中廣核礦業有限公司*
CGN Mining Company Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1164)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

The Board of Directors (the "**Board**") of CGN Mining Company Limited ("**CGN Mining**" or the "**Company**") announces the audited consolidated results of CGN Mining and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2012, together with the comparative figures for the previous financial year ended 31 December 2011, as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
Turnover	4	**1,232,287**	372,726
Cost of sales		**(1,031,057)**	(264,758)
Gross profit		**201,230**	107,968
Other operating income	4	**54,255**	31,752
Gain on disposal of subsidiaries		**–**	30,599
Selling and distribution expenses		**(34,526)**	(97,953)
Administrative expenses		**(130,369)**	(93,193)
Termination benefits		**–**	(54,728)
Impairment loss recognised in respect of property, plant and equipment		**–**	(72,001)
Changes in fair value of investment properties		**5,853**	(24,438)
Impairment loss recognised in respect of goodwill		**–**	(52,355)
Finance costs	6	**(25,930)**	(10,524)
Profit (loss) before taxation		**70,513**	(234,873)
Income tax (expense) credit	7	**(51,866)**	3,417
Profit (loss) for the year	8	**18,647**	(231,456)
Profit (loss) for the year attributable to:			
Owners of the Company		**18,660**	(229,858)
Non-controlling interests		**(13)**	(1,598)
		18,647	(231,456)
Earnings (loss) per share			
Basic	10	**HK0.56 cents**	HK(10.31) cents
Diluted	10	**HK0.56 cents**	HK(10.31) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2012

	2012	2011
	HK$'000	*HK$'000*
Profit (loss) for the year	**18,647**	(231,456)
Other comprehensive income (expense)		
Exchange differences arising on translating foreign operations		
Gain arising during the year	**1,773**	29,288
Reclassification adjustments for the cumulative gain included in profit or loss upon disposal during the year	**–**	(21,649)
Other comprehensive income for the year	**1,773**	7,639
Total comprehensive income (expense) for the year	**20,420**	(223,817)
Total comprehensive income (expense) for the year attributable to:		
Owners of the Company	**20,429**	(222,426)
Non-controlling interests	**(9)**	(1,391)
	20,420	(223,817)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Intangible assets		**266**	322
Property, plant and equipment		**49,878**	63,007
Investment properties		**83,530**	76,790
Prepaid lease payments on land use rights		**19,751**	19,918
Goodwill		**–**	–
		153,425	160,037
Current assets			
Properties under development	*11*	**–**	–
Inventories		**11,548**	408,422
Loan receivable from a shareholder	*12*	**775,174**	–
Trade and other receivables	*13*	**266,611**	96,467
Prepaid lease payments on land use rights		**397**	366
Income tax recoverable		**–**	16,207
Bank balances and cash			
– pledged		**644**	678
– unpledged		**604,671**	1,262,857
		1,659,045	1,784,997
Total assets		**1,812,470**	1,945,034
Current liabilities			
Trade and other payables	*14*	**220,066**	424,922
Value added tax payable		**943**	4,187
Income tax payable		**27,190**	–
		248,199	429,109
Net current assets		**1,410,846**	1,355,888
Total assets less current liabilities		**1,564,271**	1,515,925
Capital and reserves			
Share capital		**33,326**	33,326
Reserves		**1,021,947**	1,001,518
Equity attributable to owners of the Company		**1,055,273**	1,034,844
Non-controlling interests		**2,014**	2,023
Total equity		**1,057,287**	1,036,867
Non-current liabilities			
Convertible bonds		**493,413**	467,483
Deferred tax liabilities		**13,571**	11,575
		506,984	479,058
		1,564,271	1,515,925

NOTES

1. GENERAL

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 controlling shareholder of the Company is 中國鈾業發展有限公司(China Uranium Development Company Limited) ("**China Uranium Development**"), a company incorporated in Hong Kong and a wholly-owned subsidiary of CGNPC Uranium Resources Co., Ltd. 中廣核鈾業發展有限公司("**CGNPC-URC**"), which is in turn a subsidiary of 中國廣東核電集團有限公司(China Guangdong Nuclear Power Holding Corporation) ("**CGNPC**"). Both CGNPC-URC and CGNPC were established in the People's Republic of China (the "**PRC**").

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

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets

Amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets

The Group has applied for the first time the amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets in the current year. Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property are presumed to be recovered entirely through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the directors of the Company reviewed the Group's investment property portfolios and concluded that the Group's investment properties in the PRC are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors of the Company have determined that the 'sale' presumption set out in the amendments to HKAS 12 is rebutted. As a result, the Group continues to measure the deferred tax relating to these investment properties on the basis that the entire carrying amounts of the properties were recovered through use.

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new or revised HKFRSs that have been issued but are not yet effective.

