

Interim Report **2011**
二零一一年中期報告



CNNC International Limited
中核國際有限公司

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)

Stock Code 股份代號 : 2302

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CORPORATE INFORMATION

公司資料

CNNC INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

BOARD OF DIRECTORS

Chairman and Non-Executive Director

Qiu Jiangang

Executive Directors

Han Ruiping

Xu Hongchao

Non-Executive Director

Chen Xinyang

Independent Non-Executive Directors

Cheong Ying Chew Henry

Cui Ligu

Zhang Lei

AUDIT COMMITTEE

Cheong Ying Chew Henry (*Chairman*)

Chen Xinyang

Cui Ligu

Zhang Lei

REMUNERATION COMMITTEE

Han Ruiping (*Chairman*)

Chen Xinyang

Cheong Ying Chew Henry

Cui Ligu

Zhang Lei

COMPANY SECRETARY

Li Philip Sau Yan

REGISTERED OFFICE

P.O. Box 309GT

Ugland House

South Church Street

Grand Cayman

Cayman Islands

中核國際有限公司*

(於開曼群島註冊成立之有限公司)

董事局

主席暨非執行董事

邱建剛

執行董事

韓瑞平

許紅超

非執行董事

陳新陽

獨立非執行董事

張英潮

崔利國

張雷

審核委員會

張英潮 (*主席*)

陳新陽

崔利國

張雷

薪酬委員會

韓瑞平 (*主席*)

陳新陽

張英潮

崔利國

張雷

公司秘書

李守仁

註冊辦事處

P.O. Box 309GT

Ugland House

South Church Street

Grand Cayman

Cayman Islands

* For identification purpose only

* 僅供識別

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China Resources Building
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Tel: (852) 2598 1010
Fax: (852) 2598 6262
Email: info@cncintl.com

SOLICITOR

Baker & McKenzie

AUDITOR

Deloitte Touche Tohmatsu

PRINCIPAL BANKERS

China Construction Bank Corporation
Industrial and Commercial Bank of China (Asia) Limited

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE (BRANCH REGISTRAR)

Computershare Hong Kong Investor Services Limited
46th Floor
Hopewell Centre, 183 Queen's Road East
Hong Kong

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE (REGISTRAR)

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street, George Town
Grand Cayman, KY1-1107
Cayman Islands

CORPORATE WEBSITE

www.cncintl.com

SHARE LISTING AND STOCK CODE

The Stock Exchange of Hong Kong Limited
Stock Code: 2302

總辦事處及主要營業地點

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華潤大廈
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律師

貝克•麥堅時律師事務所

核數師

德勤•關黃陳方會計師行

主要往來銀行

中國建設銀行股份有限公司
中國工商銀行(亞洲)有限公司

香港股份過戶登記處(分處)

香港中央證券登記有限公司
香港
皇后大道東183號合和中心
46樓

開曼群島股份過戶登記處(總處)

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street, George Town
Grand Cayman, KY1-1107
Cayman Islands

公司網站

www.cncintl.com

股份上市及股份代號

香港聯合交易所有限公司
股份代號：2302

MANAGEMENT DISCUSSION & ANALYSIS

管理層討論及分析

The Board of Directors (the “Board”) of CNNC International Limited (the “Company”) is pleased to report the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30th June, 2011 (the “Period”).

MARKET REVIEW

During the Period under review, the Group was principally engaged in (i) the manufacture and distribution of die casting parts; and (ii) the exploration and trading of mineral properties. On 7th May, 2011, the Company entered into an agreement with, amongst others, a purchaser, pursuant to which the Company agreed to sell and the purchaser agreed to purchase the entire interest in United Non-Ferrous (Overseas) Limited (“United Non-Ferrous”) (the “Disposal”) held by the Company. United Non-Ferrous and its subsidiaries (collectively the “Disposal Group”) hold the die-casting assets and business of the Group. The Disposal was completed on 29th July, 2011. The business outlook of the Disposal Group was overshadowed by the raw material prices hikes, domestic labour shortages and wages surges. The management considers that the Disposal represents a good opportunity for the Group to realize the Disposal Group, which has been incurring operating losses for the past years. The Disposal will enable the Group to better utilize and redeploy the Group’s resources to improve its balance sheet and liquidity position. Following completion of the Disposal, the Group will continue to engage in the exploration and trading of mineral properties.

BUSINESS REVIEW

Due to the Disposal, the comprehensive income statement for the Period was presented under the headings of continuing operations (the operations of the Group other than the Disposal Group, which consist of the exploration and trading of mineral properties business) and discontinued operations (the operations of the Disposal Group which consist of the die-casting business).

中核國際有限公司(「本公司」)董事局(「董事局」)欣然報告本公司及其附屬公司(統稱「本集團」)截至二零一一年六月三十日止六個月(「回顧期」)之未經審核簡明綜合業績。

市場概覽

於回顧期內，本集團主要從事(i)製造及分銷壓鑄零件；及(ii)勘探及經營礦產物業。於二零一一年五月七日，本公司與(其中包括)一個買家訂立協議，據此本公司同意出售及買家同意購買本公司於United Non-Ferrous (Overseas) Limited (「United Non-Ferrous」)之全部權益(「出售事項」)。United Non-Ferrous及其附屬公司(統稱「出售集團」)擁有本集團壓鑄業務資產及營運。出售事項於二零一一年七月二十九日完成。出售集團之業務展望受到原材價格劇漲、國內勞工短缺及工資急升而變得不明朗。管理層認為，出售事項乃本集團變現於持續錄得經營虧損之出售集團之理想機會。出售事項將讓本集團能更有效利用及重新調配本集團之資源，藉此改善其資產負債狀況及流動資金水平。完成出售事項後，本集團會繼續勘探及經營礦產物業。

業務回顧

由於回顧期內有出售事項，簡明綜合全面收益表將分為持續經營業務(集團業務除去出售集團業務，包括勘探及經營礦產物業)及已終止經營業務(出售集團業務，包括製造及分銷壓鑄零件)兩個標題描述。

CONTINUING OPERATIONS

Other income of the continuing operations increased by seven-fold to approximately HK\$4,497,000 (six months ended 30th June, 2010: approximately HK\$620,000) mainly due to the exchange gains from the appreciation of Renminbi deposits during the Period under review. There was a decrease of approximately of 31.7% to approximately HK\$10,162,000 (six months ended 30th June, 2010: approximately HK\$14,885,000) of administrative and other expenses of the continuing operations, due to the absence of the service fees of intermediaries and professionals in respect of the acquisition of uranium resources investment for the Period under review when compared to the corresponding period last year. Share of loss of an associate of approximately HK\$4,322,000 was related to the equity share of loss of Société des Mines d'Azelik S.A. ("SOMINA") through the acquisition of Ideal Mining Limited ("Ideal Mining") in March 2010 for the Period under review. The effective interest expenses on convertible notes for the Period under review increased by approximately 66.2% to approximately HK\$21,185,000 (for the six months ended 30th June, 2010: approximately HK\$12,749,000) as a result of the issuance of the HK\$414 million convertible notes on 25th March, 2010.

DISCONTINUED OPERATIONS

The operating results of the Group for the Period were primarily derived from the die casting business which was subsequently disposal on 29th July, 2011. The revenue of the Period under review decreased by approximately 2.1% to approximately HK\$78,763,000 (for the six months ended 30th June, 2010: approximately HK\$80,458,000) due to the slowdown of the economy of the United States of America and the expiration of one of the die casting projects for supplying automotive parts. The rise in material costs and the minimum labour wages in the PRC had pushed up the cost of sales which increased by approximately 4.4% to approximately HK\$73,954,000 (for the six months ended 30th June, 2010: approximately HK\$70,837,000). Selling and distribution costs decreased by approximately 48.5% to approximately HK\$1,527,000 (for the six months ended 30th June, 2010: approximately HK\$2,963,000) due to the savings in distribution costs resulted by the slowdown of export sales. The administrative and other expenses of the discontinued operations for the Period under review decreased by approximately 1.3% to approximately HK\$8,816,000 (six months ended 30th June, 2010: approximately 8,930,000) which remained in line with the corresponding period last year.

持續經營業務

於回顧期內，持續經營業務之其他收入，錄得七倍增長至約港幣4,497,000元(二零一零年六月三十日止六個月：約港幣620,000元)，主要受惠於本集團人民幣存款價值升值之匯兌收益。持續經營業務之行政及其他開支下降約31.7%至約港幣10,162,000元(二零一零年六月三十日止六個月：約港幣14,885,000元)，主要是對比去年同期，於回顧期內沒有收購鈾礦業投資的中介及專業人員服務費用。於回顧期內，一家聯營公司應佔虧損約港幣4,322,000港元乃涉及由本集團於二零一零年三月收購理想礦業有限公司(「理想礦業」)而得到Société des Mines d'Azelik S.A. (「SOMINA」)的應佔權益虧損。可換股票據實際利息開支於回顧期內上升約66.2%至約港幣21,185,000元(二零一零年六月三十日止六個月：約港幣12,749,000元)是由於二零一零年三月二十五日發行港幣414,000,000元之可換股票據所致。

終止經營業務

於回顧期內，本集團經營業績主要來源於二零一一年七月二十九日出售的壓鑄業務。由於美國的經濟緩慢，及一個提供汽車零件的項目到期，於回顧期的營業額下降約2.1%至約港幣78,763,000元(二零一零年六月三十日止六個月：約港幣80,458,000元)。原材價格上漲及國內最低工資增加強銷售成本推上約4.4%至約港幣73,954,000元(二零一零年六月三十日止六個月：約港幣70,837,000元)。由於出口產品放緩，銷售及分銷開支比去年同期下跌約48.5%至約港幣1,527,000元(二零一零年六月三十日止六個月：約港幣2,963,000元)。回顧期內終止經營業務之行政及其他開支下降約1.3%至約港幣8,816,000元(二零一零年六月三十日止六個月：約港幣8,930,000元)與去年相約。

MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)

管理層討論及分析(續)

COMPREHENSIVE EXPENSE FOR THE PERIOD

Summing up the combined effects of the foregoing, loss after taxation for the Period amounted to approximately HK\$34,898,000 (six months ended 30th June, 2010: loss of approximately HK\$28,305,000). After taken into account of the exchange differences arising on translation of foreign currencies, the total comprehensive expenses for the Period amounted to approximately HK\$33,626,000 (for the six months ended 30th June, 2010: approximately HK\$27,831,000).

FUTURE STRATEGY AND OUTLOOK

Following completion of the Disposal, the Group will continue to engage in the exploration and trading of mineral properties. The two existing uranium projects, one in Mongolia and the other one with 37.2% ownership in Niger, held by the Group are in their initial stages, through which the continuing operations are destined to endow shareholders with substantial returns upon maturity. The Group will also continue to engage in its uranium product trading business which was commenced in 2010. The Group will look for opportunities and invest in overseas uranium resources business to serve the needs of the PRC's nuclear power development by identifying more suitable uranium projects of premier quality and in developing towards the directions of uranium product processing and nuclear energy compliant industries.

