國金資源控股有限公司*
Guojin Resources Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 630)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

The Board of Directors (the "Board") of Guojin Resources Holdings Limited (the "Company") announces the interim condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2011 together with comparative figures for the previous period as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Six months ended 30 June **2011** **Unaudited** ***HK$'000***	 2010 Unaudited *HK$'000* (Restated)
CONTINUING OPERATIONS			
Turnover	*3*	**37,246**	53,243
Cost of sales		**(29,566)**	(49,884)
Gross profit		**7,680**	3,359
Other revenue		**22**	26
Other income		**–**	35
Distribution costs		**(1,261)**	(1,822)
Administrative expenses		**(22,968)**	(22,700)
Expenses related to acquisition of mining rights		**(8,664)**	(1,400)
Share-based payment expenses		**(2,076)**	(20,464)
Change in fair value of derivative and embedded derivative components of a convertible bond		**–**	(12,457)
Impairment losses	*4*	**(6,793)**	(4,692)
Finance costs		**(11,113)**	(16,903)
Loss before taxation	*5*	**(45,173)**	(77,018)
Income tax expense	*6*	**(12)**	–
Loss for the period from continuing operations		**(45,185)**	(77,018)
DISCONTINUED OPERATIONS			
Loss for the period from discontinued operations	*7*	**(69,162)**	(61,124)
Loss for the period		**(114,347)**	(138,142)

* *For identification purposes only*

	Note	Six months ended 30 June 2011 Unaudited *HK$'000*	2010 Unaudited *HK$'000* (Restated)
Other comprehensive (expense)/income			
Exchange differences arising on translation		**(1,013)**	992
Other comprehensive (expense)/income for the period, net of tax		**(1,013)**	992
Total comprehensive expense for the period		**(115,360)**	(137,150)
Loss for the period attributable to:			
– Owners of the Company			
Continuing operations		**(45,166)**	(76,790)
Discontinued operations		**(69,162)**	(61,124)
		(114,328)	(137,914)
– Non-controlling interests			
Continuing operations		**(19)**	(228)
Discontinued operations		**–**	–
		(19)	(228)
		(114,347)	(138,142)
Total comprehensive expense for the period attributable to:			
– Owners of the Company			
Continuing operations		**(45,201)**	(76,090)
Discontinued operations		**(70,140)**	(60,832)
		(115,341)	(136,922)
– Non-controlling interests			
Continuing operations		**(19)**	(228)
Discontinued operations		**–**	–
		(19)	(228)
		(115,360)	(137,150)
Loss per share	*9*		
From continuing and discontinued operations			
Basic		**(7.60) cents**	(10.42) cents
Diluted		**(7.60) cents**	(10.42) cents
From continuing operations			
Basic		**(3.00) cents**	(5.80) cents
Diluted		**(3.00) cents**	(5.80) cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2011 Unaudited HK$'000	31 December 2010 Audited HK$'000
Non-current assets			
Property, plant and equipment		**1,668**	23,395
Intangible assets		**–**	8,915
Goodwill		**–**	–
Deferred tax assets		**–**	1,162
		1,668	33,472
Current assets			
Inventories		**5,152**	29,007
Trade and other receivables	*10*	**14,107**	17,617
Refundable deposit paid for acquisition of mining rights		**–**	23,400
Tax recoverable		**–**	163
Bank balances and cash		**5,719**	37,897
		24,978	108,084
Assets classified as held for sale	*11*	**1,202**	–
		26,180	108,084
Current liabilities			
Trade and other payables	*12*	**54,275**	66,897
Bank and other borrowings		**5,217**	10,898
Convertible bonds		**181,512**	–
Obligations under finance leases		**193**	1,228
Tax payable		**4,444**	10,692
		245,641	89,715
Liabilities associated with assets classified as held for sale	*11*	**27,564**	–
		273,205	89,715
Net current (liabilities)/assets		**(247,025)**	18,369
Total assets less current liabilities		**(245,357)**	51,841