Amendments to HKFRSs	Annual Improvements 2009-2011 Cycle[2]
Amendments to HKFRS 1	First-time Adoption of HKFRSs – Government Loans[2]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]

Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Consolidated Financial Statements, Disclosure of Interests in Other Entities and Separate Financial Statements: Investment Entities[3]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[1]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[3]
HK(IFRIC) – Interpretation ("Int") 20	Stripping Costs in the Production Phase of a Surface Mine[2]

1 Effective for annual periods beginning on or after 1 July 2012.
2 Effective for annual periods beginning on or after 1 January 2013.
3 Effective for annual periods beginning on or after 1 January 2014.
4 Effective for annual periods beginning on or after 1 January 2015.

Annual Improvements to HKFRSs 2009 – 2011 Cycle issued in June 2012

The Annual Improvements to HKFRSs 2009 – 2011 Cycle include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to HKFRSs include the amendments to HKAS 16 Property, Plant and Equipment and the amendments to HKAS 32 Financial Instruments: Presentation.

The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The directors of the Company do not anticipate that the application of the amendments will have a material effect on the Group's consolidated financial statements.

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. The directors of the Company anticipate that the amendments to HKAS 32 will have no effect on the Group's consolidated financial statements as the Group has already adopted this treatment.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

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. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors of the Company anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the reclassification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. HK (SIC) – Int 12 Consolidation – Special Purpose Entities will be withdrawn upon the effective date of HKFRS 10. 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) the 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.

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. HK (SIC) – Int 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three 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 consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements and associates, and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied at the same time.

The directors of the Company do not anticipate that the application of these five standards will have a significant impact on amounts reported in the consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The amendments to HKFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

The amendments to HKFRS 10, HKFRS 12 and HKAS 27 are effective for annual periods beginning on or after 1 January 2014, with earlier application permitted. The directors of the Company anticipate that the application of the amendments will have no effect on the Group as the Company is not an investment entity.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it 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, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The directors of the Company anticipate that the application of the new standard may affect certain amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 Presentation of Items of Other Comprehensive Income introduce new terminology for the 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 items of other comprehensive income to be 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 option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in future accounting periods.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

4. TURNOVER AND OTHER OPERATING INCOME

Turnover represents amount received and receivable from sales of pharmaceutical and food products net of returns, discounts allowed and sales related taxes, sales of natural uranium and gross rental income during the year. Revenues recognised during the year are as follows:

	2012	2011
	HK$'000	*HK$'000*
Turnover		
Sales of goods	**1,225,329**	367,243
Gross rental income (Note a)	**6,958**	5,483
	1,232,287	372,726
Other operating income		
Bank interest income	**24,594**	5,911
Gain on disposal of held-for-trading investment	**–**	13
Government grant (Note b)	**–**	411
Loan interest income from a shareholder	**5,479**	–
Net exchange gain	**174**	10,059
Net gain on disposal of property, plant and equipment	**19,289**	11,804
Write-back of long outstanding payables	**–**	3,554
Recovery of indemnified taxation (Note c)	**2,960**	–
Others	**1,759**	–
	54,255	31,752
Total revenues	**1,286,542**	404,478

Notes:

(a) An analysis of the Group's net rental income is as follows:

	2012	2011
	HK$'000	*HK$'000*
Gross rental income	**6,958**	5,483
Less: Outgoings (included in cost of sales)	**(1,220)**	(931)
Net rental income	**5,738**	4,552

(b) For the year ended 31 December 2011, the amount represented an one-off government grant for the Group's contribution to the environmental improvement in Sichuan Province, the PRC, in prior years.

(c) For the year ended 31 December 2012, tax liabilities incurred before 2002 were recovered from the then controlling shareholders of the Company pursuant to the deed of indemnity dated 30 January 2002.

5. SEGMENT INFORMATION

Information reported to the Chief Executive Officer, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

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

(a) pharmaceutical and food segment engages in the 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 resources.

Segment revenues and results

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

For the year ended 31 December 2012

	Pharmaceutical and food	**Property investment**	**Natural uranium trading**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Turnover	**57,836**	**6,958**	**1,167,493**	**1,232,287**
Segment profit (loss)	**(82,153)**	**9,111**	**153,411**	**80,369**
Other income and gains				**52,496**
Central administration costs				**(36,422)**
Finance costs				**(25,930)**
Profit before taxation				**70,513**

For the year ended 31 December 2011

	Pharmaceutical and food *HK$'000*	Property investment *HK$'000*	Natural uranium trading *HK$'000*	Total *HK$'000*
Turnover	367,243	5,483	–	372,726
Segment loss	(215,869)	(25,339)	(480)	(241,688)
Other income and gains				50,135
Central administration costs				(32,796)
Finance costs				(10,524)
Loss before taxation				(234,873)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of central administration costs, directors' salaries, other income and gains and finance costs. This is the measure reported to the Chief Executive Officer for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

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

Segment assets

	2012 ***HK$'000***	2011 *HK$'000*
Pharmaceutical and food	**93,078**	191,323
Property investment	**87,833**	81,205
Natural uranium trading	**240,596**	391,593
	421,507	664,121
Unallocated corporate assets	**1,390,963**	1,280,913
Total assets	**1,812,470**	1,945,034

Segment liabilities

	2012 ***HK$'000***	2011 *HK$'000*
Pharmaceutical and food	**17,652**	34,786
Property investment	**1,216**	573
Natural uranium trading	**198,969**	391,593
	217,837	426,952
Unallocated corporate liabilities	**537,346**	481,215
Total liabilities	**755,183**	908,167

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

- all assets are allocated to operating segments other than loan receivable from a shareholder, income tax recoverable, bank balances and cash and other assets for corporate use including property, plant and equipment and other receivables.