HUMAN RESOURCES MANAGEMENT

As at 30th June, 2011, the Group employed approximately 1,380 fulltime employees. The Group's remuneration package is determined with reference to the experience and qualifications of the individual's performance. The Group also ensures that all employees are provided with adequate training and continued professional opportunities according to their needs.

LIQUIDITY AND FINANCIAL RESOURCES

The Group recorded a net cash inflow of approximately HK\$31,951,000 during the Period, which was mainly due to the deposits received for disposal of assets and repayment from shareholders, resulting in cash-on-hand and bank balances of approximately HK\$339,202,000 as at 30th June, 2011.

During the Period, the Group still held the uranium products purchased in 2010 for the continued operations. Debtors' turnover days for the discontinued operations increased from 80 days as at 31st December, 2010 to 89 days as at 30th June, 2011.

期內全面開支

總結以上各項原因，回顧期內稅後虧損約港幣34,898,000元(二零一零年六月三十日止六個月：虧損約港幣28,305,000元)。計入換算呈報貨幣產生之匯兌差額後，期內全面開支約港幣33,626,000元(二零一零年六月三十日止六個月：約港幣27,831,000元)。

未來策略及展望

完成出售事項後，本集團將繼續從事礦產物業之勘探及經營。本集團持有之兩個現有鈾項目(一個位於蒙古及另一個擁有37.2%權益則位於尼日爾)均處於其初步階段，透過有關項目，持續經營業務最終可令股東於項目成熟時獲取優厚回報。本集團將繼續從事於二零一零年開始經營之鈾產品貿易業務。本集團將尋覓機會及投資於海外鈾資源業務，透過尋找更多具備高端質素之頂級鈾項目，以及朝著鈾產品加工及核能配套產業之方向發展，藉此滿足中國之核能發展需要。

人力資源管理

於二零一一年六月三十日，本集團僱用約1,380名全職員工。本集團之薪酬方案乃參考個別員工之經驗、資歷及表現而定。本集團亦確保全體員工獲提供足夠培訓以及符合個別需要之持續專業機會。

流動資金及財務資源

於回顧期內，本集團錄得現金流入淨額約為港幣31,951,000元，主要收到擬出售物業的訂金及股東應收款項，令於二零一一年六月三十日之手頭現金及銀行結餘約達港幣339,202,000元。

於回顧期內，本集團之持續經營業務仍持有二零一零年購入的鈾產品存貨。終止經營業務之應收賬款收款期由二零一零年十二月三十一日之80天增加至二零一一年六月三十日之89天。

LIQUIDITY AND FINANCIAL RESOURCES (continued)

The Group's financial position remained healthy. The gearing ratio, which is represented by the ratio of total debts to total assets, amounted to 0.38 as at 30th June, 2011 (as at 31st December, 2010: 0.35).

The working capital of the Group was generally financed by internally generated cash flows from its operation and existing banking facilities. As at 30th June, 2011, the Group's cash-on-hand and bank balances for the continuing operations amounted to approximately HK\$283,415,000 (as at 31st December, 2010: approximately HK\$306,797,000 for both continuing and discontinued operations) and unsecured bank loans which was associated with the discontinued operations and due within one year amounted to approximately HK\$16,000,000 (as at 31st December, 2010: approximately HK\$16,000,000). The Group's net current assets and current liabilities amounted to approximately HK\$616,283,000 (as at 31st December, 2010: approximately HK\$574,625,000) and approximately HK\$178,459,000 (as at 31st December, 2010: approximately HK\$149,188,000) respectively as at 30th June, 2011.

Total shareholders' funds decreased from approximately HK\$950,839,000 as at 31st December, 2010 to approximately HK\$917,213,000 as at 30th June, 2011, as a result of the recognised loss incurred for the Period.

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Apart from the disposal of the 100% equity interest in United Non-Ferrous of the Company which was completed on 29th July, 2011, there were no material acquisitions and disposals of subsidiaries and associated companies for the Period.

EXPOSURE TO FOREIGN EXCHANGE RISK

The Group's income, expenditure of raw materials, manufacturing, investment and borrowings are mainly denominated in USD, HKD, Mongolian Tugrik and RMB. Fluctuations of the exchange rates of Mongolian Tugrik and RMB against foreign currencies could affect the operating costs of the Group. Currencies other than Mongolian Tugrik and RMB were relatively stable during the Period, the Group did not expose to significant foreign exchange risk. The Group currently does not have a foreign currency hedging policy. However, management will continue to monitor foreign exchange exposure and will take prudence measure to minimize the currency translation risk. The Group will consider hedging significant foreign currency exposure should the need arise.

流動資金及財務資源(續)

本集團之財務狀況維持穩健，於二零一一年六月三十日，資產負債比率(按負債總額相對資產總值計算)為0.38(二零一零年十二月三十一日：0.35)。

本集團之營運資金一般以經營業務產生之現金流量及現有銀行信貸撥付。於二零一一年六月三十日，本集團持續經營業務之手頭現金及銀行結餘約為港幣283,415,000元(二零一零年十二月三十一日：持續經營業務及已終止經營業務共為港幣306,797,000元)，而於一年內到期償還與終止經營業務相關之無抵押銀行貸款約為港幣16,000,000元(二零一零年十二月三十一日：約港幣16,000,000元)。於二零一一年六月三十日，本集團之流動資產淨值及流動負債額分別約為港幣616,283,000元(二零一零年十二月三十一日：約港幣574,625,000元)及約港幣178,459,000元(二零一零年十二月三十一日：約港幣149,188,000元)。

本公司擁有人總金額由二零一零年十二月三十一日之約港幣950,839,000元減至二零一一年六月三十日之約港幣917,213,000元，主要是扣除回顧期內虧損所致。

收購及出售附屬公司及聯營公司

除了出售本公司於United Non-Ferrous之全部權益，出售於二零一一年七月二十九日完成，於回顧期內，本集團並無任何重大附屬公司及聯營公司收購或出售。

外匯風險承擔

本集團之收入、原材料開支、製造、投資及借貸主要以美元、港幣、蒙古圖格裡克及人民幣列值。蒙古圖格裡克及人民幣兌外幣匯率波動對本集團經營成本可構成影響。蒙古圖格裡克及人民幣以外之貨幣於期內相對穩定，本集團並無面對重大外匯風險。本集團現時並無外幣對沖政策。然而，管理層將繼續監察外匯風險，並採取審慎措施減低匯兌風險。本集團將於必要時考慮就重大外匯風險進行對沖。

MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)

管理層討論及分析(續)

CAPITAL STRUCTURE

There has been no significant change in the capital structure of the Group since 31st December, 2010.

CHARGE ON ASSETS

Apart from the 37.2% of the share capital in SOMINA held by Ideal Mining pledged to a bank for banking facilities granted to SOMINA, there was no charge on the Group's assets during the Period (six months ended 30th June, 2010: apart from the shares in SOMINA, Nil).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th June, 2011, none of the directors and chief executives of the Company, or any of their associates, had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained 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 Companies.

DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Period was the Company or any of its subsidiaries a party to any arrangements to enable the directors and chief executives 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 neither the directors nor the chief executives had any right to subscribe for the securities of the Company, or had exercised any such right.

SHARE OPTIONS

The Company's share option scheme (the "Scheme") was adopted for a period of ten years commencing from 11th December, 2002 pursuant to a written resolution of all shareholders passed on 11th December, 2002. Particulars of the Scheme have been summarized in the 2010 Annual Report of the Company. Up to the date of approval of this interim report, no options have been granted under the Scheme.

本結構

本集團之資本結構自二零一零年十二月三十一日以來並無重大變動。

資產抵押

除了抵押予銀行以取得授予SOMINA之銀行信貸而由理想礦業持有SOMINA之37.2%股本外，於回顧期內，本集團並無抵押任何資產(截至二零一零年六月三十日止六個月：除了SOMINA之股本，無)。

董事及主要行政人員於股份、相關股份及債券之權益

於二零一一年六月三十日，本公司董事及主要行政人員或彼等任何聯繫人士概無於本公司及其相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部分)之股份、相關股份及債券中，擁有本公司根據證券及期貨條例第352條規定存置之登記冊所記錄之權益及淡倉，或根據上市公司董事進行證券交易的標準守則已知會本公司及香港聯合交易所有限公司(「聯交所」)。

董事及主要行政人員購入股份或債券之權利

於回顧期內任何時間，本公司或其任何附屬公司並無參與任何安排，導致本公司董事及主要行政人員可藉著購入本公司或任何其他法人團體之股份或債券而獲取利益，而各董事或主要行政人員並無擁有可認購本公司證券之權利，亦無曾經行使任何上述權利。

購股權

根據全體股東於二零零二年十二月十一日通過的書面決議案，本公司所採納的購股權計劃(「該計劃」)，由二零零二年十二月十一日起計為期十年。該計劃詳情摘要載於本公司二零一零年年報內。截至批准本中期報告日期止，概無根據該計劃授出任何購股權。

SUBSTANTIAL SHAREHOLDERS

At 30th June, 2011, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO shows that, the following persons had notified the Company and the Stock Exchange of relevant interests and short positions in the issued share capital of the Company under the SFO.

Long positions

Ordinary shares of HK\$0.01 each of the Company

Name of shareholder 股東姓名	Capacity 身份	Number of issued ordinary shares held 所持已發行 普通股數目	Percentage of the issued share capital of the Company 佔本公司已 發行股本百分比
CNNC Overseas Uranium Holding Limited 中核海外鈾業控股有限公司	Corporate interest 公司權益	266,372,273	62.07%
China Uranium Corporation Limited 中國國核海外鈾業有限公司	Corporate interest 公司權益	266,372,273	62.07%
China National Nuclear Corporation 中國核工業集團公司	Corporate interest 公司權益	266,372,273	62.07%
Edmond de Rothschild Asset Management Edmond de Rothschild Asset Management	Corporate interest 公司權益	22,177,000	5.17%
Edmond de Rothschild Asset Management Hong Kong Limited Edmond de Rothschild Asset Management Hong Kong Limited	Corporate interest 公司權益	22,177,000	5.17%

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30th June, 2011.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period (six months ended 30th June, 2010: Nil).

