



偉俊礦業集團有限公司 *
**WAI CHUN MINING INDUSTRY GROUP
 COMPANY LIMITED**

(incorporated in the Cayman Islands with limited liability)

(Stock code: 0660)

<http://www.0660.hk>

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008
UNAUDITED INTERIM RESULTS

The Board of Directors (the “Board”) of Wai Chun Mining Industry Group Company Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiary (collectively, the “Group”) for the six months ended 30 June 2008 together with the comparative figures for the corresponding period in 2007 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2008	2007
		Unaudited	Unaudited
	<i>Note</i>	HK\$'000	HK\$'000
Turnover	2	34,935	45,084
Cost of sales		(39,998)	(61,849)
Gross loss		(5,063)	(16,765)
Other revenue		2,107	4,178
Selling expenses		(3,457)	(2,610)
Administrative expenses		(14,131)	(10,028)
Decrease in fair value of held-for-trading investments		(17,234)	–
Loss on disposal of subsidiaries		–	(11,733)
Finance costs		(1,997)	(252)
Loss before taxation	2 & 3	(39,775)	(37,210)
Taxation	4	–	–
Loss for the period		(39,775)	(37,210)
Loss attributable to:			
– Equity holders of the Company		(36,454)	(29,493)
– Minority interests		(3,321)	(7,717)
		(39,775)	(37,210)
Interim Dividend	5	–	–
Special Dividend	5	–	55,553
Basic loss per share	6	HK(1.37) cents	HK(1.10) cents

* for identification purpose only

CONDENSED CONSOLIDATED BALANCE SHEET

		30 June 2008 Unaudited HK\$'000	31 December 2007 Audited HK\$'000
	Note		
NON-CURRENT ASSETS			
Property, plant and equipment and construction-in-progress	7	15,704	18,133
Golf club debenture		246	246
		<u>15,950</u>	<u>18,379</u>
CURRENT ASSETS			
Inventories		12,878	9,419
Trade and bills receivables	8	4,044	3,699
Deposits, prepayments and other receivables	9	73,428	3,312
Held-for-trading investments	10	11,607	28,841
Bank balances and cash		40,570	6,577
		<u>142,527</u>	<u>51,848</u>
CURRENT LIABILITIES			
Trade and bills payables	11	29,537	22,172
Short term borrowings		522	—
Accruals and other payables		9,545	15,406
Tax payable		1,006	1,006
Amount due to ultimate holding company		110,989	—
Amount due to a related company		703	703
		<u>152,302</u>	<u>39,287</u>
NET CURRENT ASSETS/(LIABILITIES)		(9,775)	12,561
TOTAL ASSETS LESS CURRENT LIABILITIES		6,175	30,940
NON-CURRENT LIABILITIES			
Amount due to a minority shareholder of a subsidiary		22,970	19,829
Amount due to ultimate holding company		20,827	8,549
Convertible loan note	12	25,927	26,336
		<u>69,724</u>	<u>54,714</u>
TOTAL NON-CURRENT LIABILITIES		69,724	54,714
TOTAL ASSETS LESS LIABILITIES		(63,549)	(23,774)
CAPITAL AND RESERVES			
Share capital	13	26,837	26,837
Reserves		(72,970)	(36,516)
Capital deficiency to equity holders of the Company		(46,133)	(9,679)
Minority interests		(17,416)	(14,095)
TOTAL CAPITAL DEFICIENCY		(63,549)	(23,774)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2008-UNAUDITED