- all liabilities are allocated to operating segments other than income tax payable, deferred tax liabilities, convertible bonds and certain other payables.

Other segment information

2012

	Pharmaceutical and food *HK$'000*	Property investment *HK$'000*	Natural uranium trading *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:					
Addition to property, plant and equipment	**2,796**	**27**	**241**	**1,479**	**4,543**
Depreciation and amortisation	**6,328**	**250**	**12**	**207**	**6,797**
Changes in fair value of investment property	**–**	**(5,853)**	**–**	**–**	**(5,853)**
Net gain on disposal of property, plant and equipment	**(18)**	**–**	**–**	**(19,271)**	**(19,289)**
Write-off of inventories	**3,494**	**–**	**–**	**–**	**3,494**
Reversal of write-down of inventories	**(1,154)**	**–**	**–**	**–**	**(1,154)**
Research and development costs	**1,211**	**–**	**–**	**–**	**1,211**
Operating lease rental on land and buildings	**681**	**–**	**522**	**3,693**	**4,896**
Amounts regularly provided to the Chief Executive Officer but not included in the measure of segment profit or loss or segment assets:					
Interest expense	**–**	**–**	**–**	**25,930**	**25,930**
Income tax expense	**–**	**–**	**–**	**51,866**	**51,866**
Bank interest income	**–**	**–**	**–**	**(24,594)**	**(24,594)**
Loan interest income from a shareholder	**–**	**–**	**–**	**(5,479)**	**(5,479)**
Recovery of indemnified taxation	**–**	**–**	**–**	**(2,960)**	**(2,960)**

2011

	Pharmaceutical and food *HK$'000*	Property investment *HK$'000*	Natural uranium trading *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:					
Addition to property, plant and equipment	8,102	–	–	730	8,832
Impairment loss recognised in respect of goodwill	52,355	–	–	–	52,355
Depreciation and amortisation	10,227	249	–	38	10,514
Changes in fair value of investment property	–	24,438	–	–	24,438
Net gain on disposal of property, plant and equipment	(11,804)	–	–	–	(11,804)
Impairment loss recognised in respect of property, plant and equipment	72,001	–	–	–	72,001
Impairment loss recognised in respect of trade receivables	85	–	–	–	85
Write-down of inventories	14,808	–	–	–	14,808
Write-off of inventories	5,957	–	–	–	5,957
Write-off of other receivables	1,887	–	–	–	1,887
Write-back of long outstanding payables	(3,554)	–	–	–	(3,554)
Impairment loss recognised in respect of intangible assets	2,558	–	–	–	2,558
Research and development costs	1,820	–	–	–	1,820
Operating lease rental on land and buildings	1,290	–	–	127	1,417
Amounts regularly provided to the Chief Executive Officer but not included in the measure of segment profit or loss or segment assets:					
Interest expense	–	–	–	10,524	10,524
Income tax credit	–	–	–	(3,417)	(3,417)
Bank interest income	–	–	–	(5,911)	(5,911)
Gain on disposal of held-for-trading investment	–	–	–	(13)	(13)
Gain on disposal of subsidiaries	–	–	–	(30,599)	(30,599)

Geographical information

The Group's operations are located in Hong Kong ("HK") and the PRC.

Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
HK	**1,167,493**	–	**2,172**	12,880
PRC	**64,794**	372,726	**151,253**	147,157
	1,232,287	372,726	**153,425**	160,037

Information about major customers

Revenue from customer of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2012	2011
	HK$'000	*HK$'000*
Customer A[1]	**N/A[3]**	72,101
Customer B[2]	**1,167,493**	N/A[3]

1 Revenue from pharmaceutical and food segment
2 Revenue from natural uranium trading segment
3 The corresponding revenue did not contribute over 10% of the total sales of the Group.

6. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Interest expenses on:		
– bank borrowings and overdrafts wholly repayable within five years	**–**	3,305
– imputed interest charged on convertible bonds	**25,930**	9,217
– discounted bills of exchange without recourse	**–**	161
Total borrowing costs	**25,930**	12,683
Less: Amounts capitalised into properties under development	**–**	(2,159)
	25,930	10,524

Borrowing costs capitalised during the year ended 31 December 2011 arose on the general borrowing pool and were calculated by applying a capitalisation rate of 6.73% (2012: nil) per annum to expenditure on properties under development.