主要股東

於二零一一年六月三十日，按照本公司根據證券及期貨條例第336條規定存置之主要股東登記冊所記錄，以下人士已根據證券及期貨條例知會本公司及聯交所彼等在本公司已發行股本中擁有之相關權益及淡倉。

好倉

本公司每股面值港幣0.01元之普通股

Name of shareholder 股東姓名	Capacity 身份	Number of issued ordinary shares held 所持已發行 普通股數目	Percentage of the issued share capital of the Company 佔本公司已 發行股本百分比
CNNC Overseas Uranium Holding Limited 中核海外鈾業控股有限公司	Corporate interest 公司權益	266,372,273	62.07%
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Edmond de Rothschild Asset Management Edmond de Rothschild Asset Management	Corporate interest 公司權益	22,177,000	5.17%
Edmond de Rothschild Asset Management Hong Kong Limited Edmond de Rothschild Asset Management Hong Kong Limited	Corporate interest 公司權益	22,177,000	5.17%

除上文披露者外，於二零一一年六月三十日，本公司並不知悉於本公司已發行股本中有任何其他相關權益或淡倉。

中期股息

董事局不建議就回顧期內派發中期股息(截至二零一零年六月三十日止六個月：無)。

MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)

管理層討論及分析(續)

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

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions laid down in the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules. The Company has received confirmation from all directors that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company throughout the Period.

AUDIT COMMITTEE

An Audit Committee has been established by the Company for the purpose of reviewing and providing supervision on the financial reporting process and internal control of the Group. The Audit Committee comprises three independent non-executive directors namely, Mr. Cheong Ying Chew Henry, Mr. Cui Liguang and Mr. Zhang Lei, and one non-executive director namely Mr. Chen Xinyang. Mr. Cheong Ying Chew Henry is the Chairman of the Audit Committee. The Group's interim report for the Period as well as the accounting principles and practices have been reviewed by the Audit Committee and the independent auditor, Deloitte Touche Tohmatsu.

購買、出售或贖回本公司上市證券

於回顧期內，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

企業管治常規守則

本公司於回顧期內一直遵守聯交所證券上市規則(「上市規則」)附錄14所載企業管治常規守則(「企業管治守則」)所訂守則條文。

董事進行證券交易的標準守則

本公司已就董事進行證券交易採納一套不寬鬆於上市規則附錄10所載上市公司董事進行證券交易的標準守則(「標準守則」)所規定標準的操守準則。全體董事已向本公司確認已於回顧期內一直遵守標準守則及本公司就董事進行證券交易所採納的操守準則所載之標準規定。

審核委員會

本公司已成立審核委員會，負責審閱及監管本集團的財務報告程序及內部監控。審核委員會由三名獨立非執行董事張英潮先生、崔利國先生及張雷先生及一名非執行董事陳新陽先生組成。張英潮先生為審核委員會主席。本集團於回顧期內的中期報告連同會計準則及處理方法已經過審核委員會及獨立核數師德勤•關黃陳方會計師行審閱。

REMUNERATION COMMITTEE

In accordance with the requirements of the CG Code, a Remuneration Committee has been established by the Company to consider the remuneration of directors of the Company and senior management of the Group. The Remuneration Committee comprises three independent non-executive directors namely Mr. Cheong Ying Chew Henry, Mr. Cui Ligu and Mr. Zhang Lei, one executive director namely Mr. Han Ruiping and one non-executive director namely Mr. Chen Xinyang. Mr. Han Ruiping is the Chairman of the Remuneration Committee.

APPRECIATION

The Board would like to take this opportunity to thank our shareholders, the management and our staff members for their dedication and support.

On behalf of the Board
CNNC International Limited
Chairman
Qiu Jiangang

Hong Kong, 30th August, 2011

薪酬委員會

本公司已根據企業管治守則的規定成立薪酬委員會，以釐定本公司董事及本集團高級管理層之酬金。薪酬委員會由三名獨立非執行董事張英潮先生、崔利國先生及張雷先生先生，一名執行董事韓瑞平先生以及一名非執行董事陳新陽先生組成，韓瑞平先生為薪酬委員會主席。

致謝

董事局謹藉此機會向股東、管理人員及全體員工之不懈努力及鼎力支持表示謝意。

代表董事局
中核國際有限公司
主席
邱建剛

香港，二零一一年八月三十日

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

中期財務資料審閱報告

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF CNNC INTERNATIONAL LIMITED
(incorporated in the Cayman Islands with limited liability)

致中核國際有限公司董事局
(於開曼群島註冊成立之有限公司)

INTRODUCTION

We have reviewed the interim financial information set out on pages 14 to 40, which comprises the condensed consolidated statement of financial position of CNNC International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30th June, 2011 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

引言

本核數師(以下簡稱「我們」)已審閱列載於第14至40頁的中期財務資料，此中期財務資料包括中核國際有限公司(「貴公司」)及其附屬公司於二零一一年六月三十日之簡明綜合財務狀況表與截至該日止六個月期間之相關簡明綜合全面收益表，資本變動表及現金流量表，以及若干解析附注。香港聯合交易所有限公司主板證券上市規則規定，就中期財務資料編製之報告必須符合聯交所有關條文以及香港會計師公會頒佈之香港會計準則第34號「中期財務報表」(「香港會計準則第34號」)之要求。貴公司董事須負責根據香港會計準則第34號編製及呈列該中期財務資料。我們之責任是根據我們之審閱對該中期財務資料作出結論，並按照委聘之協定條款僅向整體董事局報告，除此之外本報告並無其他目的。我們不會就本報告之內容向任何其他人士負上或承擔任何責任。

審閱範圍

我們已根據香港會計師公會頒佈之香港審閱委聘準則第2410號「由實體之獨立核數師執行中期財務資料審閱」進行審閱。中期財務資料審閱工作包括主要向負責財務及會計事務之人員作出查詢，並應用分析性和其他審閱程式。審閱之範圍遠較根據香港核數準則進行審計之範圍為小，故不能令我們保證我們將知悉在審核中可能發現之所有重大事項。因此，我們不會發表審核意見。

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
30th August, 2011

結論

按照我們之審閱，我們並無發現任何事項，令我們相信中期財務資料在各重大方面未有根據香港會計準則第34號編製。

德勤•關黃陳方會計師行
執業會計師

香港
二零一一年八月三十日

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

簡明綜合全面收益表

For the six months ended 30th June, 2011
截至二零一一年六月三十日止六個月

		Six months ended 30th June, 截至六月三十日止六個月	
		2011 二零一一年 HK\$'000 港幣千元 (unaudited) (未經審核)	2010 二零一零年 HK\$'000 港幣千元 (unaudited) (未經審核) (restated) (經重列)
		NOTES 附註	
Continuing operations	持續經營業務		
Revenue	收入	3	—
Other income, gains and losses	其他收入、收益及虧損		620
Administrative and other expenses	行政及其他開支		(14,885)
Share of loss of an associate	應佔聯營公司之虧損		—
Effective interest expenses on convertible notes	可換股票據實際利息開支		(12,749)
			(10,162)
			(4,322)
			(21,185)
Loss before taxation	除稅前虧損	4	(27,014)
Taxation credit	所得稅抵免	5	602
Loss for the period from continuing operations	持續經營業務期內虧損		(29,103)
Discontinued operations	已終止經營業務		
Loss for the period from discontinued operations	已終止經營業務期內虧損	6	(1,893)
Loss for the period	期內虧損		(34,898)
Other comprehensive income	其他全面收入		
Exchange differences arising on translation to presentation currency	換算呈報貨幣產生之匯兌差額		474
Total comprehensive expense for the period	期內全面開支總額		(33,626)
Loss per share	每股虧損		
From continuing and discontinued operations	由持續經營業務及已終止經營業務		
— Basic and diluted	— 基本及攤薄	8	(HK6.6 cents 港仙)
			(HK8.1 cents 港仙)
From continuing operations	由持續經營業務		
— Basic and diluted	— 基本及攤薄	8	(HK6.2 cents 港仙)
			(HK6.8 cents 港仙)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

簡明綜合財務狀況表

At 30th June, 2011

於二零一一年六月三十日

		NOTES 附註	30th June, 2011 於二零一一年 六月三十日 HK\$'000 港幣千元 (unaudited) (未經審核)	31st December, 2010 於二零一零年 十二月三十一日 HK\$'000 港幣千元 (audited) (經審核)
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	9	40,798	107,855
Exploration and evaluation assets	勘探及評估資產	10	186,463	184,598
Interest in an associate	於聯營公司之權益	11	450,820	455,142
Deposits paid on acquisition of property, plant and equipment	收購物業、廠房及設備已付之訂金		—	875
			678,081	748,470
Current assets	流動資產			
Inventories	存貨		278,684	309,232
Trade and other receivables and prepayments	應收貿易賬款及其他應收款項以及預付款項	12	5,219	44,778
Amounts due from shareholders	應收股東款項	13	—	30,748
Investments held for trading	持作買賣投資		—	367
Bank balances and cash	銀行結餘及現金		283,415	306,797
			567,318	691,922
Assets classified as held for sale	持作出售資產	6	227,424	31,891
			794,742	723,813
Current liabilities	流動負債			
Trade and other payables and accruals	應付貿易賬款及其他應付款項以及應計欠款	14	2,261	33,669
Taxation payable	應付稅項		—	181
Convertible notes	可換股票據	15	103,371	99,338
Unsecured bank loan	無抵押銀行貸款		—	16,000
			105,632	149,188
Liabilities associated with assets classified as held for sale	持作出售資產之負債	6	72,827	—
			178,459	149,188
Net current assets	流動資產淨值		616,283	574,625
Total assets less current liabilities	總資產減流動負債		1,294,364	1,323,095
Non-current liabilities	非流動負債			
Convertible notes	可換股票據	15	372,783	365,819
Deferred tax liabilities	遞延稅項負債		4,368	6,437
			377,151	372,256
Net assets	資產淨值		917,213	950,839
Capital and reserves	股本及儲備			
Share capital	股本		4,292	4,292
Reserves	儲備		912,921	946,547
Equity attributable to owners of the Company	本公司擁有人應佔權益		917,213	950,839

