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 2012

HIGHLIGHTS

	(Unaudited) Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Turnover	**458,422**	189,787
Loss attributable to owners of the Company	**(11,808)**	(20,752)
Basic loss per share	**HK(0.35) cents**	HK(1.32) cents
Diluted loss per share	**HK(0.35) cents**	HK(1.32) cents
Interim dividend per share	**Nil**	Nil

- Turnover of the Group was approximately HK$458.4 million representing an increase of approximately 142% year-on-year;
- Loss attributable to owners of the Company was approximately HK$11.8 million representing a decrease of approximately 43% year-on-year;
- Basic loss per share was approximately HK0.35 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") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2012, together with the comparative figures for the corresponding period of 2011 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2012

		Six months ended 30 June	
		2012	2011
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Turnover	*3*	**458,422**	189,787
Cost of sales		**(406,532)**	(71,747)
Gross profit		**51,890**	118,040
Other operating income		**15,693**	17,547
Selling and distribution expenses		**(11,249)**	(39,612)
Administrative expenses		**(54,292)**	(37,175)
Impairment loss recognised in respect of property, plant and equipment		**–**	(39,759)
Impairment loss recognised in respect of goodwill		**–**	(25,142)
Finance costs	*4*	**(12,719)**	(180)
Loss before taxation		**(10,677)**	(6,281)
Income tax expense	*5*	**(1,189)**	(13,010)
Loss for the period	*7*	**(11,866)**	(19,291)
(Loss) profit for the period attributable to:			
Owners of the Company		**(11,808)**	(20,752)
Non-controlling interests		**(58)**	1,461
		(11,866)	(19,291)
Loss per share	*9*		
Basic and diluted		**HK(0.35) cents**	HK(1.32) cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(11,866)**	(19,291)
Other comprehensive income		
Exchange differences arising on translating foreign operations		
Gain arising during the period	**799**	15,297
Reclassification adjustments for the cumulative gain included in profit or loss upon disposal during the period	**–**	(1,627)
Other comprehensive income for the period	**799**	13,670
Total comprehensive expense for the period	**(11,067)**	(5,621)
Total comprehensive (expense) income for the period attributable to:		
Owners of the Company	**(11,020)**	(7,183)
Non-controlling interests	**(47)**	1,562
	(11,067)	(5,621)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Notes	30 June 2012 HK$'000 (Unaudited)	31 December 2011 HK$'000 (Audited)
Non-current assets			
Intangible assets		**293**	322
Property, plant and equipment		**63,179**	63,007
Investment properties		**77,622**	76,790
Prepaid lease payments on land use rights		**19,735**	19,918
Goodwill		**–**	–
		160,829	160,037
Current assets			
Inventories		**9,265**	408,422
Trade and other receivables	*10*	**28,266**	96,467
Prepaid lease payments on land use rights		**369**	366
Income tax recoverable		**20,234**	16,207
Short-term bank deposits		**1,221,271**	–
Bank balances and cash			
– pledged		**678**	678
– unpledged		**87,893**	1,262,857
		1,367,976	1,784,997
Total assets		**1,528,805**	1,945,034
Current liabilities			
Trade and other payables	*11*	**11,014**	429,109
Income tax payable		**29**	–
		11,043	429,109
Net current assets		**1,356,933**	1,355,888
Total assets less current liabilities		**1,517,762**	1,515,925
Capital and reserves			
Share capital		**33,326**	33,326
Reserves		**990,498**	1,001,518
Equity attributable to owners of the Company		**1,023,824**	1,034,844
Non-controlling interests		**1,976**	2,023
Total equity		**1,025,800**	1,036,867
Non-current liabilities			
Convertible bonds		**480,202**	467,483
Deferred tax liabilities		**11,760**	11,575
		491,962	479,058
		1,517,762	1,515,925

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").

Change in functional currency of the Company

In prior years, the functional currency of the Company was Hong Kong dollars ("HK$"). During the six months ended 30 June 2012, the Company commenced the trading of natural uranium resources which was denominated in United States dollars ("USD") and the directors of the Company considered that the functional currency of the Company should be changed from HK$ to USD starting from 1 January 2012. The change of functional currency of the Company was applied prospectively from the date of change in accordance with HKAS 21 "The Effects of Changes in Foreign Exchange Rates". As the Company's shares are listed on the Stock Exchange, the directors of the Company consider that it will be more appropriate to continue to adopt HK$ as the Group's and the Company's presentation currency.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, 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 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011.

