中廣核礦業有限公司*
CGN Mining Company Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 01164)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

HIGHLIGHTS

	(Unaudited) Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
Turnover	**318,517**	458,422
Loss attributable to owners of the Company	**(39,852)**	(11,808)
Basic loss per share	**HK(1.20) cents**	HK(0.35) cents
Diluted loss per share	**HK(1.20) cents**	HK(0.35) cents
Interim dividend per share	**Nil**	Nil

- Turnover of the Group was approximately HK$318.5 million representing a decrease of approximately 31% year-on-year;
- Loss attributable to owners of the Company was approximately HK$39.9 million representing an increase of approximately 238% year-on-year;
- Basic loss per share was approximately HK1.20 cents;
- The directors of the Company do not recommend the payment of an interim dividend.

The board of directors (the "Board") of CGN Mining Company Limited (the "Company") announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2013, together with the comparative figures for the corresponding period of 2012 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2013

	Notes	Six months ended 30 June **2013** ***HK$'000*** **(Unaudited)**	 2012 *HK$'000* (Unaudited)
Turnover	*3*	**318,517**	458,422
Cost of sales		**(294,751)**	(406,532)
Gross profit		**23,766**	51,890
Other operating income		**8,338**	15,693
Selling and distribution expenses		**(4,893)**	(11,249)
Administrative expenses		**(43,280)**	(54,292)
Changes in fair value of investment properties		**(11,290)**	–
Finance costs	*4*	**(13,350)**	(12,719)
Loss before taxation		**(40,709)**	(10,677)
Income tax credit (expense)	*5*	**675**	(1,189)
Loss for the period	*7*	**(40,034)**	(11,866)
Loss for the period attributable to:			
Owners of the Company		**(39,852)**	(11,808)
Non-controlling interests		**(182)**	(58)
		(40,034)	(11,866)
Loss per share			
Basic and diluted	*9*	**HK(1.20) cents**	HK(0.35) cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(40,034)**	(11,866)
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss		
Exchange differences arising on translating foreign operations		
Gain arising during the period	**2,820**	799
Other comprehensive income for the period	**2,820**	799
Total comprehensive expense for the period	**(37,214)**	(11,067)
Total comprehensive expense for the period attributable to:		
Owners of the Company	**(37,067)**	(11,020)
Non-controlling interests	**(147)**	(47)
	(37,214)	(11,067)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2013

	Notes	**30 June 2013** *HK$'000* **(Unaudited)**	31 December 2012 *HK$'000* (Audited)
Non-current assets			
Intangible assets		**240**	266
Property, plant and equipment		**48,473**	49,878
Investment properties		**73,643**	83,530
Prepaid lease payments on land use rights		**19,458**	19,751
Goodwill		**–**	–
		141,814	153,425
Current assets			
Inventories		**16,493**	11,548
Loan receivables from a shareholder	*10*	**535,221**	775,174
Trade and other receivables	*11*	**331,586**	266,611
Prepaid lease payments on land use rights		**404**	397
Value added tax recoverable		**2,198**	–
Bank balances and cash			
– pledged		**644**	644
– unpledged		**826,356**	604,671
		1,712,902	1,659,045
Total assets		**1,854,716**	1,812,470
Current liabilities			
Trade and other payables	*12*	**287,648**	220,066
Value added tax payable		**–**	943
Income tax payable		**28,912**	27,190
		316,560	248,199
Net current assets		**1,396,342**	1,410,846
Total assets less current liabilities		**1,538,156**	1,564,271
Capital and reserves			
Share capital		**33,326**	33,326
Reserves		**984,880**	1,021,947
Equity attributable to owners of the Company		**1,018,206**	1,055,273
Non-controlling interests		**1,867**	2,014
Total equity		**1,020,073**	1,057,287
Non-current liabilities			
Convertible bonds		**506,763**	493,413
Deferred tax liabilities		**11,320**	13,571
		518,083	506,984
		1,538,156	1,564,271

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL AND BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liabilities. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activities of the Group are selling, distributing and manufacturing of pharmaceutical and food products, property investment and trading of natural uranium.