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

簡明綜合資本變動表

For the six months ended 30th June, 2011

截至二零一一年六月三十日止六個月

		Share capital	Share premium	Capital reserve	Non-distributable reserve	Merger reserve	General reserve fund	Convertible notes equity reserve	Translation reserve	Accumulated profits (loss)	Total
		股本	股份溢價	資本儲備	不可分派儲備	合併儲備	一般儲備基金	可換股票據股本儲備	匯兌儲備	累計溢利(虧損)	合共
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
					(note i) (附註i)	(note ii) (附註ii)	(note iii) (附註iii)				
At 1st January, 2010 (audited)	於二零一零年一月一日 (經審核)	4,292	742,835	—	16,584	127	7,206	20,370	7,229	58,952	857,595
Loss for the period	期內虧損	—	—	—	—	—	—	—	—	(28,305)	(28,305)
Exchange difference arising on translation to presentation currency	換算呈報貨幣產生之匯兌差額	—	—	—	—	—	—	—	474	—	474
Total comprehensive income (expense) for the period	期內全面收入(開支)總額	—	—	—	—	—	—	—	474	(28,305)	(27,831)
Deemed contribution from equity participants arising on acquisition of a subsidiary (note 16)	因收購附屬公司所產生的股權擁有人被視為之貢獻(附註16)	—	—	50,723	—	—	—	—	—	—	50,723
Recognition of equity component of a convertible note	確認可換股票據股本部分	—	—	—	—	—	—	72,619	—	—	72,619
Deferred tax liability on recognition of equity component of a convertible note	確認可換股票據股本部分所產生的遞延稅項	—	—	—	—	—	—	(11,983)	—	—	(11,983)
At 30th June, 2010 (unaudited)	於二零一零年六月三十日 (未經審核)	4,292	742,835	50,723	16,584	127	7,206	81,006	7,703	30,647	941,123
Loss for the period	期內虧損	—	—	—	—	—	—	—	—	(26,774)	(26,774)
Exchange difference arising on translation to presentation currency	換算呈報貨幣產生之匯兌差額	—	—	—	—	—	—	—	5,742	—	5,742
Total comprehensive income (expense) for the period	期內全面收入(開支)總額	—	—	—	—	—	—	—	5,742	(26,774)	(21,032)
Deemed contribution from equity participants in respect of the shortfall of the guaranteed net assets value of certain subsidiaries (note 13)	關於該子公司之保證資產淨值的差額所產生股權擁有人被視為的貢獻(附註13)	—	—	30,748	—	—	—	—	—	—	30,748
At 31st December, 2010 (audited)	於二零一零年十二月三十一日 (經審核)	4,292	742,835	81,471	16,584	127	7,206	81,006	13,445	3,873	950,839
Loss for the period	期內虧損	—	—	—	—	—	—	—	—	(34,898)	(34,898)
Exchange difference arising on translation to presentation currency	換算呈報貨幣產生之匯兌差額	—	—	—	—	—	—	—	1,272	—	1,272
Total comprehensive income (expense) for the period	期內全面收入(開支)總額	—	—	—	—	—	—	—	1,272	(34,898)	(33,626)
At 30th June, 2011 (unaudited)	於二零一一年六月三十日 (未經審核)	4,292	742,835	81,471	16,584	127	7,206	81,006	14,717	(31,025)	917,213

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

簡明綜合資本變動表(續)

For the six months ended 30th June, 2011
截至二零一一年六月三十日止六個月

Notes:

- (i) The non-distributable reserve represents the aggregate amount of the share premium of the subsidiaries as at the time of a group reorganisation effected on 13th December, 2002 (the "Group Reorganisation").
- (ii) The merger reserve represents the difference between the aggregate nominal amount of the share capital of the subsidiaries and the nominal amount of the Company's shares issued in exchange thereof pursuant to the Group Reorganisation.
- (iii) As stipulated by the relevant laws and regulations in the People's Republic of China (the "PRC"), subsidiaries established in the PRC (the "PRC subsidiaries") are required to maintain a general reserve fund which is non-distributable. Appropriations to this reserve fund are made out of profit for the year of the PRC subsidiaries' PRC statutory financial statements which are prepared in accordance with the accounting principles generally accepted in the PRC. The amount and allocation basis are decided by the board of directors of the PRC subsidiaries annually and is not less than 10% of the profit for the year of the PRC subsidiaries for that year. The general reserve fund can be used for expanding the capital base of the PRC subsidiaries by means of capitalisation issue.

附註:

- (i) 不可分派儲備指於二零零二年十二月十三日進行集團重組(「集團重組」)時附屬公司之股份溢價總額。
- (ii) 合併儲備為根據集團重組收購附屬公司股本面值總額與本公司就換取有關股本所發行股份面值間之差額。
- (iii) 根據中華人民共和國(「中國」)有關法律及規例規定，在中國成立的附屬公司(「中國附屬公司」)須設立一般儲備基金，而該等儲備基金乃不可分派。該儲備基金乃撥付自中國附屬公司遵照中國公認會計原則所編製中國法定財務報表之年內溢利。分配數額及分配基準由中國附屬公司之董事局每年釐定，惟該數額不可少於中國附屬公司於該年度之年內溢利10%。一般儲備基金可用於透過資本化發行擴大中國附屬公司之資本基礎。

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

簡明綜合現金流量表

For the six months ended 30th June, 2011

截至二零一一年六月三十日止六個月

		Six months ended 30th June, 截至六月三十日止六個月	
		2011 二零一一年 HK\$'000 港幣千元 (unaudited) (未經審核)	2010 二零一零年 HK\$'000 港幣千元 (unaudited) (未經審核)
Net cash used in operating activities	用作經營業務之現金淨額	(30,825)	(10,487)
Net cash from (used in) investing activities:	來自(用作)投資活動之現金淨額:		
Deposits received for disposal of assets classified as held for sale	持作出售物業已收訂金	39,731	—
Purchase of property, plant and equipment	購買物業、廠房及設備	(1,259)	(3,338)
Other investing cash flows	其他投資現金流量	3,798	(3,491)
		42,270	(6,829)
Net cash from (used in) financing activities:	來自(用作)融資活動之現金淨額:		
Interest paid	利息支出	(10,242)	(748)
Repayment from shareholders	收回股東款項	30,748	—
		20,506	(748)
Net increase/(decrease) in cash and cash equivalents	現金及現金等價物增加/(減少)淨額	31,951	(18,064)
Cash and cash equivalents at 1st January	一月一日之現金及現金等價物	306,797	607,626
Effect of foreign exchange rate changes	外匯匯率變動之影響	454	(2)
Cash and cash equivalents at 30th June	六月三十日之現金及現金等價物	339,202	589,560
Represented by:	代表:		
Bank balances and cash	銀行結餘及現金	283,415	589,560
Bank balances and cash classified as assets held for sale	持作出售物業之銀行結餘及現金	55,787	—
		339,202	589,560

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30th June, 2011

截至二零一一年六月三十日止六個月

1. BASIS OF PREPARATION

The condensed consolidated financial statements 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 Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computations used in these condensed consolidated financial statements are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2010.

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

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

HKAS 24 Related Party Disclosures (as revised in 2009)

The Group has applied HKAS 24 "Related Party Disclosures" (as revised in 2009) in full for the first time in the current period.

1. 編製基準

簡明綜合財務報表已根據香港聯合交易所有限公司證券上市規則附錄16之適用披露規定及香港會計師公會頒佈之香港會計準則第34號「中期財務報告」編製。

2. 主要會計政策

除若干金融工具按公平值計量外，簡明綜合財務報表乃按歷史成本基準編製。

簡明綜合財務報表所採用之會計政策及計算方法與編製本集團截至二零一零年十二月三十一日止年度之年度財務報表所採納者一致。

在本中期期間，本集團首次應用以下由香港會計師公會頒佈之新訂或經修訂準則及詮釋（「新訂或經修訂香港財務報告準則」）：

香港財務報告準則（修訂本）	二零一零年頒佈之香港財務報告準則之改進
香港會計準則第24號（二零零九年經修訂）	有關連人士披露
香港會計準則第32號（修訂本）	供股分類
香港（國際財務報告詮釋委員會）— 詮釋第14號（修訂本）	最低資金規定之預付款項
香港（國際財務報告詮釋委員會）— 詮釋第19號	以股本工具清償金融負債

香港會計準則第24號有關連人士披露（二零零九年經修訂）

本集團於本期間首次全面應用香港會計準則第24號「有關連人士披露」（二零零九年經修訂）。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

簡明綜合財務報表附註(續)

For the six months ended 30th June, 2011
截至二零一一年六月三十日止六個月

2. PRINCIPAL ACCOUNTING POLICIES (continued)

*HKAS 24 Related Party Disclosures (as revised in 2009)
(continued)*

The Group is a government-related entity as defined in HKAS 24 (as revised in 2009). HKAS 24 (as revised in 2009) provides a partial exemption from the disclosure requirements for government-related entities whilst the previous version of HKAS 24 did not contain specific exemption for government-related entities. Under HKAS 24 (as revised in 2009), the Group has been exempted from making the disclosures required by paragraph 18 of HKAS 24 (as revised in 2009) in relation to related party transactions and outstanding balances (including commitments) with (a) the government that has control, joint control or significant influence over the Group, and (b) other entities that are controlled, jointly controlled or significantly influenced by the same government. Rather, in respect of these transactions and balances, HKAS 24 (as revised in 2009) requires the Group to disclose (a) the nature and amount of each individually significant transaction, and (b) a qualitative or quantitative indication of the extent of transactions that are collectively, but not individually, significant.

HKAS 24 (as revised in 2009) requires retrospective application. The application of HKAS 24 (as revised in 2009) has had no effect on the amounts recognised or recorded in the condensed consolidated financial statements for the current and prior periods. However, the related party disclosures set out in note 20 have been modified to reflect the application of HKAS 24 (as revised in 2009).

Except as described above, the application of these new or revised HKFRSs has had no material effect on the condensed consolidated financial statements of the Group for the current or prior periods.

2. 主要會計政策(續)

*香港會計準則第24號有關連人士披露
(二零零九年經修訂)(續)*

本集團為香港會計準則第24號(二零零九年經修訂)所界定之政府相關實體。香港會計準則第24號(二零零九年經修訂)向政府相關實體在披露要求方面給予部份豁免，而香港會計準則第24號先前之版本並無載列涉及政府相關實體之特定豁免。根據香港會計準則第24號(二零零九年經修訂)，本集團已獲豁免按照香港會計準則第24號(二零零九年經修訂)第18段之規定對有關(a)對本集團有控制權、共同控制權或重大影響力之政府，及(b)受同一政府控制、共同控制或受該政府重大影響之其他實體所進行有關連人士交易及尚未支付結餘(包括承諾)作出披露。取而代之，就該等交易及結餘而言，香港會計準則第24號(二零零九年經修訂)要求本集團披露(a)各個別重大交易之性質及金額，及(b)整體(而非個別)重大交易之定性或定量指標水平。

香港會計準則第24號(二零零九年經修訂)須追溯應用。應用香港會計準則第24號(二零零九年經修訂)對於本期間及過往期間之簡明綜合財務報表內確認或記錄之金額並無影響。然而，已對附註20所載列之有關連人士披露作出修改，以反映應用香港會計準則第24號(二零零九年經修訂)。

除上述者外，應用該等新訂或經修訂香港財務報告準則對本集團本期間或過往期間之簡明綜合財務報表並無重大影響。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

簡明綜合財務報表附註(續)

For the six months ended 30th June, 2011
截至二零一一年六月三十日止六個月

2. PRINCIPAL ACCOUNTING POLICIES (continued)

The Group has not early applied new or revised standards that have been issued but are not yet effective. The following new or revised standards have been issued after the date the consolidated financial statements for the year ended 31st December, 2010 were authorised for issuance and are not yet effective:

HKFRS 10	Consolidated Financial Statements ¹
HKFRS 11	Joint Arrangements ¹
HKFRS 12	Disclosure of Interests in Other Entities ¹
HKFRS 13	Fair Value Measurement ¹
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income ²
HKAS 19 (as revised in 2011)	Employee Benefits ¹
HKAS 27 (as revised in 2011)	Separate Financial Statements ¹
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ¹