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

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

The application of the above amendments to 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.

3. TURNOVER AND SEGMENT INFORMATION

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

During the year ended 31 December 2011, a new segment of natural uranium trading was introduced after the Company entered into a framework agreement on 21 October 2011 with 中廣核鈾業發展有限公司(CGNPC Uranium Resources Co., Ltd.) ("CGNPC-URC"), a company established in the People's Republic of China (the "PRC") with limited liability and the sole shareholder of the Company's controlling shareholder, China Uranium Development Company Limited, in relation to the sale of natural uranium resources by the Group to CGNPC-URC. The Group's reportable and operating segments, based on the information reported to the chief operating decision maker, the Chief Executive Officer, for the purposes of resource allocation and performance assessment 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.

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 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 profit/(loss)	**(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)**

Six months ended 30 June 2011

	Pharmaceutical and food *HK$'000* (Unaudited)	Property investment *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Turnover	187,448	2,339	189,787
Segment loss	(1,694)	(642)	(2,336)
Other income and gains			7,676
Central administrative costs			(11,441)
Finance costs			(180)
Loss before taxation			(6,281)

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

	30 June 2012 ***HK$'000*** **(Unaudited)**	31 December 2011 *HK$'000* (Audited)
Pharmaceutical and food	**108,253**	187,207
Property investment	**82,144**	81,205
Natural uranium trading	**69**	391,593
	190,466	660,005
Unallocated corporate assets	**1,338,339**	1,285,029
Total assets	**1,528,805**	1,945,034

4. FINANCE COSTS

	Six months ended 30 June	
	2012 ***HK$'000*** **(Unaudited)**	2011 *HK$'000* (Unaudited)
Interest expenses on:		
– bank borrowings and overdrafts wholly repayable within five years	**–**	2,166
– imputed interest charged on convertible bonds	**12,719**	–
– discounted bills of exchange without recourse	**–**	174
Total borrowing costs	**12,719**	2,340
Less: amounts capitalised into properties under development	**–**	(2,160)
	12,719	180

Borrowing costs capitalised during the six months ended 30 June 2011 arose on the general borrowing pool and were calculated by applying a capitalisation rate of 5.86% (six months ended 30 June 2012: nil) per annum to expenditure on properties under development.

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax		
– current period	**29**	13,010
– underprovision in prior year	**1,064**	–
	1,093	13,010
Deferred tax	**96**	–
	1,189	13,010

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

Hong Kong Profits Tax has not been provided for in the condensed consolidated financial statements as the Group's income neither arises in, nor is derived from Hong Kong for the six months ended 30 June 2011.

The Hong Kong Profits Tax amounting to HK$13,041,000 of a subsidiary of the Company in respect of the years of assessment 2000/01 to 2003/04 are under inquiries by the Hong Kong Inland Revenue Department (the "IRD"). The Group lodged objections against the assessments and the IRD held over the payment of the profits tax and tax reserve certificates totaling HK$7,791,000 were purchased and recorded as income tax recoverable as at 30 June 2012 and 31 December 2011.

During the six months ended 30 June 2011, the IRD further issued protective profits tax assessments of approximately HK$8,750,000 to that subsidiary relating to the year of assessment 2004/05, that is, for the financial year ended 31 December 2004. The Group again lodged objections with the IRD against the protective assessments and purchased a tax reserve certificate of approximately HK$4,000,000 during the six months ended 30 June 2011 as demanded by the IRD. The amount was recorded as income tax recoverable as at 30 June 2012 and 31 December 2011.

During the six months ended 30 June 2012, the IRD further issued protective profits tax assessments of approximately HK$12,250,000 to that subsidiary relating to the year of assessment 2005/06, that is, for the financial year ended 31 December 2005. The Group again lodged objections with the IRD against the protective assessments and purchased a tax reserve certificate of approximately HK$4,000,000 during the six months ended 30 June 2012 as demanded by the IRD. The amount was recorded as income tax recoverable as at 30 June 2012.

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

Besides, the IRD issued protective profits tax assessments of approximately HK$5,849,000 to another subsidiary of the Company relating to the year 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. The amount was recorded as income tax recoverable as at 30 June 2012 and 31 December 2011.