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 and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The condensed consolidated financial statements are presented in Hong Kong dollars ("HK$") while the functional currency of the Company is United States dollars ("USD"). As the Company is listed in Hong Kong, the directors of the Company consider that it is appropriate to present the condensed consolidated financial statements in HK$.

2. PRINCIPAL ACCOUNTING POLICIES

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

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

In the current interim period, the Group has applied, for the first time, the following new and revised Hong Kong Financial Reporting Standard ("HKFRS") issued by the HKICPA.

Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income;
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle;
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities;
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance;
HKFRS 10	Consolidated Financial Statements;
HKFRS 11	Joint Arrangements;
HKFRS 12	Disclosure of Interests in Other Entities;
HKFRS 13	Fair Value Measurement;
HKAS 19 (as revised in 2011)	Employee Benefits;
HKAS 27 (as revised in 2011)	Separate Financial Statements;
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures; and
HK(International Financial Reporting Interpretations Committee) – Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine.

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

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

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

Amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods.

HKFRS 13 Fair Value Measurement

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

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

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively.

Amendments to HKAS 34 Interim Financial Reporting (as part of the Annual Improvements to HKFRSs 2009-2011 Cycle)

The Group has applied the amendments to HKAS 34 Interim Financial Reporting as part of the Annual Improvements to HKFRSs 2009 – 2011 Cycle for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

3. TURNOVER AND SEGMENT INFORMATION

Turnover represents amount received and receivable from sales of pharmaceutical and food products and natural uranium net of returns, discounts allowed and sales related taxes; and gross rental income during the period.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

a) pharmaceutical and food segment engages in selling, distributing and manufacturing of pharmaceutical and food products;

b) property investment segment engages in leasing, developing and selling of office premises and residential properties; and

c) natural uranium trading segment engages in trading of natural uranium.

No operating segments have been aggregated to form the above reportable segments.

The following is an analysis of the Group's revenue and results by reportable and operating segments for the period under review:

Six months ended 30 June 2013

	Pharmaceutical and food *HK$'000* **(Unaudited)**	**Property investment** *HK$'000* **(Unaudited)**	**Natural uranium trading** *HK$'000* **(Unaudited)**	**Total** *HK$'000* **(Unaudited)**
Turnover	**19,992**	**3,729**	**294,796**	**318,517**
Segment (loss) profit	**(30,986)**	**(10,137)**	**17,688**	**(23,435)**
Other income and gains				**8,338**
Central administrative costs				**(12,262)**
Finance costs				**(13,350)**
Loss before taxation				**(40,709)**

Six months ended 30 June 2012

	Pharmaceutical and food *HK$'000* (Unaudited)	Property investment *HK$'000* (Unaudited)	Natural uranium trading *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Turnover	32,737	3,379	422,306	458,422
Segment (loss) profit	(17,652)	1,618	30,713	14,679
Other income and gains				14,566
Central administrative costs				(27,203)
Finance costs				(12,719)
Loss before taxation				(10,677)

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

	30 June 2013	31 December 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Segment assets		
Pharmaceutical and food	**90,893**	93,078
Property investment	**77,874**	87,833
Natural uranium trading	**314,570**	240,596
	483,337	421,507
Unallocated corporate assets	**1,371,379**	1,390,963
Total assets	**1,854,716**	1,812,470

	30 June 2013	31 December 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Segment liabilities		
Pharmaceutical and food	**3,725**	17,652
Property investment	**1,132**	1,216
Natural uranium trading	**277,472**	198,969
	282,329	217,837
Unallocated corporate liabilities	**552,314**	537,346
Total liabilities	**834,643**	755,183

4. FINANCE COSTS

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Imputed interest charged on convertible bonds	**13,350**	12,719

5. INCOME TAX (CREDIT) EXPENSE

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax		
– current period	**1,725**	–
PRC Enterprise Income Tax		
– current period	**22**	29
– underprovision in prior year	**–**	1,064
	22	1,093
	1,747	1,093
Deferred tax	**(2,422)**	96
	(675)	1,189

During the six months ended 30 June 2013, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits.