¹ Effective for annual periods beginning on or after 1st January, 2013

² Effective for annual periods beginning on or after 1st July, 2012

2. 主要會計政策(續)

本集團並無提早應用已頒佈但尚未生效之新訂或經修訂準則及詮釋。以下新訂或經修訂準則及詮釋於獲授權發出截至二零一零年十二月三十一日止年度之綜合財務報表當日後頒佈但尚未生效：

香港財務報告準則第10號	綜合財務報表 ¹
香港財務報告準則第11號	共同安排 ¹
香港財務報告準則第12號	披露於其他實體之權益 ¹
香港財務報告準則第13號	公平值計量 ¹
香港會計準則第1號(修訂本)	呈列其他全面收入項目 ²
香港會計準則第19號(二零一一年經修訂)	僱員福利 ¹
香港會計準則第27號(二零一一年經修訂)	獨立財務報表 ¹
香港會計準則第28號(二零一一年經修訂)	於聯營公司及合營公司之投資 ¹

¹ 自二零一三年一月一日或之後開始之年度期間生效

² 自二零一二年七月一日或之後開始之年度

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

簡明綜合財務報表附註(續)

For the six months ended 30th June, 2011
截至二零一一年六月三十日止六個月

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Except for HKAS1 (Amendments) and HKAS 19 (as revised in 2011), the new or revised standards on consolidation, joint arrangements and disclosures were issued by the HKICPA in June 2011 and are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these new or revised standards are applied early at the same time. The directors of the Company anticipate that these new or revised standards will be applied in the Group's consolidated financial statements for financial year ending 31 December 2013 and the potential impact is described below.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements. Under HKFRS 10, there is only one basis for consolidation, that is control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires a lot of judgment.

2. 主要會計政策(續)

除香港會計準則第1號(修訂本)及香港會計準則第19號(二零一一年經修訂)外，香港會計師公會於二零一一年六月頒佈有關合併、共同安排及披露資料之新訂或經修訂準則，並於二零一三年一月一日或之後開始之年度期間生效。有關新訂或經修訂準則可提前應用，惟所有此等新訂或經修訂準則須於同一時間提前應用。本公司董事預計，此等新訂或經修訂準則將於截至二零一三年十二月三十一日止財政年度之本集團綜合財務報表應用，而潛在影響說明如下。

香港財務報告準則第10號取代香港會計準則第27號「綜合及獨立財務報表」處理綜合財務報表之部份。根據香港財務報告準則第10號，只有一項合併基準，即控制權。此外，香港財務報告準則第10號收錄一項控制權之新定義，其中包括三項元素：(a) 對被投資公司之能力，(b) 於其參與被投資公司所得之浮動回報之風險或權利，及(c) 將其權力運用於被投資公司之能力，從而影響投資者回報之數額。香港財務報告準則第10號已加入大量指引，以應付複雜情況。整體而言，應用香港財務報告準則第10號需要作出大量判斷。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

HKFRS 11 replaces HKAS 31 "Interests in Joint Ventures". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, there are two types of joint arrangements: joint ventures and joint operations. The classification in HKFRS 11 is based on parties' rights and obligations under the arrangements. In contrast, under HKAS 31, there are three different types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting. The application of HKFRS 11 might result in changes in the classification of the Group's joint arrangements and their accounting treatments. Specifically, the Group's jointly controlled entities that are currently accounted for using proportionate consolidation may have to be accounted for using the equity method of accounting.

Other than disclosed above, the directors of the Company anticipate that the application of these new or revised standards will have no material impact on the results and the financial position of the Group.

2. 主要會計政策(續)

香港財務報告準則第11號取代香港會計準則第31號「於合營公司之權益」。香港財務報告準則第11號處理兩名或以上訂約方擁有共同控制權之共同安排應如何分類。根據香港財務報告準則第11號，共有兩類共同安排：合營公司及共同經營。香港財務報告準則第11號之分類乃根據有關安排之訂約方權利及責任而定。反之，根據香港會計準則第31號，共有三類不同類型之共同安排：共同控制實體、共同控制資產及共同控制經營。

此外，香港財務報告準則第11號項下之合營公司須採用權益會計法入賬，而香港會計準則第31號項下之共同控制實體可採用權益會計法或按比例會計法入賬。應用香港財務報告準則第11號可能導致改變對本集團共同安排之分類及其會計處理方式。尤其目前本集團以按比例會計法入賬之共同控制實體或需要採用權益會計法入賬。

除上述者外，本公司董事預期應用該等新訂或經修訂準則及詮釋將不會對本集團業績及財務狀況構成重大影響。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

簡明綜合財務報表附註(續)

For the six months ended 30th June, 2011
截至二零一一年六月三十日止六個月

3. SEGMENT INFORMATION

Information reported to the Group's executive directors, being the chief operating decision maker, for the purposes of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided. Previously, the Group's operating and reportable segments under HKFRS 8 were as follows:

- Exploration and trading of mineral properties — exploration and trading of uranium and coal;
- Manufacture and distribution of die casting parts — manufacture and distribution of aluminium, zinc and magnesium die casting parts

As described in more detail in note 6, the Group discontinued a reportable and operating segment regarding the manufacture and distribution of die casting parts during the period. Accordingly, the segment information regarding its continuing operations reported below does not include the amounts for the manufacture and distribution of die casting parts. The comparative figures related to discontinued operations have been re-presented.

The following is an analysis for the Group's revenue and results regarding the sole reportable and operating segment, i.e. the exploration and trading of mineral properties, for the current and prior periods:

3. 分部資料

就進行資源分配及分部表現評估而向主要營運決策人(即本集團執行董事)呈報之資料,主要集中在本集團之產品或提供的服務。以往,本集團根據香港財務報告準則第8號之營運及匯報分部如下:

- 勘探及經營礦產物業 — 勘探及經營鈾及煤;
- 製造及分銷壓鑄部件 — 製造及分銷鋁、鋅及鎂壓鑄部件

誠如附註6之詳細描述,本集團期內終止有關製造及分銷壓鑄部件之營運及匯報分部。因此分部資料關於持續經營業務報告如下亦不包括製造及分銷壓鑄部份數據。有關已終止經營業務之比較數字已重新呈列。

本集團收益及業績於回顧期間及前期只有勘探及經營礦產物業營運分部之分析如下:

Six months ended 30th June, 截至六月三十日止六個月

		2011 二零一一年 HK\$'000 港幣千元 (unaudited) (未經審核)	2010 二零一零年 HK\$'000 港幣千元 (unaudited) (未經審核)
Segment revenue	分部收入	—	—
Segment loss	分部虧損	(1,576)	(4,716)
Share of loss of an associate	應佔聯營公司之虧損	(4,322)	—
Interest income	利息收入	1,030	51
Central administration costs	中央行政成本	(5,119)	(9,600)
Effective interest expenses on convertible notes	可換股票據實際利息開支	(21,185)	(12,749)
Loss before taxation (continuing operations)	除稅前虧損(持續經營業務)	(31,172)	(27,014)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

簡明綜合財務報表附註(續)

For the six months ended 30th June, 2011
截至二零一一年六月三十日止六個月

3. SEGMENT INFORMATION (continued)

During the period, the Group has not yet commenced trading of its mineral properties.

Segment loss represents the loss incurred by the segment excluding share of loss of an associate, interest income, central administration costs and effective interest expenses on convertible notes.

4. LOSS BEFORE TAXATION

3. 分部資料(續)

回顧期內，本集團尚未開始經營其礦產物業。

分部虧損指分部產生之虧損，不包括應佔聯營公司之虧損、利息收入、中央行政成本及可換股票據實際利息開支之分配。

4. 除稅前虧損

Six months ended 30th June,
截至六月三十日止六個月

		2011 二零一一年 HK\$'000 港幣千元 (unaudited) (未經審核)	2010 二零一零年 HK\$'000 港幣千元 (unaudited) (未經審核) (restated) (經重列)
Loss before taxation from continuing operations has been arrived at after charging (crediting):	由持續經營業務產生除稅前虧損經扣除(計入)下列項目:		
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	324	61
Loss on disposal of property, plant and equipment	出售物業、廠房及設備之虧損	37	6
Net exchange (gains) losses	匯兌(收益)虧損淨值	(3,467)	241
Interest income	利息收入	(1,030)	(51)

5. TAXATION CREDIT

5. 所得稅抵免

Six months ended 30th June,
截至六月三十日止六個月

		2011 二零一一年 HK\$'000 港幣千元 (unaudited) (未經審核)	2010 二零一零年 HK\$'000 港幣千元 (unaudited) (未經審核) (restated) (經重列)
Continuing operations	持續經營業務		
Deferred taxation credit	遞延稅抵免	2,069	602

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

簡明綜合財務報表附註(續)

For the six months ended 30th June, 2011
截至二零一一年六月三十日止六個月

5. TAXATION CREDIT (continued)

The taxation credit represents deferred taxation arising from the temporary difference on convertible notes during both periods.

No provision for Hong Kong Profits Tax and income tax in other jurisdictions has been made in the condensed consolidated financial statements as the Group has no assessable profits for both periods.

6. DISCONTINUED OPERATIONS/DISPOSAL GROUP HELD FOR SALE

On 7th May, 2011, the Company entered into a conditional sale agreement to dispose of its 100% equity interest in United Non-Ferrous (Overseas) Limited ("United Non-Ferrous") together with its subsidiaries (collectively referred to as the "Disposal Group") at a consideration of HK\$159,000,000. The Disposal Group carried out all of the Group's manufacture and distribution of die casting parts, which are classified as discontinued operations. Details of the transaction are set out in the Company's circular dated 15th June, 2011.

The assets and liabilities attributable to the Disposal Group which are expected to be sold within the next twelve months are classified as a disposal group held for sale and are separately presented in the condensed consolidated statement of financial position at 30th June, 2011.

Subsequently, on 29th July, 2011, the disposal was completed. The sale proceeds exceed the net carrying amounts of the relevant assets and liabilities and, accordingly, no impairment loss has been recognised. The directors of the Company expect that a gain on disposal of the Disposal Group would be recognised in the condensed consolidated statement of comprehensive income at the effective date of disposal. However, the financial effect cannot be reliably estimated up to the date of the issuance of this report.

