JINCHUAN金川

JINCHUAN GROUP INTERNATIONAL RESOURCES CO. LTD
金川集團國際資源有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2362)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

RESULTS

The Board of the Directors of the Company is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2014 together with the comparative figures for the corresponding period in 2013 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2014

	Notes	**Six months ended 30.6.2014 US$'000 (unaudited)**	30.6.2013 US$'000 (restated and unaudited)
CONTINUING OPERATIONS			
Revenue	4	**321,527**	350,194
Cost of sales		**(285,239)**	(302,170)
Gross profit		**36,288**	48,024
Exchange gain	6	**–**	160,012
Other income		**–**	572
Other gains and losses	7	**(3,117)**	1,902
Selling and distribution costs		**(12,439)**	(17,806)
Administrative expenses		**(13,125)**	(14,512)
Finance income		**390**	344
Finance costs		**(3,925)**	(3,132)
Profit before taxation	8	**4,072**	175,404
Taxation	9	**(2,984)**	(8,935)
Profit for the period from continuing operations		**1,088**	166,469

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(continued)*
For the six months ended 30 June 2014

	Notes	Six months ended 30.6.2014 US$'000 (unaudited)	30.6.2013 US$'000 (restated and unaudited)
DISCONTINUED OPERATIONS			
Profit for the period from discontinued operations	10	**–**	2,805
Profit for the period		**1,088**	169,274
Other comprehensive expense:			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation		**(3,869)**	(20,005)
Translation reserve released upon disposal of subsidiaries		**–**	(2,314)
Fair value change on cash flow hedges, net of income tax		**707**	(83)
Other comprehensive expense for the period		**(3,162)**	(22,402)
Total comprehensive (expense) income for the period		**(2,074)**	146,872
Profit for the period attributable to owners of the Company			
– from continuing operations		**786**	163,205
– from discontinued operations		**–**	2,805
		786	166,010
Profit for the period attributable to non-controlling interests			
– from continuing operations		**302**	3,264
– from discontinued operations		**–**	–
		302	3,264
		1,088	169,274
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		**(2,390)**	143,649
Non-controlling interests		**316**	3,223
		(2,074)	146,872
Earnings per share	12		
From continuing operations and discontinued operations			
Basic (US cents)		**0.02**	3.82
Diluted (US cents)		**0.01**	2.80
From continuing operations			
Basic (US cents)		**0.02**	3.75
Diluted (US cents)		**0.01**	2.75

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2014

	Notes	**At 30.6.2014** ***US$'000*** **(unaudited)**	At 31.12.2013 *US$'000* (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	13	**639,376**	615,594
Mineral rights and other intangible assets	14	**914,849**	923,236
Exploration and evaluation assets	15	**325,706**	315,053
Other non-current assets		**26,965**	26,754
		1,906,896	1,880,637
CURRENT ASSETS			
Inventories		**83,107**	70,664
Trade and other receivables	17	**220,334**	234,902
Amount due from ultimate holding company		**–**	2
Derivative financial instruments	16	**1,161**	244
Tax recoverable		**–**	19
Restricted cash deposits		**13,062**	14,712
Bank balances and cash		**90,524**	58,739
		408,188	379,282
CURRENT LIABILITIES			
Trade and other payables	18	**108,852**	103,143
Amount due to ultimate holding company		**18**	29
Amount due to a fellow subsidiary		**44**	36
Borrowings	19	**234,436**	196,694
Short-term provisions		**8,309**	6,121
Derivative financial instruments	16	**379**	257
Tax payable		**2,064**	8,603
		354,102	314,883
NET CURRENT ASSETS		**54,086**	64,399
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,960,982**	1,945,036

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)
At 30 June 2014

	Notes	At 30.6.2014 US$'000 (unaudited)	At 31.12.2013 US$'000 (audited)
NON-CURRENT LIABILITIES			
Borrowings	19	**71,616**	50,157
Long-term provisions		**20,675**	20,396
Deferred tax liabilities	20	**451,674**	454,506
		543,965	525,059
NET ASSETS		**1,417,017**	1,419,977
CAPITAL AND RESERVES			
Share capital	21	**5,578**	5,578
Perpetual subordinated convertible securities	22	**1,089,084**	1,089,084
Reserves		**119,258**	121,648
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**1,213,920**	1,216,310
NON-CONTROLLING INTERESTS		**203,097**	203,667
TOTAL EQUITY		**1,417,017**	1,419,977

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

	Attributable to owners of the Company										
	Share capital US$'000	Perpetual subordinated convertible securities US$'000	Share premium US$'000	Reserve funds US$'000	Translation reserve US$'000	Hedging reserve US$'000	Other reserves US$'000 (Note)	Accumulated profits US$'000	Total US$'000	Non-controlling interests US$'000	Total US$'000
At 1 January 2014 (audited)	**5,578**	**1,089,084**	**294,196**	**-**	**(21,753)**	**(296)**	**(400,721)**	**250,222**	**1,216,310**	**203,667**	**1,419,977**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**786**	**786**	**302**	**1,088**
Other comprehensive (expense) income for the period	**-**	**-**	**-**	**-**	**(3,869)**	**693**	**-**	**-**	**(3,176)**	**14**	**(3,162)**
Total comprehensive (expense) income for the period	**-**	**-**	**-**	**-**	**(3,869)**	**693**	**-**	**786**	**(2,390)**	**316**	**(2,074)**
Dividends paid to non-controlling shareholders of a subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(886)**	**(886)**
At 30 June 2014 (unaudited)	**5,578**	**1,089,084**	**294,196**	**-**	**(25,622)**	**397**	**(400,721)**	**251,008**	**1,213,920**	**203,097**	**1,417,017**
At 1 January 2013 (audited)	3,532	–	89,596	939	1,538	(297)	9	45,406	140,723	201,186	341,909
Profit for the period	–	–	–	–	–	–	–	166,010	166,010	3,264	169,274
Other comprehensive expense for the period	–	–	–	–	(22,319)	(42)	–	–	(22,361)	(41)	(22,402)
Total comprehensive (expense) income for the period	–	–	–	–	(22,319)	(42)	–	166,010	143,649	3,223	146,872
Disposal of subsidiaries	–	–	–	(939)	–	–	–	939	–	106	106
Dividends paid to non-controlling shareholders of a subsidiary	–	–	–	–	–	–	–	–	–	(386)	(386)
At 30 June 2013 (unaudited)	3,532	–	89,596	–	(20,781)	(339)	9	212,355	284,372	204,129	488,501