	Note	30 June 2011 Unaudited HK$'000	31 December 2010 Audited HK$'000
Non-current liabilities			
Obligations under finance leases		**85**	184
Deferred tax liabilities		**–**	2,607
Convertible bonds		**–**	181,208
		85	183,999
		(245,442)	(132,158)
Capital and reserves			
Share capital	*13*	**150,375**	150,375
Reserves		**(395,255)**	(281,990)
Capital deficiency attributable to owners of the Company		**(244,880)**	(131,615)
Non-controlling interests		**(562)**	(543)
		(245,442)	(132,158)

Notes:

1. **Basis of preparation**

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

The interim condensed consolidated financial information do not include all the information and disclosures required in the annual financial statements, and it should be read in conjunction with the Group's annual financial statements as at 31 December 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

2. **Principal accounting policies**

The interim condensed consolidated financial information have been prepared on historical cost basis, except for certain assets and liabilities that are measured at their fair value, as appropriate.

The accounting policies adopted and methods of computation used in the interim condensed consolidated financial information are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010 except as described below.

In the current interim period, the Group has applied, for the first time, the following new or revised standards, amendments and interpretations ("new or revised HKFRSs") issued by the HKICPA:

- Improvements to HKFRSs issued in 2010
- HKAS 24 (as revised in 2009) Related Party Disclosure
- Amendments to HKAS 32 Classification of Rights Issues
- Amendments to HK (IFRIC) – Int 14 Prepayments of a Minimum Funding Requirement
- HK (IFRIC) – Int 19 Extinguishing Financial Liabilities with Equity Instruments.

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

3. Segment information

The following is an analysis of the Group's revenue and results by reportable and operating segment for the six months ended 30 June 2011:

	Continuing operations			
	Manufacture and sale of data media products *HK$'000*	Distribution of data media products *HK$'000*	Trading and mining of mineral resources *HK$'000*	Total *HK$'000*
Segment revenue				
External sales	**31,981**	**5,265**	**–**	**37,246**
Segment profit (loss)	**6,115**	**304**	**(15,457)**	**(9,038)**
Unallocated operating expenses				**(22,946)**
Share-based payment expenses				**(2,076)**
Finance costs				**(11,113)**
Group's loss before taxation				**(45,173)**

The following is analysis of the Group's revenue and result by reportable and operating segment for the six months ended 30 June 2010 (as restated):

	Continuing operations			
	Manufacture and sale of data media products	Distribution of data media products	Trading and mining of mineral resources	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue				
External sales	31,217	6,022	16,004	53,243
Segment (loss) profit	(1,869)	1,314	782	227
Unallocated operating expenses				(47,885)
Change in fair value of derivative and embedded derivative components of a convertible bond				(12,457)
Finance costs				(16,903)
Group's loss before taxation				(77,018)

Segment profit (loss) represents the profit (loss) attributable to each segment without allocation of administrative expenses, directors' emoluments, change in fair value of derivative and embedded derivative components of a convertible bond, share-based payment expenses, finance costs and interest income. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	Manufacture and sale of data media products *HK$'000*	Distribution of data media products *HK$'000*	Trading and mining of mineral resources *HK$'000*	Remanufacture and sale of computer printing and imaging products (now discontinued) *HK$'000*	Total *HK$'000*
Segment assets and liabilities					
As at 30 June 2011 (Unaudited)					
Assets					
Segment assets	**14,320**	**2,213**	**1,676**	**N/A**	**18,209**
Unallocated corporate assets					**8,437**
Total assets					**26,646**
Liabilities					
Segment liabilities	**11,809**	**2,523**	**3,011**	**N/A**	**17,343**
Unallocated corporate liabilities					**228,383**
Total liabilities					**245,726**
As at 31 December 2010 (audited)					
Assets					
Segment assets	17,243	2,688	25,863	57,078	102,872
Unallocated corporate assets					38,684
Total assets					141,556
Liabilities					
Segment liabilities	13,790	2,825	1,681	23,729	42,025
Unallocated corporate liabilities					231,689
Total liabilities					273,714

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than deferred tax assets, tax recoverable and bank balances and cash.
- all liabilities are allocated to reportable segments other than tax payable, obligation under finance leases, bank and other borrowings, deferred tax liabilities and convertible bonds.