7. INCOME TAX EXPENSE (CREDIT)

	2012 *HK$'000*	2011 *HK$'000*
Hong Kong Profits Tax		
– current year	**22,572**	–
– underprovision in prior years	**26,357**	–
PRC Enterprise Income Tax		
– current year	**185**	–
– underprovision in prior year	**878**	–
	49,992	–
Deferred tax	**1,874**	(3,417)
	51,866	(3,417)

During the year ended 31 December 2012, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits.

During the year ended 31 December 2011, Hong Kong Profits Tax has not been provided for in the consolidated financial statements as the Group's income neither arises in, nor is derived from Hong Kong.

In current and prior years, the Hong Kong Profits Tax amounting to approximately HK$34,041,000 of a subsidiary of the Company in respect of the years of assessment 2000/01 to 2005/06 were under inquiries by 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 (2011: HK$11,791,000) tax reserve certificates was purchased and recorded as income tax recoverable in the statement of financial position.

During the year ended 31 December 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 were 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, in current and prior years, the Hong Kong Profits Tax amounting to approximately HK$26,849,000 of another subsidiary of the Company in respect of the years of assessment 2002/03 to 2005/06 were under inquiries by 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$300,000 tax reserve certificates was purchased and recorded as income tax recoverable in the statement of financial position. During the year ended 31 December 2012, the tax reserve certificate was refunded as the IRD agreed that the income derived by this subsidiary was non-Hong Kong sourced.

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 years.

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

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

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

The income tax expense (credit) for the year can be reconciled to the profit (loss) before taxation per the consolidated income statement as follows:

	2012	2011
	HK$'000	*HK$'000*
Profit (loss) before taxation	**70,513**	(234,873)
Tax calculated at rates applicable to profits in the respective tax jurisdiction concerned	**11,005**	(51,945)
Effect of tax exemption granted to a Macau subsidiary	**546**	452
Tax effect of income not taxable for tax purpose	**(7,683)**	(8,632)
Tax effect of expenses not deductible for tax purpose	**14,298**	16,025
Utilisation of previously unrecognised tax losses and deductible temporary difference	**–**	(576)
Tax effect of tax losses and deductible temporary difference not recognised	**6,465**	41,259
Underprovision in prior years	**27,235**	–
Income tax expense (credit) for the year	**51,866**	(3,417)

8. PROFIT (LOSS) FOR THE YEAR

	2012	2011
	HK$'000	*HK$'000*
Profit (loss) for the year has been arrived at after charging (crediting):		
Amortisation of intangible assets	**60**	333
Amortisation of prepaid lease payments on land use rights	**397**	723
Auditors' remuneration	**1,421**	1,498
Cost of inventories recognised as an expense and included in cost of sales		
Carrying amount of inventories sold	**1,027,497**	243,062
Write-off of inventories	**3,494**	5,957
Reversal of write-down of inventories	**(1,154)**	–
Write-down of inventories	**–**	14,808
	1,029,837	263,827
Depreciation of property, plant and equipment	**6,340**	9,458
Impairment loss recognised in respect of trade receivables (included in administrative expenses)	**–**	85
Impairment loss in respect of intangible assets (included in administrative expenses)	**–**	2,558
Operating lease rental on land and buildings	**4,896**	1,417
Research and development costs	**1,211**	1,820
Staff costs (including directors' emoluments)	**51,606**	120,124
Write-off of other receivables (included in administrative expenses)	**–**	1,887

9. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2012, nor has any dividend been proposed since the end of the reporting period (2011: nil).

10. EARNINGS (LOSS) PER SHARE

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

	2012	2011
	HK$'000	*HK$'000*
Profit (loss)		
Profit (loss) for the year attributable to the owners of the Company for the purposes of basic and diluted earnings (loss) per share	**18,660**	(229,858)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**3,332,586,993**	2,229,036,061
Effect of dilutive potential ordinary shares in respect of share options	**37,842**	–
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**3,332,624,835**	2,229,036,061

For the year ended 31 December 2012, the computation of diluted earnings per share does not assume conversion of convertible bonds as their exercise would result in an increase in earnings per share.

For the year ended 31 December 2011, the computation of diluted loss per share does not assume the exercise of the Company's outstanding share options and convertible bonds as their exercise would result in a decrease in loss per share.

11. PROPERTIES UNDER DEVELOPMENT

	2012	2011
	HK$'000	*HK$'000*
At 1 January	**–**	240,561
Exchange realignment	**–**	14,634
Additions	**–**	13,374
Derecognised on disposal of a subsidiary	**–**	(268,569)
At 31 December	**–**	–
Represented by:		
Prepaid lease payments on land use rights	**–**	259,717
Construction costs and capitalised expenditure	**–**	5,405
Finance costs capitalised	**–**	3,447
Derecognised on disposal of a subsidiary	**–**	(268,569)
	–	–

12. LOAN RECEIVABLE FROM A SHAREHOLDER

	2012 *HK$'000*	2011 *HK$'000*
Loan to China Uranium Development	**775,174**	–

The Group advanced a revolving loan to China Uranium Development in the sum of USD100,000,000 on 20 November 2012. The loan was unsecured, carried interest at one-month London Interbank Offered Rate plus 6% per annum (which is predetermined at 6.2075% per annum on date of advancement) and repayable within 45 days after the advancement. On 4 January 2013, the loan was fully settled.