Note: Other reserves comprised (i) the excess of the nominal value of the shares of the subsidiaries acquired pursuant to the group reorganisation in prior years over the nominal value of the Company's shares issued in exchange therefore and (ii) the issue of 1,595,880,000 shares of the Company with fair value of US$206,646,000 and the issue of Convertible Securities of the Company with fair value of US$1,089,084,000 on 14 November 2013 in exchange for the entire equity interests in Jin Rui Group and the settlement of all shareholder's loans outstanding by Jin Rui to Jintai amounted to the principal amount of ZAR9,193,369,000 (equivalent to US$895,000,000) as detailed in note 2.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2014

	Note	Six months ended 30.6.2014 US$'000 (unaudited)	30.6.2013 US$'000 (restated and unaudited)
Net cash from (used in) operating activities		**46,960**	(57,881)
INVESTMENT ACTIVITIES			
Decrease in restricted cash deposits		**1,650**	–
Interest received		**390**	344
Decrease in other long term assets		**1**	372
Proceeds from disposal of property, plant and equipment		**15**	469
Net cash inflow from disposal of subsidiaries	8	**–**	1,570
Purchase of property, plant and equipment		**(51,620)**	(25,610)
Expenditure on exploration and evaluation assets		**(10,653)**	–
Purchase of mineral rights		**(9,504)**	(18,411)
Repayment to ultimate holding company		**(9)**	–
NET CASH USED IN INVESTING ACTIVITIES		**(69,730)**	(41,266)
FINANCING ACTIVITIES			
New bank borrowings raised		**55,692**	18,774
Repayment of bank borrowings		**(3,600)**	(23,851)
Increase in trade invoices discounting facility		**7,109**	83,505
Repayment from a fellow subsidiary		**8**	–
Repayment of obligation under finance lease		**–**	(13)
Interest paid		**(3,925)**	(3,132)
Dividend paid to non-controlling shareholders of a subsidiary		**(886)**	(386)
NET CASH FROM FINANCING ACTIVITIES		**54,398**	74,897
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**31,628**	(24,250)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		**58,739**	71,075
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**157**	230
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		**90,524**	47,055
ANALYSIS OF CASH AND CASH EQUIVALENTS BANK BALANCES AND CASH		**90,524**	47,055

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2014

1. CORPORATE INFORMATION

The Company is a listed public company incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Stock Exchange. The Company's ultimate holding company is JCG, which is established in the PRC. The registered office address of the Company is at P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands. The address of the principal place of business of the Company is at Suite 4003-04, 40/F, Tower Two, Lippo Centre, 89 Queensway, Hong Kong.

The Company is an investment holding company. The principal activities of the Group are trading of mineral and metal products and metal mining activities, primarily copper and cobalt production. Previously, the Group was also engaged in property development and investment and manufacture and trading of cosmetic and related products, as well as the provision of beauty technical and training services, which were discontinued in 2013.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard 34 "Interim financial reporting" issued by the International Accounting Standards Board (the "IASB") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

Pursuant to the sale and purchase agreement entered into between the Company and Jintai, a fellow subsidiary of the Company and an indirect wholly-owned subsidiary of the Company's ultimate holding company, on 27 August 2013, the Company agreed to acquire the entire equity interests in Jin Rui and settle all outstanding shareholder's loans due by Jin Rui to Jintai at a total consideration of US$1,290,000,000. The consideration was satisfied by the allotment and issue of 1,595,880,000 new ordinary shares of the Company at an issue price of HK$1 per share and the issue of Convertible Securities of the Company in the aggregate amount of US$1,085,400,000. Metorex, subsidiary of Jin Rui upon the completion of Jin Rui's acquisition on 16 January 2012, is engaged in metal mining activities, primarily copper and cobalt production. The Combination was completed on 14 November 2013. At the date of completion, the fair value of the new ordinary shares issued by the Company, which was determined based on the quoted market price on 14 November 2013, amounted to US$206,646,000. The fair value of Convertible Securities issued by the Company, which was determined based on a valuation carried out on that day by Asset Appraisal Limited ("AAL"), independent valuers not connected with the Group, amounted to US$1,089,084,000.

Since the Group and Jin Rui were both under the common control of the Company's ultimate holding company prior to and after the Combination, the Combination of Jin Rui was considered as a business combination under common control, and therefore has been accounted for using merger accounting, as if the Combination had occurred on 30 November 2011, being Jin Rui's date of incorporation by Jintai, and thereby the Group and Jin Rui first came under common control of the Company's ultimate holding company. The assets and liabilities of Jin Rui are included in the consolidated financial statements since 30 November 2011 or since the date of incorporation, where this is shorter, as if Jin Rui had been combined from the date when Jin Rui first came under the control of the ultimate controlling party of the Group. The assets and liabilities of Metorex Group are included in the consolidated financial statements since the date of acquisition by Newshelf (currently known as Metorex Holdings (Proprietary) Limited), a subsidiary of Jin Rui, during the year ended 31 December 2012, which was settled in cash by Newshelf. Accordingly, the consolidated financial statements have been prepared in accordance with the principles of merger accounting. As a result, the comparative figures in the consolidated financial statements have been restated accordingly. Subsidiaries deregistered or disposed were derecognised on the date when the Group lost control.

2. **BASIS OF PREPARATION** *(continued)*

The effect of the business combination under common control described above on the consolidated statement of profit or loss and other comprehensive income during the period ended 30 June 2013 is as follows:

	30.6.2013 *US$'000* (Previously stated)	Effect of merger accounting for Jin Rui Group *US$'000*	30.6.2013 *US$'000* (Restated and unaudited)
CONTINUING OPERATIONS			
Revenue	147,109	203,085	350,194
Cost of sales	(142,765)	(159,405)	(302,170)
Gross profit	4,344	43,680	48,024
Exchange gain	–	160,012	160,012
Other income	–	572	572
Other gains and losses	1,836	66	1,902
Selling and distribution costs	(175)	(17,631)	(17,806)
Administrative expenses	(2,929)	(11,583)	(14,512)
Finance income	113	231	344
Finance costs	(887)	(2,245)	(3,132)
Profit before taxation	2,302	173,102	175,404
Taxation	(545)	(8,390)	(8,935)
Profit for the period from continuing operations	1,757	164,712	166,469
DISCONTINUED OPERATIONS			
Profit for the period from discontinued operations	2,805	–	2,805
Profit for the period	4,562	164,712	169,274
Other comprehensive expense:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation	(9)	(19,996)	(20,005)
Exchange reserves released upon disposal of subsidiaries	(2,314)	–	(2,314)
Fair value change on cash flow hedges, net of income tax	–	(83)	(83)
Other comprehensive expense for the period	(2,323)	(20,079)	(22,402)
Total comprehensive income for the period	2,239	144,633	146,872
Profit for the period attributable to owners of the Company			
– from continuing operations	1,757	161,448	163,205
– from discontinued operations	2,805	–	2,805
Profit for the period attributable to owners of the Company	4,562	161,448	166,010
Profit for the period attributable to non-controlling interests			
– from continuing operations	–	3,264	3,264
– from discontinued operations	–	–	–
Profit for the period attributable to non-controlling interests	–	3,264	3,264
	4,562	164,712	169,274
Total comprehensive income attributable to:			
Owners of the Company	2,239	141,410	143,649
Non-controlling interests	–	3,223	3,223
	2,239	144,633	146,872

2. BASIS OF PREPARATION *(continued)*

The effect of the business combination under common control described above on the Group's basic and diluted earnings per share for the period ended 30 June 2013 is as follows:

	30.06.2013	
	Impact on basic earnings per share *US cents*	Impact on diluted earnings per share *US cents*
Figures before adjustments	0.17	0.17
Adjustments arising from merger accounting for Jin Rui Group	3.65	2.63
Figures after adjustments	3.82	2.80

3. PRINCIPAL ACCOUNTING POLICIES

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

Except as disclosed below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013.