4. Impairment losses

	Six months ended 30 June	
	2011	2010
	Unaudited	Unaudited
	HK$'000	*HK$'000*
		(Restated)
Continuing operations:		
Impairment losses on		
– refundable deposit paid for acquisition of mining rights	**6,793**	–
– property, plant and equipment	**–**	688
– trade and other receivables	**–**	4,004
	6,793	4,692

5. Loss before taxation

	Six months ended 30 June	
	2011	2010
	Unaudited	Unaudited
	HK$'000	*HK$'000*
		(Restated)
Continuing operations:		
Loss before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**630**	279
Cost of inventories recognised as an expense	**22,241**	39,603
Impairment losses on inventories (included in cost of sales)	**–**	4,000

6. Income tax expense

	Six months ended 30 June	
	2011	2010
	Unaudited	Unaudited
	HK$'000	*HK$'000*
		(Restated)
Continuing operations:		
The charge comprises:		
Profits tax for the period		
Overseas	**12**	–

Overseas taxation is calculated at the rates prevailing in the respective jurisdiction.

7. Discontinued operations

The remanufacturing and sale of computer printing and imaging products segment has declined since 2009. In view of the unsatisfactory performance and the assessment of the segment prospects, the Group has discontinued the operation of this segment during the six months ended 30 June 2011. On 8 August 2011, the Company announced that the board of directors of one of its indirect wholly-owned subsidiaries, Jackin Enterprise Limited ("JEL"), resolved to voluntarily liquidate JEL. JEL is principally engaged in investment holding, with its subsidiaries are principally engaged in the operations of remanufacture and sale of computer printing and imaging products. As a result of such, this segment is considered to be discontinued operations of the Group.

The results of the discontinued operations included in the interim condensed consolidated statement of comprehensive income are set out as follow:

	Six months ended 30 June	
	2011	2010
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Turnover	**8,185**	46,578
Cost of sales	**(40,355)**	(74,426)
Gross loss	**(32,170)**	(27,848)
Other income	**50**	51
Distribution costs	**(1,634)**	(7,228)
Administrative expenses	**(12,499)**	(20,725)
Reversal of impairment loss on trade receivables	**47**	–
Impairment losses	**(24,040)**	(4,787)
Finance costs	**(161)**	(585)
Loss before taxation	**(70,407)**	(61,122)
Income tax credit (expense)	**1,245**	(2)
Loss for the period from discontinued operations	**(69,162)**	(61,124)

	Six months ended 30 June	
	2011	2010
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Cash flows from discontinued operations:		
Net cash flows from operating activities	**(17,408)**	(24,030)
Net cash flows from investing activities	**158**	(8,060)
Net cash flows from financing activities	**(5,401)**	(14,263)
Net decrease in cash flows	**(22,651)**	(46,353)

Impairment losses on		
property, plant and equipment	**17,239**	–
intangible assets	**6,319**	–
trade and other receivables	**482**	4,787
	24,040	4,787

Loss before taxation has been arrived at after charging:		
Amortisation of intangible assets	**2,596**	5,480
Depreciation of property, plant and equipment	**3,855**	7,362
Cost of inventories recognised as an expense	**9,143**	42,561
Inventories written off (included in cost of sales)	**7,239**	–
Impairment losses on inventories (included in cost of sales)	**12,371**	6,956

Income tax expense comprises:		
Profits tax for the period		
Overseas	**–**	2
Deferred tax	**(1,245)**	–
	(1,245)	2

8. Interim dividend

No dividends were paid, declared or proposed during the reporting period. The directors do not recommend the payment of an interim dividend. (2010: Nil)

9. Loss per share

From continuing and discontinued operations

(i) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK$114,328,000 (30 June 2010: HK$137,914,000) and the weighted average of 1,503,750,505 ordinary shares (30 June 2010: 1,323,858,231 ordinary shares) in issue during the period, calculated as follows:

Weighted average number of ordinary shares for the purpose of basic loss per share

	30 June 2011 ***Number of shares***	30 June 2010 *Number of shares*
Issued ordinary shares at beginning of period	**1,503,750,505**	1,093,098,505
Effect of new shares issued under share option scheme	**–**	430,959
Effect of new shares issued on conversion of convertible bonds	**–**	31,835,616
Effect of new shares issued under subscription shares	**–**	198,493,151
Weighted average number of ordinary shares at end of period for the purpose of basic loss per share	**1,503,750,505**	1,323,858,231

(ii) Diluted loss per share

The calculation of diluted loss per share for the period ended 30 June 2010 and 2011 does not assume the conversion of a subsidiary's convertible bond. The directors of the Company consider that the value of the subsidiary is lower than the exercise price as the subsidiary had consolidated net liabilities as at 30 June 2011 and 30 June 2010.

The diluted loss per share for the period ended 30 June 2010 and 2011 is the same as the basic loss per share as the conversion of the Company's outstanding convertible bonds and share option would result in a decrease in basic loss per share.

From continuing operations

(i) Basic loss per share

The calculation of basic loss per share from continuing operations is based on the loss attributable to owners of the Company of HK$114,328,000 (30 June 2010: HK$137,914,000) less the loss for the period from discontinued operations of HK$69,162,000 (30 June 2010: HK$61,124,000) and the weighted average of 1,503,750,505 ordinary shares (30 June 2010: 1,323,858,231 ordinary shares) in issue during the period.

(ii) Diluted loss per share

The calculation of diluted loss per share for the period ended 30 June 2010 and 2011 does not assume the conversion of a subsidiary's convertible bond. The directors of the Company consider that the value of the subsidiary is lower than the exercise price as the subsidiary had consolidated net liabilities as at 30 June 2011 and 30 June 2010.

The diluted loss per share for the period ended 30 June 2010 and 2011 is the same as the basic loss per share as the conversion of the Company's outstanding convertible bonds and share option would result in a decrease in basic loss per share.

From discontinued operations

Basic loss per share from discontinued operations is HK4.60 cents per share (30 June 2010: HK4.62 cents per share) and diluted loss per share from the discontinued operations is HK4.60 cents per share (30 June 2010: HK4.62 cents per shares), the calculations are based on the loss for the period from discontinued operations of HK$69,162,000 (30 June 2010: HK$61,124,000) and the denominators detailed above for both basic and diluted loss per share.

The calculation of diluted loss per share for the period ended 30 June 2010 and 2011 does not assume the conversion of a subsidiary's convertible bond. The directors of the Company consider that the value of the subsidiary is lower than the exercise price as the subsidiary had consolidated net liabilities as at 30 June 2011 and 30 June 2010.

The diluted loss per share for the period ended 30 June 2010 and 2011 is the same as the basic loss per share as the conversion of the Company's outstanding convertible bonds and share option would result in a decrease in basic loss per share.

10. Trade and other receivables

	30 June 2011	31 December 2010
	Unaudited	Audited
	HK$'000	*HK$'000*
Trade and bill receivables	**16,460**	29,046
Less: Impairment loss recognised on trade receivable	**(8,398)**	(16,461)
	8,062	12,585
Other deposits, prepayments and other receivables	**6,045**	5,032
	14,107	17,617

The Group allows an average credit period of 15 to 60 days to its trade customers (for the year ended 31 December 2010: 30 to 120 days). The ageing analysis of trade and bill receivables including those classified as part of assets held for sale of HK$5,000 that are neither individually nor collectively considered to be impaired are as follows:

	30 June 2011	31 December 2010
	Unaudited	Audited
	HK$'000	*HK$'000*
Current	**7,922**	8,734
Less than 3 months past due	**145**	2,999
3 to 6 months past due	**–**	503
Over 6 months past due	**–**	349
	8,067	12,585

11. Assets classified as held for sale

As mentioned in Note 7, the remanufacture and sale of computer printing and imaging products segment is considered to be discontinued operations of the Group. The assets and liabilities attributable to that segment that are expected to be disposed within twelve months have been classified as a disposal group held for sale and are separately presented in the condensed consolidated statement of financial position.