13. TRADE AND OTHER RECEIVABLES

	2012 *HK$'000*	2011 *HK$'000*
Trade and bills receivables (Note a)	**255,303**	55,612
Less: Impairment loss recognised in respect of trade receivables (Note b)	**(4,212)**	(4,165)
	251,091	51,447
Prepayments, deposits and other receivables (Notes c and d)	**15,520**	45,020
	266,611	96,467

The Group did not hold any collateral over these balances.

Notes:

(a) At 31 December 2012, included in trade and bills receivables was amount of approximately HK$239,746,000 (2011: nil) due from an intermediate holding company, CGNPC-URC, the sole shareholder of China Uranium Development.

(b) The movements in impairment loss of trade receivables were as follows:

	2012 *HK$'000*	2011 *HK$'000*
At 1 January	**4,165**	7,800
Exchange realignment	**47**	252
Recognised during the year	**–**	85
Written off	**–**	(3,656)
Eliminated on disposal of subsidiaries	**–**	(316)
At 31 December	**4,212**	4,165

At 31 December 2012, included in the impairment loss of trade receivables were individually impaired trade receivables with an aggregate balance of approximately HK$4,212,000 (2011: HK$4,165,000) which were due to long outstanding.

(c) At 31 December 2012, included in prepayments, deposits and other receivables was interest receivable of approximately HK$5,479,000 (2011: nil) from a shareholder, China Uranium Development, in relation to the revolving loan of USD100,000,000 (note 12).

(d) The movements in impairment loss of prepayments, deposits and other receivables were as follows:

	2012	2011
	HK\$'000	*HK\$'000*
At 1 January	**–**	3,273
Exchange realignment	**–**	105
Eliminated on disposal of subsidiaries	**–**	(3,378)
At 31 December	**–**	–

The Group's credit terms for pharmaceutical and food segment ranged from 90 days to 180 days while credit term for natural uranium trading segment was an average of 25 days.

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

	2012	2011
	HK\$'000	*HK\$'000*
Within 30 days	**246,427**	25,795
31-60 days	**3,291**	17,112
61-90 days	**1,373**	5,022
Over 90 days	**–**	3,518
	251,091	51,447

At 31 December 2012 and 2011, all trade receivables were neither past due nor impaired and related to a wide range of customers for whom there was no recent history of default.

14. TRADE AND OTHER PAYABLES

	2012	2011
	HK\$'000	*HK\$'000*
Trade and bills payables	**199,068**	393,390
Accrued expenses and other payables	**20,998**	31,532
	220,066	424,922

The following is an aged analysis of trade and bills payables presented based on the invoice date at the end of the reporting period:

	2012	2011
	HK\$'000	*HK\$'000*
Within 30 days	**198,704**	391,821
31-60 days	**46**	372
61-90 days	**13**	4
Over 90 days	**305**	1,193
	199,068	393,390

The average credit period on purchases of goods was 30 days (2011: 30 days). The Group had financial risk management policies in place to ensure that all payables are settled within the credit time frame.

15. COMMITMENTS

Commitments under operating leases

The Group as lessor

Property rental income earned during the year was approximately HK$6,958,000 (2011: HK$5,483,000). The investment properties were expected to generate rental yields of 8.33% (2011: 7.14%) on an ongoing basis. The investment properties held had committed tenants for the next one to five years.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2012	2011
	HK$'000	*HK$'000*
Within one year	**6,287**	6,511
In the second to fifth year inclusive	**5,581**	6,271
	11,868	12,782

The Group as lessee

The Group leased certain of its offices and staff quarters under operating lease arrangements. Leases for properties were negotiated for a term ranging from one to three years and rentals were fixed throughout the rental period.

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

	2012	2011
	HK$'000	*HK$'000*
Land and buildings		
Within one year	**6,707**	544
In the second to fifth year inclusive	**7,218**	590
	13,925	1,134

16. PLEDGE OF ASSETS

At the end of the reporting period, certain assets of the Group were pledged to secure banking facilities granted to the Group as follows:

	2012	2011
	HK$'000	*HK$'000*
Property, plant and equipment	**–**	1,656
Investment properties	**–**	68,585
Bank balances and cash	**644**	678
Prepaid lease payments on land use rights	**–**	1,457
	644	72,376

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the year 2012, the consolidated turnover of the Group increased by approximately 230% year-on-year from HK$373 million to approximately HK$1,232 million as compared to the previous year. The profit attributable to owners of the Company amounted to approximately HK$19 million (2011: loss of HK$230 million).