In the current interim period, the Group has applied, for the first time, the following new Interpretations and amendments to International Financial Reporting Standards ("IFRSs") and Interpretations issued by the IASB that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 10, IFRS 12 and IAS 27	Investment entities
Amendments to IAS 32	Offsetting financial assets and financial liabilities
Amendments to IAS 36	Recoverable amount disclosures for non-financial assets
Amendments to IAS 39	Novation of derivatives and continuation of hedge accounting
IFRIC – INT 21	Levies

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

4. REVENUE

Revenue represents revenue arising from sales of goods. An analysis of the Group's revenue from continuing operations for the period is as follows:

	Six months ended	
	30.6.2014	30.6.2013
	US$'000	US$'000
	(unaudited)	(restated and unaudited)
Continuing operations:		
Sales of copper	**289,231**	327,645
Sales of cobalt	**32,296**	22,549
	321,527	350,194

5. SEGMENT INFORMATION

IFRS 8 "Operating segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM") in order to allocate resources to the segment and assess its performance.

The CODM has been identified as the executive directors of the Company. They review the Group's internal reporting for the purpose of resource allocation and assessment of segment performance.

The Group was previously organised into three operating and reportable segments: (1) trading of mineral and metal products; (2) property investment and development; and (3) cosmetic and beauty. During the year ended 31 December 2013, following the cessation of property investment and development operation and cosmetic and beauty operation (note 10) and the acquisition of Jin Rui, the Group's operating and reportable segments are as follows:

- Trading of mineral and metal products
- Mining Operations, primarily copper and cobalt production

Comparative information for the six months ended 30 June 2013 have been represented to include mining operations on completion of the Combination as disclosed in note 2.

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating and reportable segments arising from continuing operations.

For the six months ended 30 June 2014 (unaudited)

	Trading of mineral and metal products *US$'000*	**Mining operation** *US$'000*	**Total** *US$'000*
Segment revenue	**108,913**	**212,614**	**321,527**
Segment results	**(1,226)**	**6,308**	**5,082**
Unallocated corporate income			**75**
Unallocated corporate expenses			**(1,085)**
Profit before taxation			**4,072**

For the six months ended 30 June 2013 (restated and unaudited)

	Trading of mineral and metal products *US$'000*	Mining operation *US$'000*	Total *US$'000*
Segment revenue	147,109	203,085	350,194
Segment results	4,042	13,147	17,189
Unallocated corporate income			159,991
Unallocated corporate expenses			(1,776)
Profit before taxation			175,404

Note: The accounting policies of operating segments are the same as the Group's accounting policies described in note 3. Segment revenue and segment results comprise turnover from external customers and profit before taxation of each segment (excluding exchange gains, finance income, acquisition-related costs and other central administration costs), respectively.

6. EXCHANGE GAIN

During the six months ended 30 June 2013, the Group has recognised an exchange gain of US$160,012,000 in relation to all outstanding shareholder's loans in the principal amount of ZAR9,193,369,000 (equivalent to US$1,127,106,000). The shareholder's loan was injected by Jintai to Jin Rui in 2012 for the acquisition of Metorex Group. The loans were unsecured, interest-free and repayable on demand. The loans have been fully settled by the issue of a portion of the Company's Convertible Securities upon the Combination as disclosed in note 2.

7. OTHER GAINS AND LOSSES

	Six months ended	
	30.6.2014	30.6.2013
	US$'000	*US$'000*
	(unaudited)	(restated and unaudited)
Continuing operations:		
Other exchange (losses) gains, net	**(3,026)**	1,884
(Loss) gain on disposal of property, plant and equipment	**(91)**	18
	(3,117)	1,902

8. PROFIT BEFORE TAXATION

	Six months ended	
	30.6.2014	30.6.2013
	US$'000	*US$'000*
	(unaudited)	(restated and unaudited)
Continuing operations:		
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**27,578**	19,348
Amortisation of mineral rights and other intangible assets	**17,890**	13,707
Operating lease rentals in respect of equipment, premises and vehicles	**683**	577

9. TAXATION

	Six months ended	
	30.6.2014	30.6.2013
	US$'000	*US$'000*
	(unaudited)	(restated and unaudited)
Continuing operations:		
The tax charge comprises:		
Current taxation		
Hong Kong Profits Tax	**–**	545
Corporate income tax in the DRC	**–**	168
Corporate income tax in Zambia	**8,777**	9,233
Overprovision in prior years	**(587)**	–
	8,190	9,946
Deferred taxation	**(5,206)**	(1,011)
	2,984	8,935

9. TAXATION *(continued)*

Hong Kong Profits Tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the six months ended 30 June 2014.

Corporate income tax in Mauritius, South Africa and DRC are calculated at 15%, 28% and 30% (2013: 15%, 28% and 30%) on the estimated assessable profits for the period, respectively. Corporate income tax in Zambia is calculated at 42% in the current period (2013: 36%). The tax rate applicable to the assessable profits for the period ranges from 30% to 42% (2013: 30% to 42%). The applicable tax rate is determined on a number of factors including the revenue of respective subsidiary and the average copper price of the period.

10. DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATIONS)

During the six months ended 30 June 2013, the Group disposed of its entire equity interests in the Carissa Bay Group that carried out all of the Group's cosmetic and beauty operation. In addition, as one of the steps to transform the Group's business into mining and mineral resources sector by disposing of and terminating the non-performing business, the Group's property investment and development operation was discontinued.

The profit from discontinued operations for the six months ended 30 June 2013 is set out below. The comparative figures in the condensed consolidated statement of profit or loss and other comprehensive income have been re-presented to reflect the cosmetic and beauty operation and property investment and development operation as discontinued operations.

