a PRC subsidiary of the Company, as stated in note 16, there was no distributable earnings of the PRC subsidiary as at 30 June 2012. Accordingly, withholding tax for distributable earnings of PRC subsidiary provided by the Group in prior years was reversed in current interim period.

### 6. PROFIT FOR THE PERIOD

The Group's profit for the period is arrived at after charging:

	Six months ended 30 June	
	2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)
Profit for the period has been arrived at after charging:		
Directors' emoluments	1,198	930
Other staff costs	11,848	7,629
Retirement benefit scheme contributions, excluding those of directors	391	283
Total staff costs	13,437	8,842
Depreciation of property, plant and equipment	5,784	5,896
Amortisation of mining right	313	313
Release of prepaid lease payment	243	191
Total depreciation and amortisation	6,340	6,400
Impairment loss recognised in respect of inventories (included in cost of sales)	317	699
Cost of inventories recognised as an expense	65,365	87,616

# Notes to the Condensed Consolidated Financial Statements

## 7. DIVIDENDS

During the current interim period, dividends of HK\$2,000,000 (HK\$40 per share) (equivalent to approximately RMB1,618,000) and RMB32,400,000 (RMB648 per share), were declared and payable to the shareholders of the Company.

During the current interim period, Yifeng Wanguo, a subsidiary of the Company, declared a final dividend of 2011 of RMB43,667,000, of which RMB5,240,000 was paid to West-Jiangxi Brigade, the former non-controlling shareholder of Yifeng Wanguo and RMB38,427,000 was paid to Taylor Investment International Limited (“HK Taylor”) and eliminated upon consolidation.

## 8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)
<b>Earnings</b>		
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	37,019	39,110
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousands)	450,000	450,000

The weighted average number of ordinary shares for the purpose of calculating the basic earnings per share for the six-month period ended 30 June 2012 and 30 June 2011 has been retrospectively adjusted to reflect 50,000 shares in issue as at 30 June 2012, and 449,950,000 shares issued upon capitalisation on 9 July 2012 as described in note 22.

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

## 9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired property, plant and equipment, and incurred construction costs of RMB24,428,000 (six months ended 30 June 2011: RMB11,159,000), included in which was interest capitalised of RMB489,000 (six months ended 30 June 2011: RMB276,000).



# Notes to the Condensed Consolidated Financial Statements

## 10. MINING RIGHT

With effect from 20 April 2012, the license term of mining rights is revised with an extended period from October 2026 to April 2032. Annual production limit increased from 300,000 tonne to 600,000 tonne has been approved by relevant PRC government authorities.

The mining right is amortised using the unit of production method based on the actual production volume over the estimated total proven and probable reserves of the ore mine within the terms of license. The extension of the mining period and the enlargement of the annual production limit as mentioned above caused the change on total proven and probable reserves of the ore mine over the terms of licenses.

As at 30 June 2012 and 31 December 2011, the mining right was pledged to the bank to secure banking facilities granted to the Group.

## 11. DEPOSIT FOR ACQUISITION OF LAND USE RIGHT

During the current interim period, the Group paid additional deposit for acquisition of land use right amounted to RMB4,093,000 in accordance with the three reallocation compensation agreements signed in 2011 and 2012.

The Group has been granted with the relevant short-term land use rights for the term of two years for such land until April 2014. The Group is expected to obtain the land use rights, after the status of land has been converted into state-owned land, signing of the land use right agreement with the local government authority and the consideration is fully paid.