Major classes of assets and liabilities of the segment as at 30 June 2011 are as follows:

	30 June 2011
	Unaudited
	HK$'000
Property, plant and equipment	**–**
Intangible assets	**–**
Inventories	**–**
Trade and other receivables *(see note 10)*	**428**
Bank balances and cash	**774**
Total assets classified as held for sale	**1,202**
Trade and other payables *(see note 12)*	**20,330**
Bank and other borrowings	**1,457**
Tax payable	**5,777**
Total liabilities associated with assets classified as held for sale	**27,564**

12. Trade and other payables

	30 June 2011	31 December 2010
	Unaudited	Audited
	HK$'000	*HK$'000*
Trade payables	**6,126**	13,799
Accruals and other payables	**47,449**	52,009
Amount due to a related company	**700**	1,089
	54,275	66,897

The amount due to a related company, Titron Industries Limited, in which Yip Wai Lun, Alvin being the common director, is unsecured, interest-free and repayable on demand.

The aged analysis of trade payables including those classified as part of liabilities associated with assets held for sale of HK$7,998,000 presented based on the invoice date at the end of the reporting period is as follows:

	30 June 2011	31 December 2010
	Unaudited	Audited
	HK$'000	*HK$'000*
Within 3 months	**6,428**	9,390
Over 3 months but within 6 months	**2,434**	1,526
Over 6 months but within 9 months	**629**	787
Over 9 months but within 12 months	**597**	1,439
Over 1 year	**4,036**	657
	14,124	13,799

13. Share capital

		Number of shares	Amount
		'000	*HK$'000*
Authorised:			
Ordinary shares of HK$0.10 each			
At 1 January 2010		2,000,000	200,000
Increase on 8 December 2010	*(a)*	2,000,000	200,000
At 31 December 2010 and 30 June 2011		4,000,000	400,000
Issued and fully paid:			
At 1 January 2010		1,093,099	109,310
Shares issued under share option scheme	*(b)*	652	65
Shares issued on conversion of convertible bonds	*(c)*	200,000	20,000
Issue of subscription shares	*(d)*	210,000	21,000
At 31 December 2010 and 30 June 2011		1,503,751	150,375

(a) Pursuant to an ordinary resolution passed by the shareholders at the special general meeting held on 8 December 2010, the authorised share capital was increased from HK$200,000,000 to HK$400,000,000 by the creation of an additional 2,000,000,000 ordinary shares of HK$0.10 each which rank pari passu with the existing shares in all respects.

(b) During the year ended 31 December 2010, 652,000 share options were exercised to subscribe for 652,000 ordinary shares in the Company at an aggregate consideration of HK$512,000 of which HK$65,000 was credited to share capital and the balance of HK$447,000 was credited to the share premium account. HK$177,000 was transferred from the capital reserve to the share premium account.

(c) During the year ended 31 December 2010, convertible bonds amounting to HK$50,000,000 were converted into 200,000,000 ordinary shares of HK$0.10 each at the fixed conversion price of HK$0.25 per share.

(d) On 13 January 2010, the Company entered into a subscription agreement with certain independent third parties, and pursuant to which the independent third parties agreed to subscribe for new shares to be issued by the Company. Accordingly, 210,000,000 new shares at the subscription price of HK$0.95 per share were allotted and issued on 21 January 2010 (the "2010 Placing"). The subscription price of HK$0.95 representing a discount of approximately 19.5% to the closing market price of the Company's share on 12 January 2010. The net proceeds after share issue expense of HK$193,515,000 from the 2010 Placing were used for payment of refundable deposit for the acquisition of the entire issued share capital of SE Metal Resource Corp. and the preliminary expenses on the related due diligence and evaluation exercise. Details of the 2010 Placing are set out, inter alia, in the announcement of the Company dated on 14 January 2010.