	Six months ended 30.6.2013 *US$'000*
Loss from cosmetic and beauty operation and property investment and development operation for the period	(3)
Gain on disposal of cosmetic and beauty operation	2,808
	2,805

The results of cosmetic and beauty operation and property investment and development operation for the preceding interim period was as follows:

	Six months ended 30.6.2013 *US$'000*
Revenue	6,370
Cost of sales	(1,327)
Gross profit	5,043
Other income and gains	218
Selling and distribution costs	(1,807)
Administrative expenses	(3,193)
Finance costs	(77)
Profit before taxation	184
Taxation	(187)
Loss for the period	(3)

10. DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATIONS) *(continued)*

The net assets of Carissa Bay Group at the date of disposal were as follows:

	US$'000
Consideration received:	
Cash received	3,173

Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	3,007
Prepaid land lease payments	477
Intangible assets	2,014
Long term deposits	256
Inventories	2,200
Trade and other receivables	3,036
Amount due from related parties	368
Bank balances and cash	1,603
Trade and other payables	(4,884)
Borrowings	(2,212)
Amount due to related parties	(2,427)
Amount due to non-controlling shareholder of subsidiaries	(76)
Tax payable	(575)
Provisions	(30)
Deferred tax liabilities	(184)
	2,573

	US$'000
Gain on disposal of subsidiaries:	
Consideration received	3,173
Net assets derecognised	(2,573)
	600
Non-controlling interests	(106)
Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from equity to profit or loss upon disposal	2,314
Gain on disposal	2,808

Net cash inflow arising on disposal:	
Cash consideration received	3,173
Cash and cash equivalents disposed of	(1,603)
	1,570

	Six months ended 30.6.2013 *US$'000*
Cash flows from (used in) Carissa Bay Group:	
Net cash flows from operating activities	761
Net cash flows used in investing activities	(99)
Net cash flows used in financing activities	(12)
Net cash flows	650

11. DIVIDEND

No dividends has been paid or declared by the Company in respect of the six months ended 30 June 2014 (six months ended 30 June 2013: nil).

12. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of basic earnings per share is based on the profit for the period attributable to owners of the Company of US$786,000 (six months ended 30 June 2013: US$166,010,000) and on the weighted average of 4,350,753,051 ordinary shares (six months ended 30 June 2013: 4,350,753,051) in issue during the period.

From continuing operations

The calculation of basic earnings per share from continuing operations is based on the profit for the period attributable to owners of the Company of US$786,000 (six months ended 30 June 2013: US$163,205,000) and on the the weighted average of 4,350,753,051 ordinary shares (six months ended 30 June 2013: 4,350,753,051) in issue during the period.

The denominators used are the same as those for calculation of basic earnings per share from continuing and discontinued operations.

From discontinued operations

Basic earnings per share for the discontinued operations during the six months ended 30 June 2013 is US0.07 cents and diluted earnings per share for the discontinued operation is US0.05 cents, based on the profit from the discontinued operations of US$2,805,000 and the denominators detailed above for basic earnings per share from continuing and discontinued operations.

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2014, the Group spent US$51,620,000 (six months ended 30 June 2013: US$25,610,000) on purchase of property, plant and equipment and disposed of property, plant and equipment with carrying value of US$104,000 (six months ended 30 June 2013: US$355,000). In addition, during the six months ended 30 June 2013 property, plant and equipment with carrying value of US$3,007,000 were disposed through the disposal of subsidiaries.

14. MINERAL RIGHTS AND OTHER INTANGIBLE ASSETS

During the six months ended 30 June 2014, the Group spent US$9,504,000 (six months ended 30 June 2013: US$18,411,000) on purchase of mineral rights. The mineral rights represent the rights to conduct mining activities in Zambia and DRC. They are granted for the remaining terms of 5 to 9 years (31 December 2013: 6 to 10 years). In the opinion of the directors, the Group will be able to continuously renew the mineral rights with relevant government authorities without significant costs.

15. EXPLORATION AND EVALUATION ASSETS

During the six months ended 30 June 2014, the Group spent US$10,653,000 (six months ended 30 June 2013: nil) on expenditures on exploration and evaluation assets. Exploration and evaluation assets represent the cost incurred for evaluating the technical feasibility and commercial viability of extracting mineral resources in the Group's exploration mines. The management considers that the determination of commercial viability is still in progress at the end of the reporting period.

The directors of the Company consider that the recoverable amount of the exploration and evaluation assets exceeds their carrying amount and accordingly no impairment is recognised during the current and prior reporting periods.

16. DERIVATIVE FINANCIAL INSTRUMENTS

	Assets		Liabilities	
	30.6.2014	31.12.2013	**30.6.2014**	31.12.2013
	US$'000	*US$'000*	***US$'000***	*US$'000*
	(unaudited)	(audited)	**(unaudited)**	(audited)
Cash flow hedges:				
Commodity derivative contracts	**1,161**	244	**–**	–
Not under hedge accounting:				
Foreign currency forward contracts	**–**	–	**379**	257
	1,161	244	**379**	257

Commodity derivative contracts utilised by the Group are mainly standardised copper futures contracts in the London Metal Exchange. The fair value of the commodity derivative contracts represents the difference between the quoted forward price of the commodity at the end of the reporting period and the contracted price per the commodity contract of the commodity.

The Group utilises commodity derivative contracts to hedge its exposure to variability in cash flows attributable to price fluctuation risk associated with highly probable forecast sales of copper products.

At the inception of the cash flow hedging relationships, the Group formally designates and documents the hedge relationship, risk management objective and strategy for undertaking the hedge. The cash flow hedge mentioned above was assessed to be highly effective.

17. TRADE AND OTHER RECEIVABLES

The Group provided customers (other than ultimate holding company) a credit period ranging from 15 days to 180 days. Before accepting new customers, the Group uses a credit bureau to perform a credit assessment to assess the potential customers' credit limit and credit quality.

Included in trade and other receivables as at 30 June 2014 of US$2,045,000 (31 December 2013: US$2,417,000) was arisen from provisional pricing arrangements. The amount of provisional pricing arrangements represents the difference between the estimated average price up to the date of final pricing and the quoted price on the date of recognition of revenue when title and risks and rewards of the mineral and metal products are passed to customers.

The following is an aged analysis of trade and bill receivables, net of impairment, presented based on invoice date at the end of the reporting period.

	At	At
	30.6.2014	31.12.2013
	US$'000	*US$'000*
	(unaudited)	(audited)
Within 3 months	**53,701**	117,819
4 to 6 months	**52,153**	64,371
7 to 12 months	**64,167**	9,819
Over 1 year	**206**	–
	170,227	192,009

Included in trade and other receivables as at 30 June 2014 was an amount due from ultimate holding company of US$107,126,000 (31 December 2013: US$146,000,000), which was of trade nature. The Group provided ultimate holding company a credit period ranging from 180 days to 360 days.