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Working capital reserve <i>HK\$'000</i>	Convertible note reserve <i>HK\$'000</i>	Share option reserve <i>HK\$'000</i>	Exchange translation reserve <i>HK\$'000</i>	Accumulated profits/ (losses) <i>HK\$'000</i>	Total <i>HK\$'000</i>	Minority interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 January 2008	26,837	48,079	6,906	–	4,368	–	–	(95,869)	(9,679)	(14,095)	(23,774)
Loss for the period	–	–	–	–	–	–	–	(36,454)	(36,454)	(3,321)	(39,775)
At 30 June 2008	<u>26,837</u>	<u>48,079</u>	<u>6,906</u>	<u>–</u>	<u>4,368</u>	<u>–</u>	<u>–</u>	<u>(132,323)</u>	<u>(46,133)</u>	<u>(17,416)</u>	<u>(63,549)</u>
At 1 January 2007	26,837	48,079	–	1,275	–	–	(8,744)	24,429	91,876	1,791	93,667
Loss for the period	–	–	–	–	–	–	–	(17,760)	(17,760)	(7,717)	(25,477)
Special dividend paid	–	–	–	–	–	–	–	(55,553)	(55,553)	–	(55,553)
Disposal of subsidiaries	–	3,520	–	(1,275)	–	–	8,744	(20,163)	(9,174)	(830)	(10,004)
Issue of Convertible Note	–	–	–	–	2,328	–	–	–	2,328	–	2,328
At 30 June 2007	<u>26,837</u>	<u>51,599</u>	<u>–</u>	<u>–</u>	<u>2,328</u>	<u>–</u>	<u>–</u>	<u>(69,047)</u>	<u>11,717</u>	<u>(6,756)</u>	<u>4,961</u>
Loss for the period	–	–	–	–	–	–	–	(66,117)	(66,117)	(3,139)	(69,256)
Deemed disposal of partial investment in a subsidiary	–	–	–	–	–	–	–	–	–	(4,471)	(4,471)
Disposal of subsidiaries-restated	–	(3,520)	–	–	–	–	–	21,438	17,918	(961)	16,957
Recognition of equity component of convertible loan note	–	–	–	–	2,040	–	–	–	2,040	–	2,040
Increase in minority interest due to placing and subscription of shares of a subsidiary	–	–	2,288	–	–	–	–	–	2,288	1,232	3,520
Recognition of equity-settled share based payments	–	–	–	–	–	17,857	–	–	17,857	–	17,857
Cancellation of share options previously granted	–	–	–	–	–	(17,857)	–	17,857	–	–	–
Deemed contribution from a minority shareholder of a subsidiary	–	–	2,767	–	–	–	–	–	2,767	–	2,767
Deemed contribution from an equity holder of the Company	–	–	1,851	–	–	–	–	–	1,851	–	1,851
At 31 December 2007	<u>26,837</u>	<u>48,079</u>	<u>6,906</u>	<u>–</u>	<u>4,368</u>	<u>–</u>	<u>–</u>	<u>(95,869)</u>	<u>(9,679)</u>	<u>(14,095)</u>	<u>(23,774)</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2008-UNAUDITED

	Six months ended 30 June	
	2008	2007
	Unaudited	Unaudited
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash used in operating activities	(89,702)	(17,493)
Net cash generated from/(used in) investing activities	(38)	82,090
Net cash generated from/(used in) financing activities	123,733	(15,706)
Net increase in cash and cash equivalents	33,993	48,891
Cash and cash equivalents at 1st January	6,577	3,400
Cash and cash equivalents at 30 June	40,570	52,291
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	40,570	52,291

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), under the historical cost convention, except for certain properties and financial instruments, which are measured at fair values or revalued amounts, as appropriate.

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2007 annual financial statements.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2007 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set out financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

2. SEGMENT INFORMATION

During the two periods ended 30 June 2008 and 2007, the Group was principally engaged in the manufacture and export of athletic and athletic-style leisure footwear, as well as the manufacture of working shoes, safety shoes, golf shoes and other functional shoes. The directors consider that the Group operates within a single business segment. Accordingly, no business segmental information is prepared by the Group.

An analysis of the Group's revenue and results for the period by geographical segment is as follows:

	For the six months ended 30 June			
	2008		2007	
	Turnover <i>HK\$'000</i>	Segment results <i>HK\$'000</i>	Turnover <i>HK\$'000</i>	Segment results <i>HK\$'000</i>
North America	25,876	(6,053)	15,484	(6,654)
Europe	4,324	136	13,010	(5,591)
Other countries	4,735	(2,603)	16,590	(7,130)
	<u>34,935</u>	<u>(8,520)</u>	<u>45,084</u>	<u>(19,375)</u>
Unallocated revenue		2,107		4,178
Unallocated expenses		(14,131)		(10,028)
Finance costs		(1,997)		(252)
Decrease in fair value of held-for-trading investments		(17,234)		—
Loss on disposal of subsidiaries		—		(11,733)
Loss before taxation		(39,775)		(37,210)
Taxation		—		—
Loss for the period		<u>(39,775)</u>		<u>(37,210)</u>

There are no sales between geographical segments during the two periods ended 30 June 2008 and 2007.

3. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging/(crediting):

	30 June 2008 Unaudited <i>HK\$'000</i>	30 June 2007 Unaudited <i>HK\$'000</i>
Interest income	(10)	(696)
Interest expenses	1,997	253
Depreciation on property, plant and equipment	3,238	3,976
(Gain)/loss on disposal of property, plant and equipment	(727)	(3,429)
Decrease in fair value of held-for-trading investments	17,234	—
Staff costs (including directors' emoluments)	14,458	10,718

4. TAXATION

No Hong Kong and overseas profits tax has been provided in the consolidated financial statements as the Group does not have any assessable profits for the six months ended 30 June 2008 (six months ended 30 June 2007: Nil).

5. DIVIDENDS

Interim Dividend

The Board resolved not to declare the payment of an interim dividend for the six months ended 30 June 2008 (six months ended 30 June 2007: Nil).

Special Dividend paid in 2007

A special dividend of HK0.207 totaling approximately HK\$55,553,000 was declared on 3 January 2007 and paid on 9 January 2007 following the completion of the disposal of the entire equity interest in Nority (BVI) Limited and its subsidiaries on 5 January 2007.

6. BASIC LOSS PER SHARE

The calculation of basic loss per share was based on the Group's loss attributable to equity holders of the Company of approximately HK\$36,454,000 (six months ended 30 June 2007: HK\$29,493,000) and the weighted average number of ordinary shares of 2,683,726,120 (six months ended 30 June 2007: 2,683,726,120) in issue during the period.

Pursuant to the resolutions passed at the Annual General Meeting held on 25 May 2007, the Company subdivided each of the existing and unissued shares of HK\$0.1 each in the share capital of the Company into 10 shares of 0.01 each. The Share Subdivision took place on 28 May 2007.

For the purpose of calculating the basic loss per share attributable to the ordinary equity holders of the Company, the number of shares as increased by the Share Subdivision is taken for whole year, regardless of the date in the year when the Share Subdivision took place.

The computation of diluted loss per share for the period ended 30 June 2008 does not assume the conversion of the Company's outstanding convertible loan note since its exercise would result in a decrease in loss per share. No diluted loss per share had been presented for the six months ended 30 June 2007 as there was no diluting event during that period.

7. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2008, the Group acquired items of property, plant and equipment with a cost of HK\$1,181,000 (six months ended 30 June 2007: HK\$2,136,000). Items of property, plant and equipment with a net book value of HK\$371,000 (six months ended 30 June 2007: HK\$5,264,000) were disposed of during the six months ended 30 June 2008, resulting in a profit on disposal of HK\$727,000 (six months ended 30 June 2007: HK\$3,429,000) for the six months ended 30 June 2008.

8. TRADE AND BILLS RECEIVABLES

The Group allows credit period ranging from 30 to 60 days to its trade customers. The ageing analysis of trade and bills receivables was as follows:

	30 June 2008 Unaudited HK\$'000	31 December 2007 Audited HK\$'000
0-30 days	2,811	3,699
31-60 days	33	—
61-90 days	1,200	—
	4,044	3,699

9. DEPOSIT, PREPAYMENTS AND OTHER RECEIVABLES

The significant amount of the deposits paid by the Group were related to the two heads of agreements for the proposed acquisitions entered into by the Company during the six months ended 30 June 2008 and further details are explained as follows:

1. The first heads of agreement was entered into by the Company and Wai Chun Mining Investment Limited with the independent third parties (“Vendors”) on 10 February 2008, pursuant to which the Company will acquire 78% of the issued share capital in Everfield Development Limited. A deposit in the total amount of US\$ 3.9 million has been paid by the Company to the Vendors over the period from 15 February 2008 to 3 March 2008.

On 29 April 2008, the Company and Wai Chun Mining Investment Limited entered into a deed of termination with the Vendors and the Vendors agreed to refund all the deposit. The Company had received the refund of the full amount of the deposit on 18 July 2008.