The significant increase in the turnover of the Company for the year ended 2012 as compared with the previous year was primarily attributable to the solid stream of income generated from the new natural uranium trading business which recorded approximately HK$1,167 million (2011: nil). We have also received an one-off proceeds gained from the disposal of a commercial property at Lippo Centre, Queensway, Hong Kong in December 2012. As a result, the Group has recorded a substantial increase in profits as compared to the year 2011.

As a whole, the profit attributable to owners of the Company amounted to approximately HK$19 million (2011: loss of HK$230 million). Basic earnings per share was HK$0.56 cents (2011: loss per share HK$10.31 cents). The Group's financial position remained strong during the year, with approximately HK$605 million (2011: HK$1,264 million) of bank balance and cash as at 31 December 2012. Gearing ratio (total borrowings/equity attributable to owners of the Company, net of intangible assets and goodwill) as at 31 December 2012 was 47% (2011: 45%).

TRADING OF NATURAL URANIUM

Over the year, the directors of the Company have been exploring suitable business opportunities to broaden the revenue base and to diversify the business scope of the Company.

The Group has commenced the trading of natural uranium in 2011 and achieved a profit record in 2012. Uranium has the largest atomic number of natural element. In the crust, uranium exists in uranium minerals, isomorphic form and absorbed 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 trading of natural uranium.

The Group has recorded HK$1,167 million turnover in trading of natural uranium during the reporting period.

PHARMACEUTICAL AND FOOD INDUSTRY

Product Sales

During the year, the Group's turnover from sales of pharmaceutical and food product amounted to approximately HK$58 million, a significant decrease of approximately 84% as compared with the sales of approximately HK$367 million last year.

"Osteoform Calcium Food", a food product of the Group

The Group's food product "Osteoform Calcium Food" consists of multiple minerals and vitamins. Its nutrition facilitates the absorption of calcium by human body, thus helping the formation of bone matrix and the maintenance of bone density. Turnover in the year 2012 amounted to HK$0.1 million, representing a decrease of 100% as compared with last year.

With reference to the Company's announcements dated 14 June 2012, 12 March 2012, 8 December 2011 and 4 August 2011 and the 2011 annual report, the Group discovered that the sales of Osteoform Calcium Food (or otherwise called Osteoform Food Product in the above announcements) has decreased substantially since June 2011. Given that the food hygiene licence obtained by the Group has expired on 25 November 2011 and the difficulties of renewing the food hygiene licence in view of the changes of food hygiene rules and regulations in PRC, the Group had stopped the production of Osteoform Calcium Food in 2011.

"Osteoform Vitamins with minerals dispersible tablet", a compound vitamin and minerals product

"Osteoform Vitamins with minerals dispersible tablet", a compound product for the prevention and treatment of disease caused by lack of vitamins and minerals, was launched onto the market during the second quarter of the year 2009. Turnover in the year 2012 was around HK$0.8 million, representing a decrease of approximately 96% as compared with last year.

Madaus products

Regarding the trading of overseas agency products of Madaus GmbH, Germany which include Legalon (Silymarin) and Uralyt-U (Potassium Sodium Hydrogen Citrate Granules), etc., the Group has recorded turnover of approximately HK$9.9 million in the year 2012, representing a decrease of approximately 89% as compared with last year. In 2012, the Group was selling its remaining stock of Madaus products. When the existing Madaus products are all sold out, the Group will stop selling Madaus products.

"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 onto the market during the second half of the year 2009. Turnover for the year 2012 was approximately HK$20.1 million, representing a growth of approximately 6% as compared with last year.

The Production Base in Wuhan, Hubei Province, the PRC

During the year, our major production included a 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 year, major sales products included "Taurolite®".

PROPERTY INVESTMENT

Leased investment property

Property investment segment includes leased properties situated in Sichuan, the PRC. During the year 2012, the property investment business contributed approximately HK$7.0 million (2011: HK$5.5 million) rental income to the Group. The increase was mainly due to the improvement of occupancy rate and rental level.

BUSINESS PROSPECTS

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 develop the scale of natural uranium trading and proactively identify uranium resource investment opportunities to preserve the sustainable growth and long-term value of the shareholders.

FINANCIAL REVIEW

Capital structure

As at 31 December 2012, the Company had in issue 3,332,586,993 ordinary shares (31 December 2011: 3,332,586,993 ordinary shares). During the year 2012, the Company had not issued any new shares (2011: 1,781,530,000). The market capitalisation of the Company as at 31 December 2012 was approximately HK$2,866 million (31 December 2011: approximately HK$3,199 million).

Liquidity and financial resources

As at 31 December 2012, the Group did not have any outstanding bank borrowing (31 December 2011: nil). Bank balances and cash amounted to approximately HK$605 million (31 December 2011: HK$1,264 million), including pledged bank deposits of approximately HK$1 million (31 December 2011: HK$1 million). The decrease was mainly due to the advance of a revolving loan to a shareholder during the year.

As at 31 December 2012, the Group has not obtained banking facilities from any banks (31 December 2011: HK$88 million). The average cost of financing was around 6% per annum in 2011. 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 year ended 31 December 2012, the Group financed its operations mainly by internally generated resources.