18. TRADE AND OTHER PAYABLES

	At 30.6.2014 US$'000 (unaudited)	At 31.12.2013 US$'000 (audited)
Trade payables	**60,635**	52,012
Other payables and accruals	**48,217**	51,131
	108,852	103,143

Included in other payables and accruals are accrual for freight charges, and export clearing charges, provision for unpaid import duties and related surcharge in DRC, and other general operation related payables.

Included in trade and other payables as at 30 June 2014 of US$2,651,000 (31 December 2013: US$2,418,000) were arisen from provisional pricing arrangements. The amount of provisional pricing arrangements represents the difference between the estimated average price up to the date of final pricing and the quoted price on the date of recognition of inventory when title and risks and rewards of the mineral and metal products are passed from suppliers to the Group.

The following is aged analysis of trade payables based on the invoice date at the end of the reporting period.

	At 30.6.2014 US$'000 (unaudited)	At 31.12.2013 US$'000 (audited)
Within 3 months	**56,374**	46,743
4 to 6 months	**3,636**	4,454
7 to 12 months	**293**	815
Over 1 year	**332**	–
	60,635	52,012

The credit period on purchases of goods ranged from current to 90 days.

19. BORROWINGS

During the current period, the Group obtained new bank loans amounting to US$55,692,000. The floating rate bank borrowings carried interest ranging from LIBOR plus 0.85% to 4.5% (31 December 2013: LIBOR plus 0.9% to 4.85%) per annum and are repayable within five years.

20. DEFERRED TAX

For the purpose of presentation in the condensed statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances before offsetting:

	At 30.6.2014 US$'000 (unaudited)	At 31.12.2013 US$'000 (audited)
Deferred tax assets	**(13,693)**	(19,654)
Deferred tax liabilities	**465,367**	474,160
	451,674	454,506

As at 30 June 2014, the deferred tax liabilities is mainly arisen from temporary difference of property, plant and equipment, mineral rights and other intangible assets, and exploration and evaluation assets.

21. SHARE CAPITAL

	At 30.6.2014 and 31.12.2013 Amount *HK$'000*
Authorised:	
20,000,000,000 ordinary shares of HK$0.01 each	200,000
Issued and fully paid	
4,350,753,051 ordinary shares of HK$0.01 each	43,508

There were no change in authorised, issued and fully paid share capital for the reporting period.

Shown in the condensed consolidated financial statements as:

	Amount *US$'000*
At 31 December 2013 and 30 June 2014	5,578

22. PERPETUAL SUBORDINATED CONVERTIBLE SECURITIES

On 14 November 2013, the Company issued Convertible Securities with an aggregate principal amount of US$1,085,400,000, being part of consideration for the Combination. The fair value of Convertible Securities, which was determined based on a valuation carried out by AAL on the date of completion of the Combination amounted to US$1,089,084,000.

The Convertible Securities are convertible into a maximum of 8,466,120,000 ordinary shares of the Company at an initial conversion price of HK$1 per share, subject to anti-dilutive adjustments. On or at any time after three years after the date of issue of the Convertible Securities, the Company may, at its sole discretion, elect to convert the Convertible Securities in whole or in part into ordinary shares of the Company. At any time when a holder of the Convertible Securities is not a connected person of the Company, a principal amount of the Convertible Securities which upon conversion will result in the holder holding in aggregate under 10% of the issued share capital of the Company shall be automatically converted into ordinary shares of the Company.

The Convertible Securities shall not bear any distribution for the first three years from the issue date but shall bear distribution at 0.1% of the principal amount per annum thereafter payable annually in arrears on 31 December each year and can be deferred at the discretion of the Company. The Convertible Securities have no fixed maturity and are redeemable at the Company's option at their principal amounts together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company may not, inter alia, declare or pay any dividends or distribution on any ordinary shares of the Company or redeem or buy-back any ordinary shares of the Company, for so long as any distributions which are due and payable have not yet been paid in full.

23. RELATED PARTY TRANSACTIONS

The Group itself is part of a larger group of companies under JCG, a state-owned enterprise with its majority interest held by the People's Government of Gansu Province, which is controlled by the government of the PRC and the Group operates in an economic environment currently predominated by entities controlled, jointly controlled or significantly influenced by the PRC government.

23. RELATED PARTY TRANSACTIONS *(continued)*

(a) Transaction with JCG and its subsidiaries

Apart from details of the balances with related parties disclosed in respective notes, the Group entered into the following transactions during the reporting period:

	Six months ended	
	30.6.2014	30.6.2013
	US$'000	*US$'000*
	(unaudited)	(restated and unaudited)
Sales of goods to ultimate holding company	**73,244**	171,709
Sales of goods to a fellow subsidiary	**16,554**	–
Interest expenses on term loan due to ultimate holding company	**355**	59
Consultancy fee paid to a director of a subsidiary	**33**	–
Rental expenses paid to a fellow subsidiary	**224**	100

(b) Transactions/balances with other PRC government controlled entities

In addition, the Group has entered into various transactions, including deposits placements, borrowings and other general banking facilities, with certain banks and financial institutions which are government-related entities in its ordinary course of business. In view of the nature of those banking transactions, the directors of the Company are of the opinion that separate disclosure would not be meaningful.

(c) Transaction with non-PRC government – related parties

	Six months ended	
	30.6.2014	30.6.2013
	US$'000	*US$'000*
	(unaudited)	(restated and unaudited)
Royalty expenses paid to non-controlling shareholders of subsidiaries	**10,201**	10,088

(d) Compensation of key management personnel

The key management personnel of the Company are its directors. During the six months ended 30 June 2014, directors' emoluments of approximately US$515,000 (six months ended 30 June 2013: US$173,000) paid or payable to the directors of the Company. The emoluments of Mr. Yang Zhiqiang are borne by the ultimate holding company.

24. LEASE COMMITMENTS

At the end of the reporting period, the Group was committed to make the following future minimum lease payments under non-cancellable operating leases which fall due as follows:

	At	At
	30.6.2014	31.12.2013
	US$'000	*US$'000*
	(unaudited)	(audited)
Within one year	**719**	757
In the second to fifth years inclusive	**959**	1,227
	1,678	1,984

Operating lease payments represent rental payable by the Group for certain of its equipment, premises and vehicles. Lease is negotiated and rental is fixed originally for a lease term ranging from one to five years.