2. The second heads of agreement was entered into between the Company and United Mining & Materials Co., Ltd. (“UMMC”) on 13 February 2008, pursuant to which the Company will acquire the entire issued share capital of United Mineral Resources Pte. Ltd. (“UMR”) and the entire issued share capital of United Resources (Indonesia) Co., Ltd. (“UR”) from UMMC. A deposit in the total amount of US\$ 5.0 million has been paid by the Company to UMMC on 14 February 2008.

On 24 July 2008, the Company and UMMC entered into a deed of settlement for cancellation of the Second Heads of Agreement whereas UMMC agreed to refund all the deposit to the Company. The Company had received the refund of the full amount of the deposit on 31 July 2008.

10. HELD-FOR-TRADING INVESTMENTS

Held-for-trading investments comprise:

	30 June 2008 Unaudited HK\$'000	31 December 2007 Audited HK\$'000
Equity securities listed in Hong Kong, at fair value	11,607	28,841

The fair values of the above listed securities are determined based on the quoted market bid prices available on the Stock Exchange.

11. TRADE AND BILLS PAYABLES

The average credit period on purchases of goods ranging from 60 to 90 days. The ageing analysis of trade and bills payables is as follows:

	30 June 2008 Unaudited HK\$'000	31 December 2007 Audited HK\$'000
0-30 days	20,558	19,168
31-60 days	4,681	337
61-90 days	1,641	104
over 90 days	2,657	2,563
	29,537	22,172

12. Convertible Loan Note

The Company issued a HK\$28,836,800, 2% convertible loan note ("Convertible Note") on 29 March 2007. The Convertible Note is denominated in Hong Kong dollars and entitles the holder to convert it into ordinary shares of the Company at any time after the sixth month of the date of issue of the Convertible Note until 5 business days prior to the maturity date on 30 September 2009 at a conversion price of HK\$0.0538 each. The Company will redeem the Convertible Note at 100% of its principal amount on the maturity date. No early redemption is allowed.

The Convertible Note contains two components, liability and equity element. The equity element is presented in equity heading "convertible note reserve". The effective interest rate of the liability component is 12.57%

The movement of the liability component of the Convertible Note for the year is set out below:

	30 June 2008 Unaudited HK\$'000	31 December 2007 Audited HK\$'000
At 1 January	26,336	–
Issue of Convertible Note	–	28,837
Recognition of equity component (Over provision)/Interest charge	– (409)	(4,368) 1,867
At 30 June 2008/31 December 2007	25,927	26,336

13. Share Capital

	<i>Number of shares</i>	<i>HK\$'000</i>
Authorised		
Ordinary shares of HK\$0.1 each at 1 January 2007	1,000,000,000	100,000
Share Subdivision took place on 28 May 2007	9,000,000,000	–
Ordinary shares of HK\$0.01 each at 31 December 2007	10,000,000,000	100,000
Ordinary shares of HK\$0.01 each at 30 June 2008	10,000,000,000	100,000
Issued and fully paid:		
Ordinary shares of HK\$0.1 each at 1 January 2007	268,372,612	26,837
Share Subdivision took place on 28 May 2007	2,415,353,508	–
Ordinary shares of HK\$0.01 each at 31 December 2007	2,683,726,120	26,837
Ordinary shares of HK\$0.01 each at 30 June 2008	2,683,726,120	26,837

Pursuant to the resolutions passed at the Annual General Meeting held on 25 May 2007, the Company subdivided each of the existing and unissued shares of HK\$0.1 each in the share capital of the Company into 10 shares of HK\$0.01 each. The Shares Subdivision took place on 28 May 2007. All the shares which were issued during the years rank pari passu with the then existing shares in all respects.

14. Post balance sheet events

Pursuant to the resolutions passed at the Extraordinary General Meeting held on 18 July 2008, the Company subdivided each of the existing and unissued shares of HK\$0.01 each in the share capital of the Company into 4 shares of HK\$0.0025 each. The Share Subdivision took place on 21 July 2008. The subdivided shares rank pari passu in all respects with each other and the share subdivision would not result in any change in the relative rights of the shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Results and Dividend

During the period, the Group recorded revenue of approximately HK\$34,935,000. The net loss attributable to equity holders of the Company was approximately HK\$36,454,000. The basic loss per share attributable to ordinary shareholders of the Company amounted to HK\$1.37. The Board resolved not to declare any interim dividend for the six months ended 30 June 2008.