No tax was provided for the Group in respect of the profit for the six months ended 30 June 2012 arising in Hong Kong since the assessable profit were wholly absorbed by tax losses brought forward.

Up to 30 June 2012, the Hong Kong Profits Tax amounting to approximately HK$34,041,000 of a subsidiary of the Company (the "Subsidiary A") in respect of the years of assessment 2000/01 to 2005/06 was under inquiries by the Hong Kong Inland Revenue Department (the "IRD"). The Group lodged objections against the assessments and the IRD had held over the payment of the profits tax and the total amount of approximately HK$15,791,000 tax reserve certificates were purchased and recorded as income tax recoverable in the statement of financial position.

The directors of the Company believed that the Subsidiary A had a reasonable likelihood of success in defending its position that the income derived was non-Hong Kong sourced and therefore, was not subject to Hong Kong Profits Tax. Accordingly, no provision for profits tax was required.

In the second half year of 2012, the Group reached a settlement agreement with the IRD on the amounts of Hong Kong Profits Tax relating to the years of assessment 2000/01 to 2011/12 for a total sum of approximately HK$26,357,000 together with interest and penalty of approximately HK$6,376,000. The tax liability of approximately HK$26,357,000 and interest and penalty of approximately HK$6,376,000 were recognised as income tax expense and administrative expense for the year ended 31 December 2012, respectively. Pursuant to the deed of indemnity dated 30 January 2002, sum incurred before 2002 of approximately HK$2,960,000 was indemnified and settled by the then controlling shareholders. The remaining amounts borne by the Group in total of approximately HK$29,773,000 was settled by tax reserve certificates in sum of approximately HK$15,791,000 and cash of approximately HK$13,982,000 during the year ended 31 December 2012.

Besides, the IRD issued protective profits tax assessments of approximately HK$5,849,000 to another subsidiary of the Company (the "Subsidiary B") relating to the years of assessment 2002/03 and 2003/04 in prior years. The Group lodged objections with the IRD against the protective assessments. The IRD agreed to hold over the tax claim subject to the purchasing of a tax reserve certificate of approximately HK$300,000. The Group purchased the tax reserve certificate as demanded by the IRD in prior year. The amount was recorded as income tax recoverable as at 30 June 2012.

The directors of the Company believed that the Subsidiary B had a reasonable likelihood of success in defending its position that the income derived was non-Hong Kong sourced and therefore, was not subject to Hong Kong Profits Tax. Accordingly, no provision for profits tax was required.

In the second half year of 2012, the Hong Kong Profits Tax amounting to approximately HK$21,000,000 of the Subsidiary B in respect of the years of assessment 2004/05 to 2005/06 was under inquiries by the IRD. The Group lodged an objection against the assessments and the IRD had held over the payment of profits tax. The tax reserve certificate of HK$300,000 was refunded as the IRD agreed that the income derived by the Subsidiary B was non-Hong Kong sourced. Accordingly, no provisions for profit tax was required.

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% for both periods.

Certain PRC subsidiaries were either in loss-making position for the current and the previous periods or had sufficient tax losses brought forward from previous period to offset the estimated assessable income for the period and accordingly did not have any assessable income for the current and previous periods.

The subsidiary operating in Macau is exempted from the income tax in Macau for the current and previous periods.

Pursuant to the laws and regulations of the Cayman Islands and British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and BVI for the current and previous periods.

6. DISPOSAL OF SUBSIDIARIES

On 21 June 2013, the Group entered into a sale agreement to dispose of its 100% equity interest in a total of three inactive subsidiaries, to an independent third party for total consideration of HK$70,000. Those disposed subsidiaries included Sino Lion Capital Inc., Beshabar (Macao Commercial Offshore) Limited and Beshabar Trading Limited.

The net assets of those disposed subsidiaries at the date of disposal were as follows:

	HK$'000 (Unaudited)
Net assets disposed of	64
Gain on disposal of subsidiaries	6
Total cash consideration	70
Net cash outflow arising on disposal	
Cash consideration received	70
Bank balances and cash disposed of	(723)
	(653)

The subsidiaries disposed of had no significant impact on the results and cash flows of the Group for the six months ended 30 June 2013.

7. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging (crediting):

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Amortisation of intangible assets	**30**	31
Amortisation of prepaid lease payments on land use rights	**199**	223
Cost of inventories recognised as an expense	**290,521**	405,905
Decrease (increase) in fair value of investment properties	**11,290**	(383)
Depreciation of property, plant and equipment	**3,240**	3,328
Write-down of inventories (included in cost of sales)	**3,499**	–
Write-off of inventories (included in cost of sales)	**100**	–
Loss on disposal of property, plant and equipment	**173**	54
Research and development costs	**98**	556
Loan interest income	**(3,169)**	–
Bank interest income	**(4,595)**	(14,441)
Exchange gain	**(561)**	(125)
Gain on disposal of subsidiaries	**(6)**	–

8. INTERIM DIVIDEND

No dividends were paid, declared or proposed during the interim period. The directors of the Company do not recommend the payment of an interim dividend (six months ended 30 June 2012: nil).

9. LOSS PER SHARE

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

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to the owners of the Company for the purpose of basic and diluted loss per share	**(39,852)**	(11,808)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**3,332,586,993**	3,332,586,993

For the six months ended 30 June 2013, diluted loss per share was the same as the basic loss per share, as the effect of the conversion of the Company's convertible bonds was anti-dilutive for the six months ended 30 June 2013.

For the six months ended 30 June 2012, diluted loss per share was same as the basic loss per share, as the effect of the conversion of the Company's share options and convertible bonds was anti-dilutive for the six months ended 30 June 2012.

10. LOAN RECEIVABLES FROM A SHAREHOLDER

	30 June 2013	31 December 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Loan to China Uranium Development	**535,221**	775,174

The Group advanced the revolving loans to China Uranium Development Company Limited ("China Uranium Development") in the sum of USD69,000,000 during the six months ended 30 June 2013 (31 December 2012: USD100,000,000). The loans were unsecured, carried interests at one to three months London Interbank Offered Rate ("LIBOR") plus 6% per annum (which were predetermined at 6.21% to 6.28% per annum on dates of advancement) (31 December 2012: one month LIBOR plus 6% per annum (which was predetermined at 6.2075% per annum on the date of advancement)) and repayable within 60 to 91 days (31 December 2012: 45 days) after the advancement.

11. TRADE AND OTHER RECEIVABLES

The Group normally grants to its trade customers credit periods for pharmaceutical and food segment ranging from 90 days to 180 days while credit periods for natural uranium trading segment ranged from 25 days to 88 days.

The following is an aged analysis of the trade and bills receivables, based on invoice date at the end of the reporting period, which approximated the respective revenue recognition dates, and net of impairment loss recognised:

	30 June 2013	31 December 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 30 days	**317,366**	246,427
31-60 days	**1,911**	3,291
61-90 days	**1,960**	1,373
Over 90 days	**206**	–
	321,443	251,091

12. TRADE AND OTHER PAYABLES

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

	30 June 2013	31 December 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 30 days	**277,259**	198,704
31-60 days	**80**	46
61-90 days	**13**	13
Over 90 days	**391**	305
	277,743	199,068

13. PLEDGE OF ASSETS

At 30 June 2013 and 31 December 2012, certain assets of the Group were pledged to secure banking facilities granted to the Group as follows:

	30 June 2013	31 December 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Bank balances and cash	**644**	644

BUSINESS REVIEW

Results

I hereby announce the unaudited results of the Group for the six months ended 30 June 2013 ("period under review" or "reporting period"). During the period under review, the consolidated turnover of the Group decreased by 31% year-on-year to approximately HK$318.5 million from HK$458.4 million. The decrease was attributed to the decrease in volume of natural uranium trading during the reporting period. The loss attributable to owners of the Company amounted to approximately HK$39.9 million, which represented an increase of 238% as compared to the loss amounted to approximately HK$11.8 million in the corresponding period. The increase was mainly caused by the decrease in gross profit from natural uranium trading amounting to approximately HK$13.0 million, and the decrease in fair value of an investment property amounting to approximately HK$11.3 million .