The directors of the Company believe that that subsidiary has a reasonable likelihood of success in defending its position that the income derived is non-Hong Kong sourced and therefore, is not subject to Hong Kong Profits Tax. Accordingly, no provision for profits tax is 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 15 April 2011, the Group entered into sale agreements to dispose of its 100% equity interest in a total of nine inactive subsidiaries, to independent third parties for total consideration of approximately HK$206. Those disposed subsidiaries included Vital Biotech (Hong Kong) Limited, Medhealth International Limited, Ever Power Holding Inc., Gainful Plan Limited, Beshabar Trading Limited (BVI), Maxsun International Limited, Farthinghoe Enterprise Limited, AMT Labs (Australia) Pty Limited and Vitapharm Research Pty Limited.

The net assets of those disposed subsidiaries at their respective dates of disposal were as follows:

	HK$'000
Net assets disposed of	2
Reclassification of cumulative translation reserve upon disposal of subsidiaries to profit or loss	(1,627)
	(1,625)
Gain on disposal of subsidiaries	1,625
Total cash consideration	–
Net cash outflow arising on disposal	
Cash consideration received	–
Bank balances and cash disposed of	(2)
	(2)

The subsidiaries disposed of had no significant impact on the results and cash flows of the Group for the six months ended 30 June 2011.

7. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Amortisation of intangible assets	**31**	295
Amortisation of prepaid lease payments on land use rights	**223**	336
Cost of inventories recognised as an expense	**405,905**	66,582
Depreciation of property, plant and equipment	**3,328**	6,887
Impairment loss recognised in respect of intangible assets (included in administrative expenses)	**–**	2,493
Increase in fair value of investment properties	**383**	–
Write-down of inventories (included in cost of sales)	**–**	4,976
Decrease in fair value of held-for-trading investment	**–**	151
Loss (gain) on disposal of property, plant and equipment	**54**	(9,050)
Research and development costs	**556**	809
Bank interest income	**(14,441)**	(319)
Exchange gain	**(125)**	(5,232)
Write-back of long outstanding payables	**–**	(500)
Gain on disposal of subsidiaries	**–**	(1,625)

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 2011: 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	
	2012	2011
	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	**(11,808)**	(20,752)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**3,332,586,993**	1,566,289,092

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.

For the six months ended 30 June 2011, diluted loss per share was same as the basic loss per share, as the effect of the conversion of the Company's share options was anti-dilutive for the six months ended 30 June 2011.

10. TRADE AND OTHER RECEIVABLES

The Group normally grants to its trade customers credit periods ranging from 90 days to 180 days which are subject to periodic review by management.

The aged analysis of the Group's trade and bills receivables, presented based on invoice date, net of impairment loss recognised, is as follows:

	30 June 2012	31 December 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 30 days	**5,247**	25,795
31-60 days	**4,062**	17,112
61-90 days	**2,920**	5,022
Over 90 days	**5,548**	3,518
	17,777	51,447

11. TRADE AND OTHER PAYABLES

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

	30 June 2012	31 December 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 30 days	**36**	391,821
31-60 days	**17**	372
61-90 days	**–**	4
Over 90 days	**262**	1,193
	315	393,390

12. PLEDGE OF ASSETS

At 30 June 2012 and 31 December 2011, certain assets of the Group were pledged to secure banking facilities granted to the Group as follows:

	30 June 2012	31 December 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Property, plant and equipment	**1,645**	1,656
Investment properties	**68,988**	68,585
Bank balances and cash	**678**	678
Prepaid lease payments on land use rights	**1,350**	1,457
	72,661	72,376

BUSINESS REVIEW

Results

I hereby announce the unaudited results of the Group for the six months ended 30 June 2012 ("period under review" or "reporting period"). During the period under review, the consolidated turnover of the Group increased by 142% year-on-year to approximately HK$458.4 million from HK$189.8 million. The increase was attributed to the new natural uranium trading business which brought in approximately HK$422.3 million turnover during the reporting period. The loss attributable to owners of the Company amounted to approximately HK$11.8 million. It represented a decrease of 43% as comparing to the loss amounted to approximately HK$20.8 million in the corresponding period. The decrease was mainly caused by the impairment loss recognised in respect of goodwill and property, plant and equipment of approximately HK$25.1 million and HK$39.8 million respectively during the corresponding period while no such loss was recognised during the reporting period.

Trading of Natural Uranium

The Group has begun the trading of natural uranium business in the fourth quarter of year 2011. Uranium has the largest atomic number of natural element. 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.