Turnover of the Group for the six months ended 30 June 2008 amounted to HK\$34,935,000 (six months ended 30 June 2007: HK\$45,084,000), representing a decrease of approximately 22.5% over the corresponding period last year. Loss attributable to equity holders of the Company was HK\$36,454,000 as compared to loss of HK\$29,493,000 for the same period last year.

During the period under review, the Group recorded administrative expenses of approximately HK\$14,131,000, representing an increase of 4,103,000 when compared with the same period last year. The increase in administrative expenses was mainly due to the increase in staff costs and rental expenses as a result of the formation of a new management team after the change of major shareholder of the Company. In addition, the increase in legal and professional expenses in respect of the two proposed acquisition and the subsequent cancellation of the investment also led to the increase in administration expenses. Finance expenses increased during the period ended 30 June 2008 to approximately HK\$1,997,000 from approximately HK\$252,000 for the same period last year. As at 30 June 2008, amount due to ultimate holding company was HK\$131,816,000 which charged at 12-month HIBOR, led to the increase in the interest expenses of approximately HK\$731,000 for the six months ended 30 June 2008.

For the six months ended 30 June 2008, the Group suffered a net loss of HK\$36,454,000 attributable to the equity holders of the Company, which was HK\$6,961,000 higher than the loss of HK\$29,493,000 for the corresponding period in 2007. Apart from the increase in administrative expenses and finance expenses explained above, the loss was mainly attributable to the provision made for the decrease in the fair value of the listed securities amounted to HK\$17,234,000.

Business Review and Prospects

The Group is principally engaged in the manufacturing and exporting of athletic and athlete-style leisure footwear, as well as the manufacturing of working shoes, safety shoes, golf shoes and other functional footwear.

The drop in the turnover was attributed to the change in product mix from the high price range of golf shoes and sports shoes to middle price range of leisure footwear. The business of manufacturing footwear is facing severe competition and it is envisaged that this will continue in future. Management is considering to scale down some internal operations of footwear manufacturing to enhance operational efficiency.

The directors of the Company are actively seeking and exploring potential business and investment opportunities and potential projects to broaden and strengthen the profit centers which will ultimately maximize benefit to the shareholders.

Liquidity and Financial Resources

As at 30 June 2008, the Group had net current liabilities of approximately HK\$9.8 million, compared with the net current assets of approximately HK\$12.5 million as at 31 December 2007, a decrease of 22.3 million.

As at 30 June 2008, the Group had outstanding short term borrowings amounting to HK\$0.5 million.

As at 30 June 2008, the Company had outstanding convertible loan note amounted to HK\$25.9 million.

Notwithstanding that the Group incurred loss attributable to equity holders of the Company of approximately HK\$36,454,000 for the period ended 30 June 2008 and had capital deficiency to equity holders of the Company of approximately HK\$46,133,000 as at 30 June 2008, these consolidated financial statements have been prepared on a going concern basis as the directors of the Company are satisfied that the liquidity of the Group can be maintained in the coming year taking into consideration of the following arrangements which include, but are not limited to, the followings:

- (i) The Company is in process of exploring income generating investments and business venture opportunities;
- (ii) Mr. Lam Ching Kui, a director and the Chairman of the Company, has undertaken to the Company to provide continuing financial support to the Company so as to enable the Company to continue its day-to-day operations as a viable going concern notwithstanding any present or future financial difficulties experienced by the Company;
- (iii) As at the date of this report, Wai Chun Investment Fund has provided HK\$38,000,000 to the Company and has also undertaken to provide continuing financial support to the Company to enable the Company to meet in full all its financial obligations as they fall due in the foreseeable future. The amount is unsecured, interest free and will not be repayable until 28 April 2009. This amount has been deposited into a bank in Hong Kong and all interest income earned will be returned to Wai Chun Investment Fund.
- (iv) On 10 May 2008, the Company entered into a loan agreement with Wai Chun Investment Fund, a substantial shareholder of the Company, for an unsecured loan amount of 15 million for use as general working capital. The loan was to be repayable within thirty months from the date of draw down and interest was to be charged at a rate of 12-month HIBOR. The loan facility was made available to the Company for a twelve-month period from the date of the Loan Agreement. Up to the date of this report, HK\$10 million was drawn by the Company of which HK\$6 million was drawn for the period ended 30 June 2008 and the remaining HK\$4 million was drawn from 1 July 2008 to the date of this report.