## 12. DEFERRED TAXATION

The following is the analysis of the deferred tax balances for financial reporting purposes:

	30 June 2012 RMB'000 (unaudited)	31 December 2011 RMB'000 (audited)
Deferred tax assets	1,455	1,312
Deferred tax liabilities	—	(3,526)

# Notes to the Condensed Consolidated Financial Statements

## 12. DEFERRED TAXATION (Continued)

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the period:

	Undistributed earnings of PRC subsidiary RMB'000 (unaudited)	Impairment loss on inventories RMB'000 (unaudited)	Restoration cost RMB'000 (unaudited)	Total RMB'000 (unaudited)
At 1 January 2012	(3,526)	851	461	(2,214)
Credit to profit or loss	3,526	79	64	3,669
At 30 June 2012 (unaudited)	—	930	525	1,455
At 1 January 2011	(431)	—	382	(49)
(Charge) credit to profit or loss	(1,672)	175	48	(1,449)
At 30 June 2011 (unaudited)	(2,103)	175	430	(1,498)

From 1 January 2008, pursuant to the EIT Law and its details implementation rules, dividend distributed out of the profit generated thereafter, shall be subject to EIT at 10% and withheld by the PRC entity. By the Tax Arrangement for Avoidance of Double Taxation between China and Hong Kong, a Hong Kong resident company should be entitled to preferential tax rate of 5% when receiving dividend from its PRC subsidiary. HK Taylor, the immediate holding company of Yifeng Wanguo was incorporated in Hong Kong and enjoyed the preferential tax rate aforementioned. Accordingly deferred taxation has been provided for in the financial statements in respect of the expected dividend stream from Yifeng Wanguo with the applicable tax rate of 5%. In current interim period, as stated in note 5, the deferred tax assets in respect of the undistributed earnings of PRC subsidiary were reversed due to the capital reduction of the PRC subsidiary.

## 13. RESTRICTED BANK BALANCE/BANK BALANCES AND CASH

The restricted bank balance and bank balances carry interest at market rates ranged from 0.36% to 3.87% per annum during the current interim period.

# Notes to the Condensed Consolidated Financial Statements

## 14. TRADE AND OTHER RECEIVABLES

	30 June 2012 RMB'000 (unaudited)	31 December 2011 RMB'000 (audited)
Trade receivables	4,557	—
Prepayments	4,536	3,324
Other receivables	184	455
	4,720	3,779
<b>Total</b>	<b>9,277</b>	<b>3,779</b>

The Group grants a credit period of up to 60 days to its trade customers. The aged analysis of the Group's trade receivables presented based on the invoice date at the end of the reporting period is as follows:

	30 June 2012 RMB'000 (unaudited)	31 December 2011 RMB'000 (audited)
0–30 days	4,557	—

## 15. TRADE AND OTHER PAYABLES

	30 June 2012 RMB'000 (unaudited)	31 December 2011 RMB'000 (audited)
Trade payables	10,028	8,591
Advance from customers	35,881	19,335
Valued-added tax, resources tax and other tax payables	7,296	10,763
Accrued expenses	3,027	1,424
	46,204	31,522
<b>Total</b>	<b>56,232</b>	<b>40,113</b>

# Notes to the Condensed Consolidated Financial Statements

## 15. TRADE AND OTHER PAYABLES (Continued)

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

	30 June 2012 RMB'000 (unaudited)	31 December 2011 RMB'000 (audited)
0–30 days	8,346	5,859
31–60 days	557	1,999
61–90 days	810	233
91–180 days	224	209
Over 180 days	91	291
	<b>10,028</b>	<b>8,591</b>

## 16. CONSIDERATION PAYABLE TO A FORMER NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

On 3 March 2012, Yifeng Wanguo, West-Jiangxi Brigade and HK Taylor entered into a capital reduction agreement (the "Capital Reduction Agreement") pursuant to which, among other things, West-Jiangxi Brigade shall redeem all of its 12% equity investment in Yifeng Wanguo for a consideration of RMB207,872,000. The consideration shall be payable by Yifeng Wanguo to West-Jiangxi Brigade by installments set out below:

- (i) RMB6,000,000 within five working days after the completion of the Capital Reduction Agreement;
- (ii) RMB6,000,000 in December of the year in which the completion of the Capital Reduction Agreement took place and the year thereafter, respectively
- (iii) RMB20,000,000 in December of the second year after the year in which the completion of the Capital Reduction Agreement took place; and
- (iv) approximately RMB42,468,000 in December of each of the third year to the sixth year after the year in which the completion of the Capital Reduction Agreement took place.