The Group has recorded HK$422.3 million turnover in trading of natural uranium during the reporting 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$32.7 million, representing a decrease of approximately 83% as compared with the sales of approximately HK$187.4 million in the corresponding period.

"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 for the reporting period amounted to approximately HK$0.1 million, representing a decrease of approximately 100% as compared to approximately HK$117.8 million in the corresponding period. The decrease was mainly attributable to the fact that the Group has stopped the production of Osteoform Calcium Food last year.

"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. Turnover during the reporting period was approximately HK$0.8 million, representing a decrease of approximately 91% as compared to HK$8.8 million in the corresponding period. The decrease was due to the scale down of production of this product by the Group during the reporting period.

Madaus products

For 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$10.0 million during the reporting period, representing a decrease of approximately 72% as compared to HK$35.7 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$11.2 million, representing an increase of approximately 90% as compared to approximately HK$5.9 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 during the reporting period was approximately HK$3.7 million, representing an increase of approximately 54% as compared to approximately HK$2.4 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$2.6 million, representing a decrease of approximately 33% as compared to approximately HK$3.9 million in the corresponding period.

The Production Base in Wuhan, Hubei Province, the PRC

During the period under review, major production included a new 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 Madaus products and "Taurolite®" etc.

Property Investment

Leased investment property

During the period under review, the leased investment property business has contributed approximately HK$3.4 million rental income to the Group, representing an increase of approximately 48% as compared to HK$2.3 million in the corresponding period. The increase was mainly due to improvement of occupancy rate and rental level.

BUSINESS OUTLOOK

The Board is of the view that, in the foreseeable future, consolidation will be seen in the markets of food, pharmaceuticals and properties of the PRC, with substantial pressure existing in the operating environment. The Group will strengthen risk management and scale down the existing pharmaceutical and food business. On the other hand, the Group will expand the scale of trading of natural uranium and proactively identify uranium resource investment opportunities.

FINANCIAL REVIEW

Capital Structure

As at 30 June 2012, the Company had in issue 3,332,586,993 ordinary shares (31 December 2011: 3,332,586,993 shares). During the period under review, no new shares were issued (2011: 79,530,000).

The market capitalisation of the Company as at 30 June 2012 was approximately HK$2,966 million (31 December 2011: approximately HK$3,199 million).

Liquidity and Financial Resources

As at 30 June 2012, the Group has no bank borrowing (31 December 2011: nil). The liability component of the convertible bond amounted to HK$480 million (31 December 2011: approximately HK$467 million). Bank balances and cash amounted to approximately HK$1,310 million (31 December 2011: approximately HK$1,264 million), including pledged bank deposits of approximately HK$0.7 million (31 December 2011: approximately HK$0.7 million). As at 30 June 2012, the Group has obtained unutilised banking facilities of approximately HK$89 million (31 December 2011: HK$88 million) from banks in China. The average cost of financing during the reporting period was approximately 5% per annum (2011: approximately 6% per annum). The Group has maintained sufficient financial resources for business operation purpose. The Group has no seasonality of borrowing requirement.

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

As at 30 June 2012, in relation to bank balances and cash amounting to approximately HK$1,310 million (31 December 2011: HK$1,264 million), approximately 92% (31 December 2011: 93%) was denominated in HK$, approximately 5% (31 December 2011: 7%) was denominated in Renminbi ("RMB") and approximately 3% (31 December 2011: 0%) was denominated in other currencies.

Exposure to Foreign Exchange Risk and Currency Policy

During the reporting period, the sales of the Group were mainly denominated in USD and RMB (2011: RMB). The purchases of the Group 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$, other currencies are RMB, USD, Australian dollars, and Macau Pataca, etc. 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 2012, the Group had no material contingent liabilities (31 December 2011: nil).

Key Financial Figures and Ratios

Income statement item:

Gross profit margin: During the reporting period, the Group has scaled down its pharmaceutical and food business, the contribution of natural uranium trading to total turnover increased significantly, the average gross profit margin of the first half of year 2012 was decreased to approximately 11%, as compared with approximately 62% in the corresponding 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 selling and distribution expenses to turnover ratios were maintained at a low level, the ratio during the reporting period was approximately 2%, whereas the ratios in the corresponding period and for the last full year were approximately 21% and approximately 26% respectively.