The directors consider that the Group will have sufficient cash resources to satisfy its future working capital and financing requirements.

Gearing Ratio

As at 30 June 2008, the Group has cash and bank balances of approximately HK\$40,570,000 (31 December 2007: approximately HK\$6,577,000). As at 30 June 2008, the gearing ratio of the Group was approximately 140% (31 December 2007: approximately 134%) which is calculated by dividing the Group's total borrowings of approximately HK\$222,026,000 (31 December 2007: approximately HK\$94,001,000) by the Group's total assets of approximately HK\$158,477,000 (31 December 2007: approximately HK\$70,227,000).

Exposure to exchange rate fluctuation

The Directors considered that the Group has no significant exposure to foreign exchange fluctuation. Hence there is no hedging or any other arrangements necessary to reduce the currency risk.

Employees and remuneration policy

As at 30 June 2008 the Group had a total of 10 employees in Hong Kong and approximately 1,035 workers in its processing bases in the PRC. Employees' costs (including directors' emoluments) amounted to approximately HK\$14,457,000 for the six months ended 30 June 2008. In addition to the offering of competitive remuneration packages to the employees, discretionary bonuses may also be granted to eligible employees based on the Group and the individual's performance.

Material Investments Held, Significant Acquisitions and Disposals

The Company has entered into two heads of agreements for proposed acquisitions during the period ended 30 June 2008.

1. The first heads of agreement was entered into by the Company and Wai Chun Mining Investment Limited with the independent third parties ("Vendors") on 10 February 2008, pursuant to which the Company will acquire 78% of the issued share capital in Everfield Development Limited. A deposit in the total amount of US\$ 3.9 million has been paid by the Company to the Vendors.

On 29 April 2008, the Company and Wai Chun Mining Investment Limited entered into a deed of termination with the Vendors and the Vendors agreed to refund all the deposit. The Company had received the refund of the full amount of the deposit on 18 July 2008.

2. The second heads of agreement was entered into between the Company and United Mining & Materials Co., Ltd. ("UMMC") on 13 February 2008, pursuant to which the Company will acquire the entire issued share capital of United Mineral Resources Pte. Ltd. ("UMR") and the entire issued share capital of United Resources (Indonesia) Co., Ltd. ("UR") from UMMC. A deposit in the total amount of US\$ 5.0 million has been paid by the Company to UMMC.

On 24 July 2008, the Company and UMMC entered into a deed of settlement for cancellation of the Second Heads of Agreement whereas UMMC agreed to refund all the deposit to the Company. The Company had received the refund of the full amount of the deposit on 31 July 2008.

Saved as disclosed above, the Group had not made any significant investment for the six months ended 30 June 2008.

Material acquisition and disposal of subsidiary

The Group has no other significant material acquisitions or disposal of subsidiary during the period under review.

Pledge of assets, contingent liabilities and commitments

There was no material change in the Group's pledges of assets, contingent liabilities and commitments as compared to the most recent published annual report.

OTHER INFORMATION

Directors' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2008, the interests and short positions of the Directors of the Company in the shares and underlying shares of the Company or any of, its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "Model Code"), are as follows:

Name of director	Capacity	Number of Shares held	Approximate percentage of shareholding
Mr. Lam Ching Kui	Interests of controlled corporations	2,012,513,400	74.99%

Mr. Lam Ching Kui is the beneficial owner of Chinese Success Limited, the major shareholder holding 74.99% of the issued share capital of the Capital.

The interests disclosed above represent long positions.

Save as disclosed above, as at 30 June 2008, none of the Directors of the Company had any interests or short positions in the shares or underlying shares of the Company or any of its associated corporations (within the meaning of part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' and other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2008, other than the interests and short positions of the Directors of the Company, the following persons had the following interests and short positions in the shares and underlying shares of the Company, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Capacity	Number of shares held	Approximate percentage of shareholding
Chinese Success Limited	Beneficial owner	2,012,513,400	74.99%
Wai Chun Investment Fund	Interests of controlled Corporations	2,012,513,400	74.99%

All interests disclosed above represent long positions.