All shares issued during 2010 rank pari passu with the then existing shares in issue in all respects.

14. Comparative figures

Certain comparative figures have been reclassified to conform to the current period's presentation. The changes included the reclassification of certain amounts previously classified under turnover, cost of sales, other revenue, other income, distribution costs, administrative expenses, impairment losses, finance costs and income tax expense to loss for the period from discontinued operations. The above reclassification has no effect on the comparative figures on the interim condensed consolidated statement of financial position presented.

RESULTS, BUSINESS REVIEW AND PROSPECTS

Results

The Group faced various challenges during the period under review, in particular, the restructuring of remanufacturing and sale of computer printing and imaging products. For the six months ended 30 June 2011, the turnover of the Group's continuing operations decreased by 30% to approximately HK$37.2 million, compared to approximately HK$53.2 million for the six months ended 30 June 2010. Loss for the period from continuing operations for the six months ended 30 June 2011 decreased by approximately HK$31.8 million to approximately HK$45.2 million, representing a decrease of 41.3% compared with HK$77.0 million for the same period of last year. Such decrease was mainly due to the decrease in share-based payment expenses and the change in fair value of derivative and embedded derivative components of a convertible bond. Loss from discontinued operations for the period under review was approximately HK$69.2 million, compared to approximately HK$61.1 million for the six months ended 30 June 2010. The Group's loss attributable to the owners of the Company amounted to approximately HK$114.3 million, compared to approximately HK$137.9 million for the same period in 2010.

Business Review

Continuing operations

Manufacture and sale of data media products

For the six months ended 30 June 2011, this division recorded a turnover of approximately HK$32.0 million (for the six months ended 30 June 2010: approximately HK$31.2 million) and the segment profit of approximately HK$6.1 million, compared to a segment loss of approximately HK$1.9 million for the corresponding period of last year. The improvement in segment profit was mainly due to no further impairment loss on inventory (for the six months ended 30 June 2010: approximately HK$4 million) and provision for staff relocation and redundancy payment (for the six months ended 30 June 2010: approximately HK$3 million) were made in the period under review and the result in cost saving from various actions taken in late 2010.

Distribution of data media products

This segment experienced a decline in turnover, at approximately HK$5.3 million down from approximately HK$6.0 million for the same period of last year. The decrease in turnover and gross profit margin due to the change in product mix has led to the decrease in segment profit by approximately HK$1 million to approximately HK$0.3 million, compared to approximately HK$1.3 million for the six months ended 30 June 2010.

Trading of mineral resources

The Group embarked the trading activities for mineral products in 2010 and recorded a turnover of approximately HK$16.0 million for the corresponding period of last year. However, due to the lack of trading opportunities with reasonable return on minimized credit exposure, no sale was recorded during the period under review.

Discontinued operations

The remanufacturing and sales of computer printing and imaging products business, used to be the main business of the Group, has declined since 2009. For the six months ended 30 June 2011, this division recorded a substantial decrease in turnover for 82.4% to approximately HK$8.2 million, compared to approximately HK$46.6 million for the six months ended 30 June 2010. This division was seriously impacted by (a) the price pressure due to the competition with low value new-mould products flooded in the market; (b) the continuous increase labour costs of the plants located Pearl River Delta; and (c) high fixed cost as the actual production volume is well low the full production capacity of the factories. Despite the implementation of vigorous cost cutting measures such as production base contraction and headcount reduction, this division suffered a loss of approximately HK$69.2 million, compared to approximately HK$61.1 million for the six months ended 30 June 2010. Given the unsatisfactory performance and the cash flow required to sustain the operation as well as the assessment of the business prospects, the Group is in the process of discontinuing this business. As disclosed in the announcement dated 8 August 2011, the board of directors of Jackin Enterprises Limited ("JEL"), an indirect wholly-owned subsidiary of the Company, resolved to voluntarily liquidate JEL. JEL is principally engaged in investment holding, with its subsidiaries principally engaged in operations of this business segment.