5. 所得稅抵免(續)

所得稅抵免為兩個期內遞延稅從可換股票據暫時差額中產生。

由於本集團於兩個期間並無應課稅溢利，故於財務報表並無作出香港及其他法區利得稅撥備。

6. 已終止經營業務／持作出售之出售集團

於二零一一年五月七日，本公司訂立一份有條件出售協議，以出售本公司於 United Non-Ferrous (Overseas) Limited (「United Non-Ferrous」) 連同其附屬公司(統稱「出售集團」)之100%股本權益，代價為港幣159,000,000元。出售集團負責進行本集團之所有壓鑄部件製造及分銷業務(分類為已終止經營業務)。有關交易詳情載於本公司日期為二零一一年六月十五日之通函內。

預期將於未來十二個月內出售之歸屬於出售集團之資產及負債，獲分類為持作出售之出售集團，並於二零一一年六月三十日之簡明綜合財務狀況表內獨立呈列。

該出售事項隨後於二零一一年七月二十九日完成。預期出售所得款項將超過相關資產及負債之賬面淨值，因此並無確認減值虧損。本公司董事預期，出售出售集團所得收益將於該出售事項生效當日在簡明綜合全面收益表內確認。然而，直至本報告刊發當日，財務影響仍未能被可靠估計。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

簡明綜合財務報表附註(續)

For the six months ended 30th June, 2011
截至二零一一年六月三十日止六個月

6. DISCONTINUED OPERATIONS/DISPOSAL GROUP HELD FOR SALE (continued)

The results of the discontinued operations for the current and prior periods are analysed as follows:

6. 已終止經營業務／持作出售之出售集團(續)

已終止經營業務於本回顧期間及過往期間之業績分析如下：

Six months ended 30th June,
截至六月三十日止六個月

		2011 二零一一年 HK\$'000 港幣千元 (unaudited) (未經審核)	2010 二零一零年 HK\$'000 港幣千元 (unaudited) (未經審核) (restated) (經重列)
Revenue	收益	78,763	80,458
Cost of sales	銷售成本	(73,954)	(70,837)
Other income, gains and losses	其他收入、收益及虧損	274	579
Selling and distribution costs	銷售及分銷成本	(1,527)	(2,963)
Administrative and other expenses	行政及其他開支	(8,816)	(8,930)
Interest on unsecured bank loans wholly repayable within one year	須於一年內悉數償還之無抵押銀行貸款利息	(54)	(44)
Loss before taxation	除稅前虧損	(5,314)	(1,737)
Taxation (Note)	稅項(附註)	(481)	(156)
Loss for the period	期內虧損	(5,795)	(1,893)

Note: Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

附註：根據中華人民共和國企業所得稅法（「企業所得稅法」）及企業所得稅法的實施條例，中國附屬公司的稅率為25%。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

簡明綜合財務報表附註(續)

For the six months ended 30th June, 2011
截至二零一一年六月三十日止六個月

6. DISCONTINUED OPERATIONS/DISPOSAL GROUP HELD FOR SALE (continued)

Loss before taxation from discontinued operations has been arrived at after charging (crediting):

6. 已終止經營業務／持作出售之出售集團(續)

已終止經營業務之除稅前虧損已扣除(計入)下列各項：

Six months ended 30th June,
截至六月三十日止六個月

		2011 二零一一年 HK\$'000 港幣千元 (unaudited) (未經審核)	2010 二零一零年 HK\$'000 港幣千元 (unaudited) (未經審核) (restated) (經重列)
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	5,813	7,833
Loss on disposal of property, plant and equipment	出售物業、廠房及設備之虧損	166	—
Release of prepaid lease payments	撥回預付租賃款項	—	66
Change in fair value of investments held for trading	持作買賣投資之公平值變動	4	44
Net exchange (gains) losses	匯兌(收益)虧損淨額	(131)	43
Interest income	利息收入	(143)	(9)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

簡明綜合財務報表附註(續)

For the six months ended 30th June, 2011
截至二零一一年六月三十日止六個月

6. DISCONTINUED OPERATIONS/DISPOSAL GROUP HELD FOR SALE (continued)

6. 已終止經營業務／持作出售之出售集團(續)

The major classes of assets and liabilities of the Disposed Group as at 30th June, 2011 are as follows:

於二零一一年六月三十日，出售集團資產及負債之主要分類如下：

		HK\$'000 港幣千元
Property, plant and equipment (Note)	物業、廠房及設備(附註)	84,897
Prepaid lease payment (Note)	預付租賃款項(附註)	5,888
Deposits paid on acquisition of property, plant and equipment	收購物業、廠房及設備之已付訂金	516
Inventories	存貨	29,347
Trade and other receivables and prepayments (note 12)	應收貿易賬款及其他應收款項 以及預付款項(附註12)	50,626
Investments held for trading	持作買賣投資	363
Bank balances and cash	銀行結餘及現金	55,787
Total assets classified as held for sale	分類為持作出售之資產總值	227,424
Trade and other payables and accruals (note 14)	應付貿易賬款及其他應付款項 以及應計欠款(附註14)	17,073
Deposits received (Note)	已收訂金(附註)	39,731
Taxation payable	應付稅項	23
Unsecured bank loan	無抵押銀行貸款	16,000
Total liabilities associated with assets classified as held for sale	與分類為持作出售資產相關之 負債總額	72,827

Note: In October 2010, the directors of the Company planned to dispose of certain prepaid lease payment together with the construction works thereon. The Group committed to this selling plan and actively sought a buyer. In January 2011, a subsidiary of the Disposal Group entered into a sales agreement with a third party to dispose of certain prepaid lease payment together with the construction works thereon at a consideration of RMB52,150,000 (equivalent to approximately HK\$62,790,000). As at 30th June, 2011, the carrying amounts of certain prepaid lease payment and construction in progress amounting to approximately HK\$5,888,000 and approximately HK\$26,003,000 (same as the carrying amounts as at 31st December, 2010), respectively, were known to be recovered through sale which is expected to be completed within the next twelve months by the subsidiary of the Disposal Group.

In addition, deposits of RMB 33,000,000 (equivalent to approximately HK\$39,731,000) in connection with the disposal of such prepaid lease payment and construction in progress were received by the Group during the period. The amounts were included in current liabilities of the Disposal Group as at 30th June, 2011.

附註：於二零一零年十月，本公司董事計劃出售有關預付租賃連同該預付租賃產業上之建造工程。本集團致力實踐此出售計劃並積極尋求買家。於二零一一年一月，出售集團之一家附屬公司與第三方訂立出售協議，出售有關預付租賃連同該預付租賃產業上之建造工程，代價為人民幣52,150,000元(約等於港幣62,790,000元)。有關預付租賃款項及在建工程之賬面值分別為約港幣5,888,000元及約港幣26,003,000元(與二零一零年十二月三十一日賬面值相同)將可透過出售收回，而該出售預期將於未來十二個月內由出售集團之附屬公司完成。

此外，本集團已於回顧期間內收取與出售有關預付租賃及在建工程相關之訂金人民幣33,000,000元(約等於港幣39,731,000元)。該款項已計入出售集團於二零一一年六月三十日之流動負債內。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

簡明綜合財務報表附註(續)

For the six months ended 30th June, 2011
截至二零一一年六月三十日止六個月

7. DIVIDENDS

No dividends were paid, declared or proposed during the current and prior period. The directors do not recommend the payment of an interim dividend.

8. LOSS PER SHARE

From continuing and discontinued operations

The calculation of basic and diluted loss per share attributable to the owners of the Company is based on the following data:

7. 股息

於兩個期間沒有支付，宣派或建議派發股息。董事不推薦派發中期股息。

8. 每股虧損

來自持續及已終止經營業務

本公司擁有人應佔每股基本及攤薄虧損乃根據下列數據計算：

		Six months ended 30th June, 截至六月三十日止六個月	
		2011 二零一一年 HK\$'000 港幣千元 (unaudited) (未經審核)	2010 二零一零年 HK\$'000 港幣千元 (unaudited) (未經審核)
Loss for the period attributable to owners of the Company	本公司擁有人應佔 期內虧損	(34,898)	(28,305)
		Six months ended 30th June, 截至六月三十日止六個月	
		2011 二零一一年	2010 二零一零年
Number of ordinary shares for the purposes of basic and diluted loss per share	計算每股基本及攤薄 虧損之普通股數目	429,168,308	429,168,308

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

簡明綜合財務報表附註(續)

For the six months ended 30th June, 2011
截至二零一一年六月三十日止六個月

8. LOSS PER SHARE (continued)

From continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to the owners of the Company is based on the following data:

8. 每股虧損(續)

來自持續經營業務

本公司來自持續經營業務的擁有人應佔每股基本及攤薄虧損乃根據下列數據計算：

		Six months ended 30th June, 截至六月三十日止六個月	
		2011 二零一一年 HK\$'000 港幣千元 (unaudited) (未經審核)	2010 二零一零年 HK\$'000 港幣千元 (unaudited) (未經審核)
Losses figures are calculated as follows:	虧損數字計算如下：		
Loss for the period attributable to owners of the Company	本公司擁有人應佔期內虧損	(34,898)	(28,305)
Less: Loss for the period from discontinued operations	減：來自已終止經營業務之期內虧損	5,795	1,893
Loss for the purpose of calculating basic and diluted loss per share from continuing operations	計算來自持續經營業務之每股基本及攤薄虧損之虧損	(29,103)	(26,412)

The denominators used are the same as those detailed above for both basic and diluted loss per share.

所使用之分母與上述每股基本及攤薄虧損所採用者相同。

From discontinued operations

Basic and diluted loss per share from discontinued operations is approximately HK1.4 cents per share (six months ended 30th June, 2010: approximately HK0.4 cents per share), based on the loss for the period from discontinued operations of approximately HK\$5,795,000 (six months ended 30th June, 2010: approximately HK\$1,893,000) and the denominators detailed above for both basic and diluted loss per share.

來自已終止經營業務

按來自已終止經營業務之期內虧損約港幣5,795,000元(截至二零一零年六月三十日止六個月：約港幣1,893,000元)及上述每股基本及攤薄虧損所採用之分母計算，來自已終止經營業務之每股基本及攤薄虧損為每股約1.4港仙(截至二零一零年六月三十日止六個月：每股約0.4港仙)。

The computation of diluted loss per share for both periods does not assume the conversion of the Company's convertible notes as the conversion of convertible notes would result in a decrease in loss per share.

由於兌換可換股票據可導致每股虧損減少，故計算該兩段期間之每股攤薄虧損時並無假設兌換本公司之可換股票據。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

簡明綜合財務報表附註(續)

For the six months ended 30th June, 2011
截至二零一一年六月三十日止六個月

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$1,618,000 (six months ended 30th June, 2010: approximately HK\$3,338,000) on acquisition of property, plant and equipment. The Group also transferred property, plant and equipment with a carrying amount of approximately HK\$58,894,000 to assets classified as held for sale (note 6).

10. EXPLORATION AND EVALUATION ASSETS

The exploration and evaluation assets mainly comprise uranium exploration licenses held by certain of the Company's subsidiaries registered in Mongolia.