Trading of Natural Uranium

The trading of natural uranium has continued to be a major source of revenue of the Group. Uranium is the natural element with the largest atomic number. In the crust, uranium exists in uranium minerals, isomorphic form and adsorbed state. Uranium is chemically active, so no pure uranium exists in nature. In general, uranium ore is mined and then uranium is extracted from the ore to form uranium-rich intermediate products, often referred to as uranium concentrates, which is further purified into uranium oxides. The international market usually uses triuraniumoctaoxide (U_3O_8) as the standard product in the trade of natural uranium. Several aspects of the natural uranium trading are subject to governmental regulations, resulting in uneven distribution of natural uranium trading volume in each quarter. Under normal circumstances, trading volume is concentrated in the second half of a year.

The Group has recorded HK$294.8 million turnover in the trading of natural uranium during the reporting period, representing a decrease of approximately 30% as compared to HK$422.3 million in the corresponding period.

Pharmaceutical and Food Industry

Product Sales

During the reporting period, the Group's turnover from sales of pharmaceutical and food products amounted to approximately HK$20.0 million, representing a decrease of approximately 39% as compared to approximately HK$32.7 million in the corresponding period.

"Taurolite®", a prescription medication capable of dissolving the cholesterol stones formed in the gallbladder and bile-duct

"Taurolite®" Tauroursodeoxycholic acid capsule cures and prevents liver diseases such as cholelithiasis and chronic bile stasis. In the case of cholesterol stone smaller than 2cm, sufferers may simply dissolve it by taking the medication without having to undergo operation. "Taurolite®" has been launched into the market during the second half of year 2009. Turnover during the reporting period was approximately HK$14.0 million, representing an increase of approximately 25% as compared to approximately HK$11.2 million in the corresponding period.

"Vital Fast", a slow release flu medication formulated with loratadine, pseudoephedrine sulphate and paracetamol

"Vital Fast" is a flu medication of the Group. Turnover of "Vital Fast" during the reporting period was approximately HK$1.9 million, representing a decrease of approximately 49% as compared to approximately HK$3.7 million in the corresponding period.

"Opin", an interferon suppository for the treatment of chronic viral cervicitis and vaginitis

Turnover of "Opin" during the reporting period amounted to approximately HK$3.0 million, representing an increase of approximately 15% as compared to approximately HK$2.6 million in the corresponding period.

The Production Base in Wuhan, Hubei Province, the PRC

During the period under review, major production included the drug "Glimepiride orally disintegrating tablets" – medication for diabetes, "Vital Fast" – a slow release flu medication and "Opin" – a gynaecology biological drug.

Sichuan Hengtai Pharmaceutical Company Limited

Sichuan Hengtai Pharmaceutical Company Limited is the major sales arm of the Group. During the period under review, major sales products included "Taurolite®" etc.

Property Investment

Leased investment property

During the period under review, the leased investment property business has contributed approximately HK$3.7 million rental income to the Group, representing an increase of approximately 9% as compared to HK$3.4 million in the corresponding period.

BUSINESS OUTLOOK

The Board is of the view that the markets of food, pharmaceuticals and properties of the PRC will be consolidated in the foreseeable future given the existing pressure in the operating environment. The Group will strengthen risk management and scale down the existing pharmaceutical and food business. At the same time, the Group continues to expand the scale of natural uranium trading and proactively identify uranium resource investment opportunities to preserve the sustainable growth and long-term value of the Group.

FINANCIAL REVIEW

Capital Structure

As at 30 June 2013, the Company had in issue 3,332,586,993 ordinary shares (31 December 2012: 3,332,586,993 ordinary shares). During the period under review, no new shares were issued (2012: nil).

The market capitalisation of the Company as at 30 June 2013 was approximately HK$1,933 million (31 December 2012: approximately HK$2,866 million).