25. COMMITMENTS

	At 30.6.2014 US$'000 (unaudited)	At 31.12.2013 US$'000 (audited)
Capital expenditure in respect of property, plant and equipment, mineral rights and other intangible assets and exploration and evaluation assets		
– authorised but not contracted for	**179,627**	118,248
– contracted for but not provided	**198,721**	216,377
	378,348	334,625

26. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used), as well as the level of fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets/ financial liabilities	Fair value as at 30.6.2014	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
1) Commodity derivative contracts	Assets – US$1,161,000	Level 1	The fair value of the commodity derivative contract represents the difference between the quoted forward price of the commodity at the end of the reporting period and the contracted rate per the commodity contract of the commodity	N/A	N/A
2) Foreign currency forward contracts	Liabilities – US$379,000	Level 2	Discounted cash flows: Future cash flows are estimated based on difference between predetermined forward exchange rates and forward exchange rates at the end of the reporting period discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost approximate their fair values.

There were no transfer among Level 1, 2 and 3 in the current and prior reporting periods.

26. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(continued)*

Financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

The Group has entered certain derivative transactions that are covered by the International Swaps and Derivatives Association Master Agreements ("ISDA Agreements") signed with various banks. These derivative instruments are not offset in the condensed consolidated statement of financial position as the ISDA Agreements are in place with a right of set off only in the event of default, insolvency or bankruptcy so that the Group currently has no legally enforceable right to set off the recognised amounts. Other than derivatives transactions mentioned above, the Group has no other financial assets and financial liabilities which are offset in the Group's condensed consolidated financial statements or are subject to similar netting arrangements. In the opinion of the directors of the Company, no further disclosure is provided as the Group's derivative transactions are not significant.

27. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved and authorised for issue by the board of directors on 20 August 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Restatement of the comparative figures for the six months ended 30 June 2013 as a result of adoption of merger accounting for the Combination

Since the Group (excluding the Jin Rui Group) and the Jin Rui Group were both under the common control of JCG before and after the date of the Combination and that control is not transitory, the Group (excluding the Jin Rui Group) and the Jin Rui Group are regarded as continuing entities as at the date of business combinations and hence the Combination has been accounted for by the Company as combination of entities under common control by applying the principles of merger accounting. Accordingly, the condensed consolidated statements of profit or loss and other comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statements of cash flows of the Group for the six months ended 30 June 2013 include the results of operations, changes in equity and cash flows of the Jin Rui Group as if the current group structure upon the completion of the Combination had been in existence throughout the six months ended 30 June 2013.

For further details of the Combination and the business operations and activities of the Jin Rui Group, please refer to the circular of the Company dated 30 August 2013.

BUSINESS REVIEW

The first half of 2014 has been a period where the Group fully transformed itself into a global metal mining company. The acquisition of high grade copper and cobalt mining assets in the Central African Copper Belt in November 2013 had turned the Group's core business into a pure metal mining play. This acquisition of African mining operations together with its growing international minerals and metals related trading activities supported a steady revenue stream for the Group during the six months period.

Mining Operations

Our Mining Operations segment is represented by the Metorex Group, which is headquartered in South Africa. The Metorex Group has control over two operating and profit generating mines in Africa which are (i) Ruashi Mine, a copper and cobalt mine located in the DRC and (ii) Chibuluma South Mine (including the Chifupu copper deposit), a copper mine located in Zambia. During the six month period ended 30 June 2014, the Group produced 26,386 tonnes of copper and 1,688 tonnes of cobalt, and sold 26,055 tonnes of copper and 1,641 tonnes of cobalt which generated sales of US$180.3 million and US$32.3 million respectively.

The Metorex Group also has control over the Kinsenda Project, a development brownfield copper project under construction and located in the DRC, and two advanced stage exploration projects located in the DRC, namely (i) Musonoi Project, which is a greenfield copper and cobalt project; and (ii) Lubembe Project, which is a greenfield copper project.

BUSINESS REVIEW *(continued)*

Mineral and Metal Trading

During the period ended 30 June 2014, the Group has renewed its annual contracts with an affiliate of a Zambian producer to purchase approximately 20,000 tonnes of copper blister in 2014; and with an European supplier to purchase approximately 55,000 tonnes of copper concentrates from Outer Mongolia in 2014. The Trading business of the Group introduced the sale of off-grade copper cathodes, approximately 600 tonnes were sold to a Taiwan customer during the six months ended 2014.

During the six months ended 30 June 2014, the Group's Trading business has purchased and sold a total of approximately 10,232 tonnes (2013: 8,600 tonnes) of copper blister and 28,097 tonnes (2013: 58,700 tonnes) of copper concentrates and sold 600 tonnes (2013: nil) of off-grade copper cathodes to customers. The Trading revenue from sales of copper blisters, copper concentrates and off-grade copper cathodes for the six months ended 30 June 2014 amounted to US$69.8 million, US$35 million and US$4.1 million respectively (2013: US$61.7 million, US$85.4 million and nil respectively). During the six months period, the Group sold most of the copper concentrate to its ultimate holding company (namely, JCG), and the other mineral and metal products to third parties.

DISCONTINUED OPERATIONS

During the six months ended 30 June 2013, to follow the Company's strategy to transform its business to the mineral and metal resources sector, the Group had disposed of its cosmetic and beauty business in June 2013 at a gain of US$2.8 million for a total cash consideration of HK$24.8 million (equivalent to US$3.2 million). Please refer to the circular of the Company dated 9 July 2013 for further details of the disposal.

FINANCIAL REVIEW

The Group's operating results for the six months ended 30 June 2014 were primarily contributed by the Mining Operations and Trading of Mineral and Metal Products. As a result of the Combination and the merger accounting treatment as explained above, the comparative figures for the six months ended 30 June 2013 have been restated to include results of the Jin Rui Group for the same period.

Revenue

The revenue for the six months ended 30 June 2014 was US$321.5 million, representing a decrease of 8.2% compared with US$350.2 million for the six months ended 30 June 2013.

The increase in Mining Operations revenue was due to the increase in the sales volume for the six months ended 30 June 2014, which increased by 7.1% and 15.5% in respect of copper and cobalt respectively compared to the six months ended 30 June 2013. On the other hand, the revenue was affected by the decrease in the copper price due to the volatility in the copper market. In fact, the average LME copper price was reduced by 8.1% during the six months ended 30 June 2014. Thus our Average Copper Price Received decreased to a similar extent with reference to such drop in market copper price.

Revenue *(continued)*

The Group's sales performance from its Mining Operations was as follows:

	Six months ended 30 June	
	2014	2013
Sales volume		
Copper *(tonne)*	**26,055**	24,320
Cobalt *(tonne)*	**1,641**	1,421
Revenue from sales		
Copper *(US$ million)*	**180.3**	178.5
Cobalt *(US$ million)*	**32.3**	24.6
Total Revenue from mining operations *(US$ million)*	**212.6**	203.1
Average price received per tonne		
Copper *(US$)*	**6,921**	7,339
Cobalt *(US$)*	**19,681**	17,316

The Group was able to counter the downward pressure on the copper price by increasing the volume of copper produced and hence sold during the six months ended 30 June 2014.