Administrative expenses: Although the Group focused on tightening its budgetary control to cut down administrative costs, total administrative expenses increased from approximately HK$37.2 million to approximately HK$54.3 million as the Group made efforts to explore new business opportunities during the period under review.

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

	Six months ended 30 June	
	2012	2011
Income statement item:		
Turnover (HK$'million)	**458**	190
Gross profit margin	**11%**	62%
Selling and distribution expenses (HK$'million)	**11**	40
Gross profit margin after selling and distribution expenses	**9%**	41%
Loss attributable to owners of the Company/turnover	**-3%**	-11%
EBITDA (HK$'million)	**4.3**	1.4
EBITDA/Turnover	**0.9%**	0.7%

Statement of financial position item:

Gearing ratio: The gearing ratio as at 30 June 2012 (total borrowings/equity attributable to owners of the Company, net of intangible assets and goodwill) was 47%, which was comparable with the gearing ratio of 45% as at 31 December 2011.

During the reporting period, the Group had increased the demand of cash on delivery policy to the customers, the average trade receivable turnover days therefore had dropped to approximately 14 days. For the average inventory turnover days, because the Group had completed the sales of first batch of natural uranium during the period, therefore inventory turnover days had decreased to approximately 6 days.

	As at 30 June 2012	As at 31 December 2011
Statement of financial position item:		
Liability component of convertible bonds (HK$'million)	**480**	467
Bank balances and cash (HK$'million)	**1,310**	1,264
Net tangible assets (HK$'million)	**1,026**	1,037
Gearing ratio	**47%**	45%
Average trade receivable turnover days	**14 days**	46 days
Average inventory turnover days (excluding goods in transit)	**6 days**	74 days

As at 30 June 2012, the Group had approximately HK$0.7 million bank balances and cash, approximately HK$1.6 million property, plant and equipment, approximately HK$1.4 million prepaid lease payments on land use rights and approximately HK$69.0 million investment properties were pledged as collateral to banks.

For the six months ended 30 June 2012, return on equity was on average approximately -1% (2011: -6%).

Employee Information

As at 30 June 2012, the Group had 215 employees (30 June 2011: 649), comprising 2 in research and development, 39 in production, 45 in sales and marketing, 4 in project management, 5 in corporate investment and 120 in general administration and finance. 156 of these employees were located in Mainland China, and 59 in Hong Kong and Macau.

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$22.7 million (2011: HK$32.0 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 2012 (30 June 2011: nil).

REVIEW OF INTERIM RESULTS

The unaudited interim results of the Group for the six months ended 30 June 2012 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 2012 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.

CHANGES OF DIRECTORS AND COMPOSITION OF REMUNERATION COMMITTEE

Re-designation of directors:

1. Ms. Zheng Xiaowei was re-designated from a non-executive Director to an executive Director, with effect from 15 March 2012; and

2. Mr. Qiu Xianhong was re-designated from a member of the Remuneration Committee to the chairman of the Remuneration Committee and Mr. He Zuyuan was re-designated from the chairman of the Remuneration Committee to a member of the Remuneration Committee, with effect from 15 March 2012.

Resignation of directors:

1. Mr. Li Zhengguang has resigned as an executive Director and a member of the Remuneration Committee, with effect from 5 July 2012;

2. Ms. Zheng Xiaowei has resigned as an executive Director, with effect from 5 July 2012.

3. Mr. Chen Zhiyu has resigned as a non-executive Director, with effect from 5 July 2012;

Appointment of directors:

1. Mr. Li Xianli has been appointed as an executive Director and a member of the Remuneration Committee, with effect from 5 July 2012;

2. Mr. Huang Jianming has been appointed as a non-executive Director, with effect from 5 July 2012; and

3. Ms. Jin Yunfei has been appointed as a non-executive Director, with effect from 5 July 2012.

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 compiled with the required standard set out in the Model Code during the 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 Code on Corporate Governance Practices (effective until 31 March 2012) during the period from 1 January 2012 to 31 March 2012 and the Corporate Governance Code (effective from 1 April 2012) during the period from 1 April 2012 to 30 June 2012 contained in Appendix 14 to the Listing Rules, 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 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, Mr. Chen Zhiyu, 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 due to other business engagement.

Code provision E.1.2 – This Code Provision stipulates that the Chairman of the board should attend the annual general meeting ("AGM").

The chairman of the Board did not attend the AGM held on 16 May 2012 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, 24 August 2012

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*