Liquidity and Financial Resources

As at 30 June 2013, the Group has no bank borrowing (31 December 2012: nil). The liability component of the convertible bonds amounted to approximately HK$507 million (31 December 2012: HK$493 million). Bank balances and cash amounted to approximately HK$827 million (31 December 2012: HK$605 million), including pledged bank deposits of approximately HK$0.6 million (31 December 2012: approximately HK$0.6 million). As at 30 June 2013, the Group has not obtained banking facilities from any banks (31 December 2012: nil). The average cost of financing during the corresponding period in last year was approximately 5% per annum. The Group has maintained sufficient financial resources for business operation purpose. The Group has no seasonality of borrowing requirement.

The Group adopts conservative funding and treasury policies and objectives. During the reporting period, the Group financed its operations by internally generated resources.

As at 30 June 2013, in relation to bank balances and cash amounting to approximately HK$827 million (31 December 2012: HK$605 million), approximately 54% (31 December 2012: 80%) was denominated in HK$, approximately 44% (31 December 2012: 15%) was denominated in United States dollars ("USD") and approximately 2% (31 December 2012: 5%) was denominated in Renminbi ("RMB").

Exposure to Foreign Exchange Risk and Currency Policy

During the reporting period, the sales of the Group were mainly denominated in USD and RMB (2012: USD and RMB). The purchases of the Group were mainly denominated in USD and RMB (2012: USD and RMB). Operating expenditures, including administrative expenses and selling and distribution expenses, were primarily denominated in HK$ and RMB. During the period under review, the Group did not enter into any forward contracts, interest or currency swaps, or other financial derivatives for hedging purpose. During the reporting period, the Group did not experience any material difficulty or negative effect on its operations or liquidity as a result of fluctuations on currency exchange rates.

Contingent Liabilities

As at 30 June 2013, the Group had no material contingent liabilities (31 December 2012: nil).

Key Financial Figures and Ratios

Statement of profit or loss item:

Gross profit margin: During the reporting period, the average gross profit margin of the Group decreased to approximately 7% as compared with approximately 11% in the corresponding period, mainly because the gross profit margin of the pharmaceutical and food business decreased substantially during the period.

Selling and distribution expenses: The Group had identified that high selling and distribution expense is a business risk and aimed at tightening the outflow. The ratio of selling and distribution expenses to turnover during the reporting period was approximately 2%, which is approximately the same as the ratio in the corresponding period.

Administrative expenses: Total administrative expenses decreased from approximately HK$54.3 million to approximately HK$43.3 million as the Group has successfully tightened its budgetary control to cut down administrative costs during the period under review.

Finance costs: The finance costs for the reporting period mainly arose from the convertible bonds issued and allotted in the second half of year 2011.

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
Statement of profit or loss item:		
Turnover (HK$'million)	**319**	458
Gross profit margin	**7%**	11%
Selling and distribution expenses (HK$'million)	**5**	11
Gross profit margin after selling and distribution expenses	**6%**	9%
Loss attributable to owners of the Company/Turnover	**(13%)**	(3%)
(Loss) earning before interest, tax, depreciation and amortisation (("LBITDA") "EBITDA") (HK$'million)	**(24)**	6
(LBITDA) EBITDA/Turnover	**(7%)**	1%

Statement of financial position item:

Gearing ratio: The gearing ratio as at 30 June 2013 (total borrowings/equity attributable to owners of the Company, net of intangible assets and goodwill) was 50%, which was comparable with the gearing ratio of 47% as at 31 December 2012.

Since the trade receivables from the natural uranium trading revenue recognised during the period had not been settled as at period end, the average trade receivable turnover days increased to approximately 163 days. On the other hand, since the Group generally does not hold any inventory for the natural uranium trading business, the inventory turnover days maintained at low level of approximately 9 days.

	As at 30 June 2013	As at 31 December 2012
Statement of financial position item:		
Liability component of convertible bonds (HK$'million)	**507**	493
Bank balances and cash (HK$'million)	**827**	605
Net tangible assets (HK$'million)	**1,019**	1,057
Gearing ratio	**50%**	47%
Average trade receivable turnover days	**163 days**	45 days
Average inventory turnover days (excluding goods in transit)	**9 days**	5 days

As at 30 June 2013, the Group had approximately HK$0.6 million bank balances and cash that were pledged as collateral to a bank.

For the six months ended 30 June 2013, return on equity was on average approximately -4% (2012: -1%).