The Trading segment, which activities are all copper-related, recorded a considerable decrease in revenue by 26.0% from US$147.1 million for the six months ended 30 June 2013 to US$108.9 million for the six months ended 30 June 2014. The decrease in revenue was due to the significant decrease of 30,603 tonnes in the volume of copper concentrate sold to JCG, which was 52.1% lower than the six months ended 30 June 2013. A higher trade volume was attained by the Group through the development of existing source channels and extension to third party customers, despite the overall drop in copper price from 2013 to 2014.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Cost of sales

Cost of sales represents the purchase cost for the Trading and the costs associated with the production of copper and cobalt from the Group's Mining Operations. The major components of cost of sales are as follows:

	Six months ended 30 June	
	2014	2013
	US$'000	*US$'000*
Purchases for the Trading	**106,369**	142,765
Mining Operations:		
Realisation costs	**3,997**	2,912
Mining costs	**24,490**	18,557
Salaries and wages	**33,679**	31,249
Processing fees	**50,241**	44,422
Engineering and technical costs	**14,398**	12,494
Safety, health, environment and community costs	**1,569**	1,602
Depreciation of property, plant and equipment	**27,550**	19,333
Amortisation of mineral rights and other intangible assets	**17,890**	13,707
Other costs	**5,056**	15,129
Total Cost of Sales	**285,239**	302,170

Cost of sales for the six months ended 30 June 2014 decreased by 5.6% to US$285.2 million from US$302.2 million for the six months ended 30 June 2013. The decrease in purchases for the Trading was primarily due to the decrease in trade volume of copper concentrate during the six months ended 30 June 2014.

The increase in realization cost was primarily due to the increase in the rates of Treatment Charge (TC) and Refining Charge (RC) negotiated with a major supplier at Chibuluma for the six months ended 30 June 2014. The increase in mining costs was due to the volume of ore mined and milled is higher than that for the six months ended 30 June 2013.

The increase in salaries and wages was attributed to the inflationary increases that award in the beginning of the year and the provision for retention bonuses made for the six months ended 30 June 2014.

The increase in processing fees was mainly affected by the increase of electricity cost in Ruashi Mine due to the diesel used for generating power to cope with the unstable hydro-generated electricity supply on the DRC power grid. The Group had only installed one batch of the diesel power generators during the six months ended 30 June 2013. Diesel costs has increased as result of the additional batch of generators running at a base load for the entire first half of 2014. The acid consumption rates have also increased due to the change in geological structure of the ore mined during the first half of 2014.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Cost of sales *(continued)*

The increase in the depreciation was due to first time amortisation of the Ruashi Mine Pit 3 stripping costs, which were capitalized before, over the remaining LoM for the six months ended 30 June 2014. Other costs include certain administrative expenditures from Mining Operations. The decrease in other costs relates to administrative cost control and adoption of the Group's stock piling strategy.

Gross profit

The gross profit of the Group decreased by 24.4% to US$36.3 million for the six months ended 30 June 2014 from US$48 million for the six months ended 30 June 2013. Predominantly, the recognition of amortization of mineral rights and other intangible assets relating to the acquisition of Jin Rui resulted in the drop of gross profit margin from 13.7% to 11.3% for the six months ended 30 June 2014.

Net Financing cost

	Six months ended 30 June	
	2014	2013
	US$'000	*US$'000*
Financing income	**390**	344
Financing cost	**(3,925)**	(3,132)
	(3,535)	(2,788)

The increase in net financing cost to US$3.5 million for the six months ended 30 June 2014 from US$2.8 million for the six months ended 30 June 2013 was due to the increase in bank borrowings during the first half of 2014, which has been obtained primarily for financing the development of the Kinsenda Project, as well as the increase rate of financing cost for trade finance used for the Trading segment during the six months ended 30 June 2014.

Exchange gain

During the six months ended 30 June 2013, an exchange gain of US$160.0 million arose from the transfer of a ZAR denominated shareholder loan of ZAR9,193.4 million provided by Jintai to Jin Rui, a fellow subsidiary of the Company and the seller of Jin Rui to the Company, as part of the arrangement for the Company's acquisition of the entire equity interest of Jin Rui. As the value of ZAR against US$ depreciated significantly during the six months ended 30 June 2013 but before 14 November 2013 (being the completion date of the acquisition of Jin Rui), the Group recognised such exchange gain of US$160.0 million for this shareholder loan.

After the completion of the acquisition of Jin Rui, the loans have been fully settled by the issue of the Company's Convertible Securities to Jin Tai, as part of the consideration for the acquisition. Please refer to the circular of the Company dated 30 August 2013 for further details.

Other gains and losses

Other gains and losses was mainly attributable to the exchange losses from the Trading segment of the Group. As the Group received most of its sales revenue from mineral and metal trading activities in Renminbi and there was a gradual depreciation of RMB over the six months ended 30 June 2014, the Group recorded exchange losses from its Renminbi denominated trade receivables.

Selling and distribution costs

Selling and distribution costs decreased by 30.1% to US$12.4 million for the six months ended 30 June 2014 from US$17.8 million for the six month ended 30 June 2013. The costs mainly represent the off-mine costs incurred when the Group sells its copper and cobalt under its mining operations, and is primarily comprised of transportation expenses, ocean freight expenses and custom clearing expense. The breakdown of selling and distribution costs is as follows:

	Six months ended 30 June	
	2014	2013
	US$'000	*US$'000*
Off-mine costs:		
Transportation	**390**	368
Ocean freight	**7,136**	10,069
Clearing costs of export	**4,603**	7,194
Others	**310**	175
Total Selling and distribution costs	**12,439**	17,806

The decrease in selling and distribution costs was mainly due to favorable freight credits negotiated in the revised Copper Off-take Agreement during the six months ended 30 June 2014.

Administrative expenses

Administrative expenses decreased by 9.6% to US$13.1 million for the six months ended 30 June 2014 from US$14.5 million for the six months ended 30 June 2013. Administrative expenses mainly represent mining royalties payable to the minority shareholders of the operating mines in Africa and other operating expenses of the Group. Under local regulations, the holder of a mining exploitation title is subject to mining royalties payable to the treasury of the local central government. The decrease in administrative expense was mainly contributed by the effective cost control for the six months ended 30 June 2014.

Income tax expense

The Group is subject to taxes in Hong Kong, DRC and Zambia due to its business operations in these jurisdictions. Income tax expense has decreased to US$3.0 million for the six months ended 30 June 2014 from US$8.9 million for the six months ended 30 June 2013. The decrease was due to the recognition of prior year over-provision on Hong Kong profits tax and a US$5.2 million (2013: US$1.0 million) deferred tax credit for the depreciation allowance of the Group's mining assets in the first half of 2014.