As at 31 December 2012, in relation to cash and bank balances amounting to approximately HK$605 million (31 December 2011: HK$1,264 million), approximately 80% (2011: 93%) of which was denominated in HK$, approximately 5% (2011: 7%) of which was denominated in Renminbi ("**RMB**") and approximately 15% (2011: 0%) of which was denominated in USD.

Exposure to foreign exchange risk and currency policy

The sales of the Group were mainly denominated in USD and RMB (2011: RMB). Purchases were mainly denominated in USD and RMB (2011: USD, RMB and Euro). Operating expenditures including administrative expenses and selling and distribution expenses, were primarily denominated in HK$ and RMB.

In 2012, the Group did not enter into any forward contracts, interest or currency swaps or other financial derivatives for hedging purpose. 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 31 December 2012, the Group had no material contingent liabilities (2011: nil).

Key financial figures and ratios

Income statement item:

Gross profit margin: During the reporting period, the Group has strategically scaled down its pharmaceutical and food business. The natural uranium trading business has made a significant boost in total turnover. The average gross profit margin for the year 2012 decreased to approximately 16% when compared to approximately 29% for the corresponding period in 2011, due to the lower gross profit margin of the natural uranium business as compared with the pharmaceutical and food business.

Other operating income: The other operating income for the year 2012 was approximately HK$54 million, which had been increased by approximately HK$22 million as compared to the year 2011. It was mainly attributable to the increase of bank interest income and gain on disposal of a property during the year.

Selling and distribution expenses: The Group identified high selling and distribution expenses as business risk and aimed to tighten the outflow. The ratio of selling and distribution expenses to turnover significantly decreased from 26% for the year 2011 to 3% for the year 2012.

Administrative expenses: Although the Group focused on tightening its budgetary control to cut down administrative costs, the administrative expenses increased from approximately HK$93 million to HK$130 million as the Group made efforts to explore new business opportunities during the year.

Finance costs: The finance costs for the year 2012 mainly arose from the convertible bond issued and allotted in the second half of year 2011.

	Year 2012	Year 2011
Income statement item:		
Turnover (HK$' million)	**1,232**	373
Gross profit margin	**16%**	29%
Selling and distribution expenses (HK$' million)	**35**	98
Gross profit margin after deducting selling and distribution expenses	**14%**	3%
Profit (loss) attributable to owners of the Company/Turnover	**2%**	(62%)
Earning (loss) before interest, tax, depreciation and amortisation ("EBITDA" "(LBITDA)") (HK$' million)	**103**	(214)
EBITDA (LBITDA)/Turnover	**8%**	(57%)

Statement of financial position item:

Gearing ratio: The gearing ratio as at 31 December 2012 (total borrowings/equity attributable to owners of the Company, net of intangible assets and goodwill) was 47%, as compared to the gearing ratio of 45% as at 31 December 2011.

The Group offers shorter credit terms to the customer of the new natural uranium trading business. However, as the Group generated more revenue in the fourth quarter of year 2012, the average trade receivable turnover days were only slightly reduced to approximately 45 days. Since the Group does not generally hold any inventory for the natural uranium trading business, the inventory turnover days decreased to approximately 5 days.

	As at 31 December 2012 ***HK$' million***	As at 31 December 2011 *HK$' million*
Statement of financial position item:		
Liability component of convertible bonds	**493**	467
Bank balances and cash	**605**	1,264
Net tangible assets	**1,055**	1,035
Gearing ratio	**47%**	45%
Average trade receivable turnover days	**45 days**	46 days
Average inventory turnover days (excluding goods in transit)	**5 days**	74 days

As at 31 December 2012, the Group had approximately HK$1 million in bank balances and cash that were pledged as collateral to a bank. For the year 2012, return on equity was on average 2% (2011: -22%).

EMPLOYEE INFORMATION

As at 31 December 2012, the Group had 180 employees. 122 of these employees were located in China and 58 in Hong Kong and Macau.

The policies of employee remuneration, bonus, share option scheme and training are commensurate with performance and comparable to market rate. The Group encourages employees to participate in external training programs 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 year 2012 amounted to approximately HK$52 million.

MAJOR AND CONTINUING CONNECTED TRANSACTION

On 15 October 2012, the Company as lender and China Uranium Development as borrower, entered into a revolving loan facility agreement (the "**Facility Agreement**"), pursuant to which the Company provides the revolving loan facility of an amount of not exceeding US$100 million (approximately HK$780 million) (the "**Revolving Loan**") to China Uranium Development for a term of one year commencing from 15 November 2012, the date on which the Facility Agreement became effective.

The Company shall have the right at any time to terminate the Revolving Loan under the Facility Agreement by serving not less than 30 business' days' notice in writing to China Uranium Development. When the Revolving Loan is terminated, all outstanding principal and interest accrued shall become immediately payable. Pursuant to the Facility Agreement, the maximum aggregate transaction amount shall not exceed US$100 million (approximately HK$780 million) (the "**Cap Amount**"). Details of the Facility Agreement have been disclosed in the Company's circular dated 31 October 2012.