On 15th August, 2009, the Mongolian's Law on Nuclear Energy and Mongolia's Law on Implementing Procedures of the Law on Nuclear Energy (collectively referred to as the "New Laws") came into force. Under the New Laws, the People of Mongolia (the "Mongolia State") has the right to take ownership without payment of either not less than 51% of the shares of the Group's Mongolia subsidiaries if the Mongolia State's funding was used to determine resource during exploration, or not less than 34% if the Mongolia State's funding was not used to determine the resource during exploration.

Based on management's discussions with the relevant Mongolian authorities and the advice from its Mongolian legal advisers, following the re-registration of the uranium exploration licenses, the license holders will have the right to apply for mining licenses to mine or extract the resources identified in the relevant areas covered by the exploration licenses once consensus is reached between the Group and the relevant Mongolian authorities in respect of the implementation of various provisions under the New Laws.

In 2010, the directors of the Company commenced negotiations with the relevant Mongolian authorities in respect of the implementation of various provisions under the New Laws. Although the outcome cannot be reasonably determined, the directors of the Company, after taking into consideration of the previous negotiation with the Mongolia authorities, recent legal advice and the discounted cash flow analysis, are confident that the Group's interest in the exploration and evaluation assets will not be materially affected.

9. 物業、廠房及設備變動

於回顧期內，本集團動用約港幣1,618,000元(截至二零一零年六月三十日止六個月：約港幣3,338,000元)購置物業、廠房及設備。本集團將賬面值約港幣58,894,000元之物業、廠房及設備轉撥至分類為持作出售資產(附註6)。

10. 勘探及評估資產

勘探及評估資產主要為本公司之附屬公司於蒙古註冊之鈾勘探許可證。

於二零零九年八月十五日，蒙古的核能法例及蒙古有關核能法例實施程序的法例(統稱「新法例」)均已生效。根據新法例，蒙古國民(「蒙古國」)有權取得不少於本集團蒙古附屬公司51%之股份(倘於勘探過程中動用蒙古國資金發掘資源)；或不少於該等34%之股份(倘於勘探過程中並無動用蒙古國資金發掘資源)，而毋須付款。

根據管理層與有關蒙古當局之討論及其蒙古法律顧問之意見，當本集團與有關蒙古當局就實施新法例下多項條文達成共識後，隨著重新登記鈾勘探許可證後，許可證持有人將有權申請開採許可證，藉以開採及擷取其勘探許可證所涵蓋之相關地區內所識別之資源。

於二零一零年，本公司董事與有關蒙古當局就實施新法例下多項條文正在進行磋商。雖然結果未能合理地確定，但本公司董事經考慮之前與蒙古有關當局磋商，近期法律意見及貼現現金流量分析後，深信本集團於勘探及評估資產之權益將不會受到重大影響。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

簡明綜合財務報表附註(續)

For the six months ended 30th June, 2011
截至二零一一年六月三十日止六個月

11. INTEREST IN AN ASSOCIATE

In March 2010, the Group acquired a 37.2% equity interest in Société des Mines d'Azelik S.A. ("SOMINA") through the acquisition of 100% equity interest in a subsidiary, Ideal Mining Limited ("Ideal Mining").

Details of the acquisition and particulars of the associate are set out in note 16.

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

The Group allows an average credit period ranging from 30 to 90 days to its trade customers. The following is an analysis of trade receivables by age, presented based on the invoice date (net of allowance for doubtful debts):

11. 於聯營公司之權益

於二零一零年三月，本集團透過收購一間附屬公司名為理想礦業有限公司(「理想礦業」)的全部權益，以收購 Société des Mines d'Azelik S.A. ("SOMINA")37.2%的權益。

收購詳情及聯營公司資料載於附註16。

12. 應收貿易賬款及其他應收款項以及預付款項

本集團一般給予其貿易客戶30日至90日的信貸期。於報告期終根據發票日期為基準呈列之應收貿易賬款(扣除呆賬撥備)之賬齡分析如下：

		30th June, 2011 於二零一一年 六月三十日 HK\$'000 港幣千元 (unaudited) (未經審核)	31st December, 2010 於二零一零年 十二月三十一日 HK\$'000 港幣千元 (audited) (經審核)
Trade receivables	應收貿易賬款		
0 to 30 days	0日至30日	32,096	15,671
31 to 60 days	31日至60日	2,113	11,616
61 to 90 days	61日至90日	913	7,044
91 to 120 days	91日至120日	374	1,326
Over 120 days	超過120日	2,718	1,277
		38,214	36,934
Deposit paid	已付訂金	2,753	2,689
Other receivables	其他應收	7,660	3,170
Prepayments	預付款項	7,218	1,985
		55,845	44,778
Less: Trade and other receivables and prepayments included in assets classified as held for sale (note 6)	減：應收貿易賬款及其他應收款項以及預付款項包括在持作出售資產(附註6)	(50,626)	—
		5,219	44,778

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

簡明綜合財務報表附註(續)

For the six months ended 30th June, 2011
截至二零一一年六月三十日止六個月

13. AMOUNT DUE FROM SHAREHOLDERS

In prior year, Mr. Tsang Chiu Wai ("Mr. Tsang") and Mr. Kong Cheuk Luen Trevor ("Mr. Kong"), former substantial shareholders of the Company and senior managers of United Non-Ferrous, a then subsidiary of the Company, entered into (i) an agreement with CNNC Overseas Uranium Holdings Limited ("CNNC Overseas") in the purchase and sale of the Company's equity interests; and (ii) an agreement incident to the purchase and sale agreement with the Company for guaranteeing the audited consolidated net asset value of the Company's major operating subsidiaries in manufacture and distribution of die casting parts segment, including United Non-Ferrous and its subsidiaries, of not less than the sum of HK\$189,674,000 (the "Guaranteed Sum") as at 3rd December, 2010. If the actual amount was less than the Guaranteed Sum as at 3rd December, 2010, each of Mr. Tsang and Mr. Kong agreed to pay to the Company half of such shortfall. On that day, the amount based on the audited accounts fell short of the Guaranteed Sum by approximately HK\$30,748,000. Therefore, Mr. Tsang and Mr. Kong were liable to pay the shortfall to the Company. Such shortfall was initially recorded as amounts due from shareholders, with the corresponding amount being credited directly to the capital reserve in the equity as deemed contribution from equity participants.

The amounts were unsecured, interest-free and were fully repaid during the period.

13. 應收股東款項

於前年度，本公司前主要股東及本公司子公司United Non-Ferrous高級經理曾昭偉先生(「曾先生」)及江爵煖先生(「江先生」)(i)與本公司之直接控股公司中核海外鈾業控股有限公司(「中核海外」)就買賣本公司股份權益訂立一份協議；及(ii)就涉及本公司之買賣協議而訂立之安排，保證本公司於製造及分銷壓鑄部件分部之主要營運附屬公司(包括United Non-Ferrous及其附屬公司)於二零一零年十二月三日之經審核綜合資產淨值不少於總額189,674,000港元(「保證總額」)。倘於二零一零年十二月三日之實際數額少於保證總額，則曾先生及江先生同意每人向本公司支付該不足數額之一半。於當日，根據經審核賬目計算之數額較保證總額不足之數約為30,748,000港元。因此，曾先生及江先生有責任向本公司支付不足之數額。因此，有關數額乃本來分類為應收股東款項。相應數額已直接計入權益內之資本儲備，視作權益參與者之注資。

有關數額為無抵押、免息及該等數額於回顧期內全數收回。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

簡明綜合財務報表附註(續)

For the six months ended 30th June, 2011
截至二零一一年六月三十日止六個月

14. TRADE AND OTHER PAYABLES AND ACCRUALS

The following is an analysis of trade payables by age, presented based on the invoice date:

14. 應付貿易賬款及其他應付款項以及應計欠款

於報告期終根據發票日期為基準呈列之應付貿易賬款之賬齡分析如下：

		30th June, 2011	31st December, 2010
		於二零一一年 六月三十日	於二零一零年 十二月三十一日
		HK\$'000	HK\$'000
		港幣千元	港幣千元
		(unaudited)	(audited)
		(未經審核)	(經審核)
Trade payables	應付貿易賬款		
0 to 30 days	0日至30日	9,693	4,103
31 to 60 days	31日至60日	42	2,464
61 to 90 days	61日至90日	48	542
91 to 120 days	91日至120日	68	22
Over 120 days	超過120日	197	174
		10,048	7,305
Accruals	應計欠款	4,279	13,574
Deposits received	已收訂金	3,142	2,823
Other payables	其他應付款項	1,865	9,967
		19,334	33,669
Less: Trade and other payables and accruals included in liabilities associated with assets classified as held for sale (note 6)	減：應付貿易賬款及其他應付款項以及應計欠款屬於持作出售資產之負債(附註6)	(17,073)	—
		2,261	33,669

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

簡明綜合財務報表附註(續)

For the six months ended 30th June, 2011
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15. CONVERTIBLE NOTES

On 5th November, 2008, the Company issued a 2% unsecured convertible note to its immediate holding company, CNNC Overseas, with a principal amount of US\$13,702,000 ("CN 2008"). The fixed note interest of US\$68,512 will be settled quarterly. CN 2008 entitles CNNC Overseas to convert it, in whole or in part of the principal amount, into ordinary shares of the Company at any time prior to seven business days preceding the maturity date on 4th November, 2011, at the conversion price of US\$0.23 per share, subject to anti-dilutive adjustments. If CN 2008 has not been converted, it will be redeemed at par on 4th November, 2011. The effective interest rate of the liability components of CN 2008 is 11.58%.

On 25th March, 2010, the Company issued another 2% unsecured convertible note to CNNC Overseas with a principal amount of US\$53,281,853 ("CN 2010") in connection with the acquisition of Ideal Mining as set out in note 16. Pursuant to the subscription agreement of CN 2010, the note interest is accrued on daily basis and will be payable on the maturity date. During the current period, the Company has voluntarily settled, on a discretionary basis, all the contractual interest accrued up to 30th June, 2011, CN 2010 will cease to bear interest from the conversion date or from the redemption date. CN 2010 entitles CNNC Overseas to convert it, in whole or in part of the principal amount, into ordinary shares of the Company at any time prior to seven business days preceding the maturity date on 24th March, 2013, at the conversion price of HK\$9.50 per share, subject to anti-dilutive adjustments. The number of shares to be issued upon conversion is determined by dividing the principal amount of CN 2010 to be converted (translated into HK\$ at a fixed rate of HK\$7.77 to US\$1.00) by the conversion price of HK\$9.50, subject to anti-dilutive adjustments. If CN 2010 has not been converted, it will be redeemed at par on 24th March, 2013. At initial recognition, the fair value of CN 2010 is estimated to be approximately HK\$413,356,000, including the liability component of approximately HK\$340,737,000 at an effective interest rate of 8.80% and the conversion option amounting to approximately HK\$72,619,000 was credited to convertible notes equity reserve by reference to a valuation carried out on that date by Greater China Appraisal Limited.