Prospects

Manufacture, sale and distribution of data media products

Management will seek for ways to optimize its scale of operation and improve the operational efficiency to counter the effect of a possible decrease in further demand due to the change in technology.

Trading of mineral resources

The Company continues seeking opportunities in trading of mineral resources with reasonable return on minimized credit exposure to broaden its business spectrum.

Material contracts

During the period under review, the Board, further taking into consideration of the prevailing market conditions surrounding investors' interest in mining projects under exploration, decided to terminate the acquisition agreement dated 18 December 2009. Details are set out in the announcements of the Company dated 22 March 2011, 19 April 2011 and 17 May 2011.

On 1 February 2011, a wholly-owned subsidiary of the Company entered into a memorandum of understanding (the "MOU") relating to the possible acquisition of a company which owns a PRC company in Inner Mongolia, details of which are referred to the announcement dated 1 February 2011. The MOU has lapsed during the period under review.

Acquisition of manufacturing business

Since 2010, the Group has been actively looking for attractive merger and acquisition opportunities in order to extend its business reach and to improve the Group's financial performance. On 23 January 2011, the Company and one of its wholly-owned subsidiary entered into a conditional sale and purchase agreement (as amended and restated on 27 July 2011) with the four vendors including Yip Wai Lun, Alvin ("Mr. Yip") on the acquisition of the entire issued share capital/registered capital of Apex Solution Group Limited, Titron International Limited, Titron Industries Limited and its subsidiary, Titron Manufacturing Limited, Titron Precision Limited and its subsidiary and 東莞德越電子塑膠製品有限公司 (together, "Target Group"). With the historical profitable performance and the prospects of medical device manufacturing business of the Target Group, the Group shall be benefited in its income stream. Details are set out, inter alia, in the announcements dated 25 January 2011, 21 June 2011 and 27 July 2011 and the circular dated 12 August 2011. These transactions are subject to conditions, including shareholders' approval etc., details of which are referred to the circular dated 12 August 2011.

The Company shall continue to look for appropriate business opportunities to further enhance the business reach.

Capital reorganization, redemption of convertible bonds and rights issue

Another challenge for the Company during the period under review was to resolve the liquidity constraints of the Group so as to maintain the Group's existence as a going concern. As at 30 June 2011, the Group recorded a negative net liabilities amounted to HK$245.4 million. On 21 June 2011, it is announced that (i) the Company intended to put forward for approval by the shareholders of the Company the proposal of the capital reorganization; (ii) the Company, Ugent Holdings Limited and each of the convertible bondholders, on 20 June 2011, entered into the redemption agreements; and (iii) the Board proposed to do a rights issue in the proportion of eleven rights shares for every ten issued shares of the Company. Details are set out, inter alia, in the announcements dated 21 June 2011 and the circular dated 12 August 2011. These transactions are subject to conditions, including shareholders' approval etc., details of which are referred to the circular dated 12 August 2011. The Company believes these transactions shall resolve the liquidity issue of the Group.

FINANCIAL REVIEW

Capital and debt structure

As at 30 June 2011, the Group's net liabilities was approximately HK$245 million (31 December 2010: HK$132 million), representing approximately HK$113 million increase compared with that of 31 December 2010, mainly due to the loss for the period.

As at 30 June 2011, the Group's total bank and other borrowings plus finance lease obligations decreased by HK$7 million to HK$5 million (31 December 2010: HK$12 million), of which most of them were payable within one year. Most of the Group's borrowings were denominated in Hong Kong dollars and subject to floating interest rates. Hence the risk of currency exposure was minimal. The Group's total cash and bank balances amounted to approximately HK$6 million (31 December 2010: HK$38 million), representing a decrease of approximately HK$32 million.

The Group's net debt to (negative) equity ratio was at (0.8) (31 December 2010: (1.5)), which is determined by total bank and other borrowings, convertible bonds, obligations under finance leases over total net liabilities.