The Capital Reduction Agreement is approved by the relevant PRC government authorities on 23 April 2012. Upon the approval of the Capital Reduction Agreement and the completion of registration with the relevant authorities in the PRC, Yifeng Wanguo became wholly-owned subsidiary of the Company on 27 April 2012.

As a result, the Group has recorded a liability of RMB153,584,000 which is the present value of the total consideration discounted at 7.05% payable by Yifeng Wanguo to West-Jiangxi Brigade as at the date of the completion of the transaction. The excess of the fair value of the consideration to the carrying value of the non-controlling interest as at the completion date was debited to equity by charging to retained profits of the subsidiary which caused accumulated loss of the subsidiary, and meanwhile the statutory reserve of the subsidiary were used to offset the accumulated loss. Accordingly the total equity of the Group reduced by approximately RMB153,584,000.

## Notes to the Condensed Consolidated Financial Statements

### 16. CONSIDERATION PAYABLE TO A FORMER NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY (Continued)

As at 30 June 2012, the carrying amounts of consideration payable are repayable as below:

	30 June 2012 RMB'000 (unaudited)
— Within one year	5,801
— More than one year, but not exceed two years	5,419
— More than two years, but not exceed five years	81,609
— More than five years	56,489
	149,318
Less: amount due within one year shown current liabilities	5,801
Amount shown under non-current liabilities	143,517

Pursuant to the Capital Reduction Agreement, certain land use rights of the Group shall be pledged to secure the consideration payable to West-Jiangxi Brigade, the former non-controlling of the subsidiary. As at 30 June 2012, the registration of the charge of the land use rights is in progress.

### 17. AMOUNTS DUE TO A RELATED COMPANY

The amount is non-trade in nature, unsecured, interest-free and repayable on demand. The amount was settled during the current interim period.

### 18. AMOUNT DUE TO SHAREHOLDERS

The amounts are non-trade in nature, unsecured, interest-free and repayable on demand. The amount was fully settled at 6 July 2012.

# Notes to the Condensed Consolidated Financial Statements

## 19. SHARE CAPITAL

Details of movements of share capital of the Company are as follow:

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 31 December 2011	3,900	390
Increase on 12 June 2012 (note)	996,100	99,610
At 30 June 2012	1,000,000	100,000
Issued:		
At 31 December 2011	—	—
Payment for unpaid share capital	50	5
At 30 June 2012 (unaudited)	50	5
		RMB'000
Shown in the condensed consolidated statement of financial position		4

Note: Pursuant to the written resolutions passed by shareholders of the Company on 12 June 2012, the authorised share capital of the Company was increased from HK\$390,000 to HK\$100,000,000 by the creation of 996,100,000 additional new shares of HK\$0.10 each in the capital of the Company.

## 20. CAPITAL COMMITMENTS

	30 June 2012 RMB'000 (unaudited)	31 December 2011 RMB'000 (audited)
Capital expenditure contracted for but not provided for in condensed consolidated financial statements in respect of acquisition of property, plant, and equipment	13,658	10,893

# Notes to the Condensed Consolidated Financial Statements

## 21. RELATED PARTY DISCLOSURES

During the reporting period, the remunerations of directors and other members of key management personnel were as follows:

	Six months ended 30 June	
	2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)
Salaries and other allowances	1,194	926
Retirement benefit scheme contributions	4	4
	<b>1,198</b>	<b>930</b>

## 22. EVENTS AFTER THE END OF THE REPORTING PERIOD

Upon the execution of international underwriting agreement dated 6 July 2012, the sum of HK\$44,995,000 standing to the credit of the share premium account of the Company was approved to be capitalised and applied in paying in full at par 449,950,000 shares for allotment and issue. The relevant shares were registered in the Cayman Islands on 9 July 2012.

On 10 July 2012, the shares of the Company are listed on the Stock Exchange. 150,000,000 ordinary shares of HK\$0.10 each of the Company was issued at HK\$1.99 each by way of share offer.

## 23. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved and authorised for issue by the board of directors on 24 August 2012.