15. 可換股票據

於二零零八年十一月五日，本公司向其直接控股公司中核海外發行本金額13,702,000美元的2%無抵押可換股票據(「CN2008」)。固定票息68,512美元將每季清償。在反攤薄調整規限下，中核海外持有之CN2008可於二零一一年十一月四日到期日前七個營業日以前任何時間按換股價每股0.23美元將本金額全數或部份轉換為本公司之普通股。倘CN2008未予以兌換，則將於二零一一年十一月四日按面值予以贖回。可換股票據負債部份之實際利率為11.58%。

於二零一零年三月二十五日，本公司再向中核海外發行本金額53,281,853美元的2%無抵押可換股票據(「CN2010」)以收購載於附註16的理想礦業。票據利息按日累計，並將於到期日償還。於本期間內，本公司已酌情自願償付截至二零一一年六月三十日之所有合約應計利息，CN2010將由兌換日期或贖回日期起不再計息。在反攤薄調整規限下，中核海外持有之CN2010可於二零一三年三月二十四日到期日前七個營業日以前任何時間按換股價每股港幣9.50元將本金額全數或部份轉換為本公司之普通股。在反攤薄調整規限下，可換股份數量是取決於要轉換CN2010本金除以港幣9.50元之換股價(以固定匯率港幣7.77元對1.00美元折算)。倘CN2010未予以兌換，則將於二零一三年三月二十四日按面值予以贖回。在初始確認時，CN2010之公平值被評估約為港幣413,356,000元，包括約港幣340,737,000元的負債部份及其實際利率為8.80%，及根據漢華有限公司當天的評估，價值約港幣72,619,000元可換股權已計入可換股票據股本儲備。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

簡明綜合財務報表附註(續)

For the six months ended 30th June, 2011
截至二零一一年六月三十日止六個月

15. CONVERTIBLE NOTES (continued)

The movement of the liability component of CN 2008 and CN 2010 is set out as below:

		CN 2008	CN 2010	Total
		HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元
At 1st January, 2010	於二零一零年一月一日	90,279	—	90,279
Issued during the year	於期內發行	—	340,737	340,737
Interest charged	利息支出	11,183	25,082	36,265
Interest paid	已付利息	(2,124)	—	(2,124)
At 31st December, 2010	於二零一零年十二月三十一日	99,338	365,819	465,157
Interest charged	利息支出	5,086	16,099	21,185
Interest paid	已付利息	(1,053)	(9,135)	(10,188)
At 30th June, 2011	於二零一一年六月三十日	103,371	372,783	476,154

15. 可換股票據(續)

CN2008及CN2010負債部份之變動如下:

16. ACQUISITION OF A SUBSIDIARY

On 23rd January, 2010, a directly wholly-owned subsidiary of the Company and CNNC Overseas entered into a sale and purchase agreement pursuant to which CNNC Overseas agreed to sell its entire 100% equity interest in Ideal Mining, an investment holding company incorporated in the British Virgin Islands, to the Group at a consideration to be satisfied through issuance of CN 2010 to CNNC Overseas with a principal amount of US\$53,281,853. The principal asset of Ideal Mining is a 37.2% equity interest in SOMINA, a company incorporated in the Republic of Niger with limited liability, which is the registered holder of the mining licence for a uranium mine located in the Agadez region of the Tchirozérine department of the Republic of Niger. Details of the transaction are set out in the Company's circular dated 4th March, 2010.

Ideal Mining is an investment holding company and SOMINA has not commenced commercial production of the mine. The Group acquired Ideal Mining from CNNC Overseas at a consideration which is about 90% of the fair value of the net assets acquired. The difference between the fair value of the consideration paid and the fair value of net assets acquired was deemed as capital contribution from CNNC Overseas, which was credited directly to the capital reserve in the equity. The transaction was completed on 25th March, 2010.

16. 收購附屬公司

於二零一零年一月二十三日，公司的一間直接全資附屬公司與中核海外訂立買賣協議，據此，中核海外同意將理想礦業，一間在英屬維爾京群島註冊成立的投資控股公司，全部已發行股本出售給公司的一間直接全資附屬公司，代價以公司發行給中核海外本金53,281,853美元的CN2010。理想礦業主要資產是在SOMINA，一間在尼日爾共和國註冊成立的有限公司，37.2%的權益，其是位於尼日爾共和國Tchirozerine省Agadez地區一個鈾礦開採許可證的登記持有人。有關交易詳情載於本公司在二零一零年三月四日刊發之通函內。

理想礦業是一間投資控股公司，並且SOMINA未開始礦的商業生產。本集團以約90%淨資產公平值的代價從中核海外購買理想礦業。收購代價的公平值與收購資產的公平值之間的差額被視為中核海外的資本貢獻，直接地計入資本儲備。交易於二零一零年三月二十五日完成。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

簡明綜合財務報表附註(續)

For the six months ended 30th June, 2011
截至二零一一年六月三十日止六個月

16. ACQUISITION OF A SUBSIDIARY (continued) 16. 收購附屬公司(續)

		HK\$'000 港幣千元
<hr/>		
Consideration transferred at fair value	轉讓代價公平值	
Issuance of CN 2010	發行CN2010	413,356
<hr/>		
Asset recognised at the date of acquisition	於收購日資產淨值	
Interest in an associate acquired	收購於聯營公司之權益	464,079
Deemed contribution from immediate holding company	直接控股公司被視為的貢獻	(50,723)
		<hr/>
		413,356
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17. MAJOR NON-CASH TRANSACTION

The acquisition of Ideal Mining as set out in note 16 was satisfied through the issuance of convertible notes during the prior period.

17. 主要非現金交易

誠如附註16所載，收購理想礦業是於上期間透過發行可換股票據以滿足代價。

18. CAPITAL COMMITMENTS

18. 資本承擔

		30th June, 2011 於二零一一年 六月三十日 HK\$'000 港幣千元 (unaudited) (未經審核)	31st December, 2010 於二零一零年 十二月三十一日 HK\$'000 港幣千元 (audited) (經審核)
Capital expenditure in respect of acquisition of property, plant and equipment:	就收購物業、廠房及設備之資本開支：		
Authorised but not contracted for in the condensed consolidated financial statements	已授權但未訂約及未於簡明綜合財務報表撥備	268	4,980
Contracted for but not provided in the condensed consolidated financial statements	已訂約但未於簡明綜合財務報表撥備	16,994	17,010
		<hr/>	<hr/>
		17,262	21,990
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

簡明綜合財務報表附註(續)

For the six months ended 30th June, 2011
截至二零一一年六月三十日止六個月

19. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases for rented premises which fall due as follows:

		30th June, 2011 於二零一一年 六月三十日 HK\$'000 港幣千元 (unaudited) (未經審核)	31st December, 2010 於二零一零年 十二月三十一日 HK\$'000 港幣千元 (audited) (經審核)
Within one year	一年內	4,177	4,713
In the second to fifth year inclusive	第二年至第五年 (包括首尾兩年)	2,655	4,199
		6,832	8,912

Operating lease payments represent rentals payable by the Group for certain of its office premises and factory land and buildings. The average lease term is 3 years. Rentals are fixed and no arrangements have been entered into for contingent rental payments.

19. 經營租賃承擔

於報告期終，本集團根據就已租物業訂立之不可撤銷經營租賃，於下列年期到期支付之未償還日後最低租賃款項承擔如下：

經營租賃款項指本集團就其若干辦公室物業以及廠房土地及樓宇應付之租金。平均租賃年期為3年。租金乃固定，且無就或然租金付款訂立任何安排。

20. RELATED PARTY TRANSACTIONS

(i) Remuneration of directors and other members of key management

The remuneration of directors and other members of key management during the period was as follows:

		Six months ended 30th June, 截至六月三十日止六個月	
		2011 二零一一年 HK\$'000 港幣千元 (unaudited) (未經審核)	2010 二零一零年 HK\$'000 港幣千元 (unaudited) (未經審核)
Short-term benefits	短期福利	5,312	5,551
Post-employment benefits	退休後福利	53	53
		5,365	5,604

20. 有關連人士交易

(i) 董事及其他主要管理層成員之酬金

期內董事及其他主要管理層成員之酬金如下：

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

簡明綜合財務報表附註(續)

For the six months ended 30th June, 2011
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20. RELATED PARTY TRANSACTIONS (continued)

(i) Remuneration of directors and other members of key management (continued)

Included in above is the remuneration paid for Mr. Tsang and Mr. Kong amounting to approximately HK\$3,512,000 (six months ended 30th June, 2010: approximately HK\$3,500,000) for the period.

The remuneration of directors and senior management is determined by the remuneration committee having regard to the performance of individuals and market trends.

(ii) Transactions and balances with PRC government-related entities

The Group operates in an economic environment currently pre-dominated by entities controlled, jointly controlled or significantly influenced by the PRC government ("PRC government-related entities"). In addition, the Group itself is part of a larger group of companies under China National Nuclear Corporation which is controlled by the PRC government. Other than the transactions and balances as disclosed in notes 13, 15 and 16, the Group has incurred effective interest expenses in relation to CN 2008 and CN 2010 of approximately HK\$21,185,000 (six months ended 30th June, 2010: approximately HK\$12,749,000) to CNNC Overseas in which interest paid amounted to approximately HK\$10,188,000 (six months ended 30th June, 2010: approximately HK\$703,000) during the period.

The Group has also entered into various transactions, including significant deposits placements with certain banks and financial institutions which are PRC government-related entities in its ordinary course of business.

The directors are of the opinion that except as disclosed above, transactions with other PRC government-related entities are not significant to the Group's operation.

21. EVENT AFTER THE REPORTING PERIOD

Details of a significant event after the reporting period are set out in note 6.

20. 有關連人士交易(續)

(i) 董事及其他主要管理層成員之酬金(續)

以上包括約港幣3,512,000元曾先生及江先生於期內之酬金(截至二零一零年六月三十日止六個月:約港幣3,500,000元)。

薪酬委員會考慮董事及高級管理層個別表現及市場趨勢後釐定彼等之薪酬。

(ii) 與中國政府相關實體之交易及結餘

本集團所經營之經濟環境現時由中國政府控制或間接控制或重大地影響之實體(「中國政府相關實體」)主導。此外,本集團本身是中國政府控制的中國核工業集團公司旗下較大集團公司之部分。除了誠如附註13、15及16所載,本集團於期內對中核海外關於CN2008及CN2010的實際利息開支約為港幣21,185,000元(截至二零一零年六月三十日止六個月:約港幣12,749,000元)而實際利息支付約為港幣10,188,000元(截至二零一零年六月三十日止六個月:約港幣703,000元)。

本集團亦於一般業務過程中訂立多項交易,包括存放於屬中國政府相關實體之若干銀行及金融機構之大額存款。

董事認為,除上文所披露者外,與其他中國政府相關實體之交易對本集團業務並不重大。

21. 結算日後事項

關於一項結算日後發生的重大事項的詳情載於附註6。

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