Working capital and liquidity

As at 30 June 2011, the Group's current ratio and quick ratio were 0.1 and 0.1 respectively (31 December 2010: 1.2 and 0.9). Inventory turnover on sales from continuing operations increased to 25 days (31 December 2010 (restated): 21 days) primarily due to the decrease in turnover during the period under review. Receivable turnover from continuing operations increased to 40 days in the period under review (31 December 2010 (restated): 39 days) which was maintained to similar level in previous year.

Contingent liabilities

The Group had no material contingent liability as at 30 June 2011.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2011, the number of employees of the Group was approximately 376. The remuneration packages of the Group's employees are mainly based on their performance and experience, taking into account the current industry practices. Remuneration package of employees includes salaries, insurance, mandatory provident fund and share option scheme. Other employee benefits include medical cover, housing allowance and discretionary bonuses.

GOING CONCERN

As at 30 June 2011, the Group recorded capital deficiency attributable to owners of the Company of approximately HK$245 million. The Group had incurred loss for the period amounting to HK$114 million. In face of the liquidity constraints presently encountered by the Group, the Directors have implemented measures to tighten cost controls over various distribution costs and administrative expenses and to improve the Group's cash flow position and operating results. In addition, the Directors are considering various alternatives to enlarge the capital base of the Company in order to provide additional funding to the Group. In the circumstances, the Directors consider that, when the above-mentioned measures are successfully implemented, the Group will have sufficient cash resources to satisfy its future working capital and other financing requirement and the Directors are of the view that it is appropriate to prepare the financial statements on a going concern basis.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") throughout the six months ended 30 June 2011, save for the following deviations:

CG Code Provision A.2.1

Under this code provision, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual.

Mr. Yip was the Chairman of the Board and the Managing Director of the Company (The Company regards the role of its managing director to be same as that of chief executive officer under the CG Code) during the six months ended 30 June 2011.

During the period under review, the Group has been confronted with various challenges in all fronts, including business development, operation efficiency and financial management. It is believed that during the transformation and rationalisation of the Group's business, it would be in the best interest of its shareholders that the role of the Chairman and the Managing Director of the Company be combined to enable a strong and delicated leadership to reposition the Company and implement effective measures to improve shareholders' value. In this light, the Company has maintained Mr. Yip as the Chairman and the Managing Director of the Company. The Company will review the current structure when and as it becomes appropriate.

CG Code Provision A.4.1

Under this code provision, the non-executive directors should be appointed for a specific term, subject to re-election.

All the independent non-executive Directors are not appointed for a specific term but are subject to retirement by rotation and re-election at least once every three years at the annual general meeting of the Company in accordance with the provisions of the Bye-laws of the Company, and their appointment will be reviewed when they are due for re-election.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 as its code of conduct regarding directors' securities transactions. Following specific enquiry by the Company, all Directors have confirmed that they have complied with the required standard as set out in the Model Code during the six months ended 30 June 2011.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, Mr. Leung Ka Kui, Johnny, Mr. Chan Kam Kwan, Jason and Mr. Lau Man Tak. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed financial reporting matters including the review of the unaudited interim results for the six months ended 30 June 2011.

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

During the six months ended 30 June 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CHANGES IN INFORMATION OF DIRECTORS PURSUANT TO LISTING RULES 13.51B(1)

There are no changes in the information of Directors since the date of the annual report of the Company for the year ended 31 December 2010 or subsequent to the announcement dated 23 May 2011 regarding the resignation of Mr. Zhou Yu Sheng and Mr. Ma Bo Ping as executive Directors.

By Order of the Board
Guojin Resources Holdings Limited
Yip Wai Lun, Alvin
Chairman

Hong Kong, 26 August 2011

As at the date of this announcement, Mr. Yip Wai Lun, Alvin, Ms. Lam Suk Ling, Shirley and Mr. Lee Cheuk Yin, Dannis are the Executive Directors and Mr. Leung Ka Kui, Johnny, Mr. Chan Kam Kwan, Jason and Mr. Lau Man Tak are the Independent Non-executive Directors.