Save as disclosed above, as at 30 June 2008, the Company had not been notified by any other persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

Directors' Rights to Acquire Shares or Debentures

At no time during the period ended 30 June 2008, was the Company or any of its subsidiary, a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or any of their spouses or children under the age of 18, was granted any right to subscribe for equity of debt securities of the Company, nor had exercised any such right.

Share Option Scheme

The Share Option Scheme ("Scheme") of the Company was adopted by the shareholders on 10 June 2003 to comply with the requirements of Chapter 17 of the Listing Rules.

Under the terms of the Scheme, the Directors of the Company may, at their discretion, invite full-time employees of the Group, including Directors of the Company and its subsidiary, and any suppliers, consultants, agents and advisors, whether on a contractual or honorary basis and whether paid or unpaid, who have contributed or will contribute to the Group to take up options to subscribe for shares.

The maximum number of shares in respect of which options may be granted (together with options exercised and options then outstanding) at any time under the Scheme shall not, when aggregated with any shares subject to any other schemes involving the issue or grant of option over shares by the Company to, or for the benefit of eligible participants, exceed such number of shares as shall represent 10% of the issued share capital of the Company as at the adoption date.

The total number of shares issued and to be issued on the exercise of options granted and to be granted (including both exercised and outstanding options) in any 12-month period up to the date of grant to each eligible participant must not exceed 1% of the shares in issue unless such grant is approved by the shareholders in a general meeting.

The subscription price for the shares shall be determined by the Directors at their discretion provided that it shall not be less than the higher of:

- (a) the closing price of the shares as stated in Stock Exchange's daily quotations sheet on the date of offer;
- (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of offer; and
- (c) the nominal value of the shares on the date of offer.

On 15 March 2007, 26,800,000 share options were granted to three Directors of the Company in respect of their future service to be provided to the Group. The price of the Company's share at the date of grant was HK\$2.36. Following the resignation of these three Directors in December 2007, the share options granted to them were cancelled on their respective date of resignation in December 2007. No options have been exercised by these three directors since the date of grant up to the date of cancellation.

As at 30 June 2008, no share options have been granted by the Company under the Scheme.

Management Contract

South China Strategic Limited ("South China Strategic") has been appointed by the Company's subsidiary, Nority Limited, pursuant to a management agreement with effect from 5th January 2007, as its manager for a term of 3 years, during which South China Strategic has taken overall management and supervision responsibilities of Nority Limited and provide guidance and advice on enhancement of business operations and internal control systems under monitoring of its performance by the directors.

In consideration for the provision of the management services by South China Strategic and in consideration of Micon Limited paying its portion of the management fee for the management services by South China Strategic, the Company shall pay to South China Strategic a management fee of \$2 million each year throughout the term.

CODE OF CORPORATE GOVERNANCE PRACTICES

The directors of the Company are of the opinion that the Company has complied with the provisions set out in the Code of Corporate Governance Practices (the "CG Code") in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2008.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of the Model Code as set out in Appendix 10 of the Listing Rules. The Company, having made specific enquiry of all directors, confirmed that all directors have complied with the required standard of dealings set out therein throughout the period ended 30 June 2008.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this interim report, the Company has maintained the prescribed public float under the Listing Rules.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2008 and up to the date of this report.

AUDIT COMMITTEE

The Audit Committee comprises three Independent Non-Executive Directors, namely Mr. Shaw Lut, Leonardo, Mr. Frank Hu and Mr. Tony Chan Chun Wai. The principal duties of the Audit Committee include the review of the Group's audit plan and process with the Auditors, the independence of the Auditors and the Group's financial statements and system of internal control in accordance with its terms of reference, which is substantially the same as the CG Code.

The Audit Committee has reviewed with management the results of the Group for the period ended 30 June 2008.

On behalf of the Board
Lam Ching Kui
Chairman

Hong Kong, 19 September 2008

As at the date of this report, the Board of Directors of the Company comprises Mr Lam Ching Kui (Chairman) and Mr. Liu Qun (Chief Executive Officer) as Executive Directors; and Mr. Shaw Lut, Leonardo, Mr. Frank Hu, and Mr. Tony Chan Chun Wai as Independent Non-Executive Directors.