Employee Information

As at 30 June 2013, the Group had 184 employees (31 December 2012: 180). 131 of these employees were located in Mainland China and 53 in Hong Kong.

The policies of employee remuneration, bonus, share option scheme and training commensurate with performance and comparable to market rate. The Group encourages employees to participate in external training programmes to develop themselves on a continuous basis, so as to improve staff quality to meet future challenges and gain a competitive edge. Total staff costs for the period under review amounted to approximately HK$23.2 million (2012: HK$22.7 million).

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the reporting period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

DIVIDEND

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2013 (30 June 2012: nil).

REVIEW OF INTERIM RESULTS

The unaudited interim financial statements of the Group for the six months ended 30 June 2013 have been reviewed by the Company's Audit Committee and auditors, SHINEWING (HK) CPA Limited.

AUDIT COMMITTEE

The Audit Committee provides an important link between the Board and the Company's auditors in matters within the scope of the group audit. It also reviews the effectiveness of the external and internal audit, internal controls and risk evaluation.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters with the management. The Group's financial statements for the six months ended 30 June 2013 have been reviewed and adopted by the Audit Committee, who is of the opinion that such statements comply with the applicable accounting standards, and the Listing Rules and legal requirements, and that adequate disclosures have been made. The Audit Committee comprises 2 independent non-executive directors and 1 non-executive director of the Company, namely, Mr. Qiu Xianhong (Audit Committee chairman), Mr. Ling Bing and Mr. Wei Qiyan.

REMUNERATION COMMITTEE

The Remuneration Committee comprises 2 executive directors and 3 independent non-executive directors, is responsible for reviewing and evaluating the remuneration packages of the executive directors and senior management and making recommendations to the board of directors from time to time.

NOMINATION COMMITTEE

Pursuant to the relevant requirements of the Listing Rules, the Company established a nomination committee ("Nomination Committee") on 15 March 2012. The chairman of the Nomination Committee is Mr. Yu Zhiping, and the members of the Nomination Committee include Mr. He Zuyuan, Mr. Ling Bing, Mr. Qiu Xianhong and Mr. Huang Jinsong. The Nomination Committee comprises a majority of independent non-executive directors.

MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the principle standards of securities transactions for directors of the Company. All directors have confirmed, following specific enquiry by the Company that they have complied with the required standard set out in the Model Code during the reporting period.

CORPORATE GOVERNANCE

The Company is committed to good corporate governance practices and procedures including a quality Board, sound internal control, transparency and accountability to its shareholders. The Company has fully complied with the code provisions set out in the Corporate Governance Code (Appendix 14 to the Listing Rules) during the reporting period, except the following deviations:

Code Provision A.6.7 – This Code Provision stipulates that independent non-executive directors and other non-executive directors, as equal Board members, should give the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.

All directors have given the Board and the respective committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. Mr. Yu Zhiping, Mr. Wei Qiyan, Ms. Jin Yunfei and Mr. Huang Jianming all being non-executive directors, and Mr. Ling Bing, an independent non-executive directors, were unable to attend the annual general meeting of the Company held on 16 May 2013 (the "AGM") due to other business engagement.

Code provision E.1.2 – This Code Provision stipulates that the Chairman of the board should attend and invite the chairman of the audit, remuneration, nomination and any other committees (as appropriate) to attend the AGM.

Mr. Yu Zhiping, who is the chairman of the Board and the chairman of the Nomination Committee, did not attend the AGM due to other business engagement. The chief executive officer had chaired the AGM and answered questions from shareholders.

On behalf of the Board
HE Zuyuan
Chief Executive Officer

Hong Kong, 23 August 2013

As at the date of this announcement, the board of directors of the Company comprises two executive directors: Mr. He Zuyuan (chief executive officer), Mr. Li Xianli and four non-executive directors: Mr. Yu Zhiping (chairman), Mr. Wei Qiyan, Ms. Jin Yunfei and Mr. Huang Jianming and three independent non-executive directors: Mr. Ling Bing, Mr. Qiu Xianhong and Mr. Huang Jinsong.

* *For identification purposes only*