Since China Uranium Development owns approximately 50.11% equity interests in the Company and is a controlling shareholder of the Company at the time of entering into the Facility Agreement, China Uranium Development is therefore a connected person of the Company under the Listing Rules. The transaction contemplated under the Facility Agreement constitutes a continuing connected transaction for the Company under the Listing Rules. As certain applicable percentage ratios stipulated under Listing Rule 14.07 regarding the Revolving Loan is greater than 25% but less than 75%, the entering into the Facility Agreement and the transactions contemplated also constitutes a major transaction under Chapter 14 of the Listing Rules.

Pursuant to the ordinary resolutions passed by the independent shareholders of the Company (being the shareholders of the Company other than China Uranium Development and its associates) at the extraordinary general meeting held on 15 November 2012, the entering into of the Facility Agreement, the proposed Cap Amount and the provision of the Revolving Loan were approved by the independent shareholders of the Company.

Mr. He Zuyuan, an executive Director and chief executive officer of the Company and Ms. Jin Yunfei, a non-executive Director, had abstained from voting to approve the Facility Agreement in the Board meeting due to the fact that they are the directors of China Uranium Development and are regarded as not independent to make any recommendation to the Board.

Mr. Ling Bing, Mr. Qiu Xianhong and Mr. Huang Jinsong, the independent non-executive directors of the Company have reviewed and confirmed that the above continuing connected transaction were entered into (a) in the ordinary and usual course of business of the Group; (b) on terms no less favorable to the Company than terms available to or from (as appropriate) independent third parties; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

DISPOSAL OF PROPERTY

On 28 December 2012, Wide Triumph Limited, an indirect wholly-owned subsidiary of the Company, as vendor has completed the disposal of a commercial property situated at Lippo Centre, Queensway, Hong Kong at a total consideration of HK$31,338,000.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (effective until 31 March 2012) and Corporate Governance Code and Corporate Governance Report (effective from 1 April 2012) as stated in Appendix 14 of the Listing Rules for the year ended 31 December 2012, except for the deviation from the code provision disclosed below.

Code provision A.2.7: The chairman should at least annually hold meetings with the non-executive Directors without the executive directors present.

Code provision I.(d): Attendance at board or committee meetings by an alternate director should not be counted as attendance by the director himself.

On 15 November 2012, Mr. Yu Zhiping, the Company's Chairman, has appointed Mr. Wei Qiyan to be his alternate to attend a meeting with other non-executive Directors, without the presence of executive Directors. The attendance of Mr. Wei Qiyan should not be counted as attendance by Mr. Yu Zhiping himself. Mr. Yu Zhiping has communicated with other non-executive Directors on a regular basis.

Code provision A.6.7: 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.

Mr. Yu Zhiping, Mr. Wei Qiyan, Mr. Chen Zhiyu (resigned on 5 July 2012), all being non-executive Directors, and Mr. Ling Bing, Mr. Qiu Xianhong and Mr. Huang Jinsong, all being independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 16 May 2012 ("**AGM**") due to other business engagement.

Code provision E.1.2: The chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this his duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting. The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that requires independent shareholders' approval. An issuer's management should ensure the external auditor attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

Mr. Yu Zhiping, the Chairman of the Board and chairman of the Nomination Committee did not attend the AGM due to other business engagements. Mr. Yu Zhiping has appointed Mr. He Zuyuan, Chief Executive Officer and a member of the Nomination Committee, to attend the AGM and answer questions raised by shareholders.

Mr. Qiu Xianhong, chairman of the Audit Committee and Remuneration Committee, did not attend the AGM and was not able to delegate other members of the Audit Committee and Remuneration Committee to attend the AGM as all of them have other business engagements.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 of the Listing Rules as the principle standards of securities transactions by the directors of the Company.

All Directors have confirmed upon specific enquiries that, they have complied with the required standard set out in the Model Code regarding Directors' securities transactions throughout the year ended 31 December 2012.

PURCHASES, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

None of the Company and its subsidiaries redeemed any of its shares during the year ended 31 December 2012. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year ended 31 December 2012.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2012.

DIVIDEND

Since the Group intends to retain sufficient capital for the business expansion, the Board would not recommend the payment of the final dividend for the year 2012 (2011 final dividend: Nil).

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the audited financial statements for the year ended 31 December 2012.

The annual results of the Group for the year ended 31 December 2012 have been reviewed by the Audit Committee.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the Company's website (http://www.irasia.com/announce.htm.) and the Stock Exchange's website (www.hkex.com.hk). The 2012 annual report containing all information required by the Listing Rules will be dispatched to the shareholders and will be available on the websites of the Company and the Stock Exchange on or before the latest practicable date.

By Order of the Board
CGN Mining Company Limited
He Zuyuan
Chief Executive Officer

Hong Kong, 5 March 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) and Mr. Li Xianli, 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*