Profit for the period from continuing operations

As a result of the above, the profit for the six months ended 30 June 2014 of the Group from continuing operations amounted to US$1.1 million, as compared with that of US$166.5 million for the corresponding period last year.

Underlying profit for the period from continuing operations

Since the Group had special items during the six months ended 2013 which would not have been incurred under ordinary operations of the Group, below is a reconciliation for the underlying profit of the Group which better reflects the operational performance of the Group:

	Six months ended 30 June	
	2014	2013
	US$'000	*US$'000*
Profit for the period from continuing operations	**1,088**	166,469
Special items:		
Less: Exchange gains from shareholder loan*	**–**	(160,012)
Add: Expenses incurred for the Combination	**–**	1,966
Underlying profit for the period from continuing operations	**1,088**	8,423

* The exchange gain derived from the shareholder loan arose as a result of the Company's acquisition of Jin Rui and this exchange gain incurred from January 2012 (which represented the shareholder loan made by Jintai to Jin Rui for the payment of the consideration to the shareholders and optionholders of Metorex (Proprietary) Limited to complete the general offer to acquire and privatise Metorex (Proprietary) Limited) and up to 14 November 2013 (being the completion date of the Combination). Accordingly, the incidence giving rise to this exchange gain is just one-off in nature and will not recur in the future. Further, the shareholders loan has also been assigned by Jintai to the Company as part of the arrangement for the Company's acquisition of Jin Rui and therefore became an inter-company balance within the Group and any future exchange gain or loss (if any) relating to this shareholder loan would not be reflected in the Group's consolidated financial statements after intra-group eliminations.

Earnings before interest (net finance costs), income tax, depreciation and amortisation ("EBITDA")

The EBITDA of the Group is derived as follows:

	Six months ended 30 June	
	2014	2013
	US$'000	*US$'000*
Profit for the period	**1,088**	169,274
Add: Net finance cost	**3,535**	2,788
Add: Income tax expense	**2,984**	8,935
Add: Depreciation of property, plant and equipment	**27,578**	19,348
Add: Amortisation of mineral rights and other intangible assets	**17,890**	13,707
EBITDA	**53,075**	214,052

Liquidity, Financial Resources and Capital Structure

As at 30 June 2014, the Group had bank balances and cash of approximately US$103.6 million (of which US$13.1 million was pledged for funding environmental liabilities relating to mining operations and issuance of letters of credit in favor of the Group's suppliers) as compared to US$73.5 million (of which US$14.7 million was pledged for funding environmental liabilities relating to mining operation and issuance of letters of credit in favor of the Group's suppliers) as at 31 December 2013.

As at 30 June 2014, the Group had borrowings of US$234.4 million which are due within one year and borrowings of US$71.6 million which are due within 5 years.

The gearing ratio of the Group as at 30 June 2014 was 15.2% compared to 13.2% as at 31 December 2013. Gearing ratio is defined as net debt over total equity, and net debt is derived from total borrowings less bank balances and cash. Increase in the gearing ratio was caused by more banks loans obtained by the Group as of 30 June 2014 to fund its capital expenditures.

For the period under review, the Group had generally financed its operations with loan facilities provided by banks and internally generated cash flows.

Material acquisitions and disposals

The Group did not have any material acquisition or disposal of investment during the six months ended 30 June 2014.

Significant capital expenditures

Save for the purchase of property, plant and equipment of US$51.6 million (2013: US$25.6 million), mineral rights of US$9.5 million (2013: US$18.4 million) and exploration and evaluation assets of US$10.7 million (2013: nil), no other significant capital expenditures were made for the six months ended 30 June 2014.

Details of charges on the Group's assets

As at 30 June 2014, the Group's restricted cash deposits of US$13.1 million and non-current assets (including portions of property, plant and equipment, mineral rights and exploration and evaluation assets), inventories and trade and other receivables of US$1,880.0 million, US$76.0 million and US$24.0 million respectively, were pledged to secure general banking facilities granted to the Group.

Contingent liabilities

The Group had no material contingent liabilities as at 30 June 2014.

Foreign exchange risk management

The reporting currency of the Group is in US$ and the functional currencies of subsidiaries of the Group are mainly in US$, HK$ or ZAR. The Group is exposed to foreign currency exchange risk in RMB and ZAR, as RMB is predominantly the currency with which the Group derives its revenue for its Trading business and ZAR is predominately the currency used for its mining operations in Africa. The Group monitors its exposure to foreign currency exchange risk on a continual basis.

Given the exchange rate peg between HK$ and US$, the Group is not exposed to significant exchange rate risk for transactions conducted in HK$. On the other hand, the exchange rate fluctuation of RMB and ZAR against US$ could substantially affect the performance and financial position of the Group.

There had been moderate fluctuations in the exchange rate of RMB against US$ recently. During the six months ended 30 June 2014, the Group managed its foreign currency exchange risk arising from RMB denominated transactions by entering into specific foreign exchange deliverable forward contracts to lock in the exchange rate of certain future revenue receipts against US$.

PROSPECTS

The Group strives to anchor its role as the Jinchuan Group's overseas mineral resources flagship platform. Despite the recent unfavourable sentiment over cyclical global commodities market, in particular for the non-ferrous metals such as copper, cobalt and nickel, the Group has never withheld its search for quality mining investment opportunities to accelerate its extension to the global reach on grasping more profitable resources assets. Leveraging on Jinchuan Group's strong market position in the above aspects, we trust that we can alleviate the Group's international assets profile to take advantage of the synergy effect reached mutually with the Jinchuan Group.

The mining operations under the Metorex Group have been improving with regard to the production output. The unstable power supply by DRC power grid in the Ruashi Mine over the past two years would likely see improvement with the commission of additional power supply from CEC, a Zambian power provider across the border, in mid-August 2014. It is expected that the new power supply will relieve the Group's reliance on the DRC power grid. It was a success achieved by the efforts of the partnership alliance among fellow miners in the DRC to get one of the solutions to ease the Group's cost burden from using alternative diesel power since mid-2012.

The Kinsenda Project has been undergoing different mine site construction activities since April 2013. With the granting of a US$225 million bank loan from China Development Bank Corporation, the Group went full speed with the project development. Under the revised schedule, it is expected that the commission of the production could take place by second half of 2015, which is expected to achieve an average annual output of 26,000 tonnes copper concentrates.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

PROSPECTS *(continued)*

At the same time, following the capturing of several third party customers during this first half of 2014, the Group will ride on this momentum and plans to extend its Trading business to more new customers. Along with such expansion, the Group will strengthen its measures on the respective risk areas when negotiating the trade terms. Under the direction of the management, the Trading segment will continue to provide an alternative income stream to the Group's revenue.

After the Combination, the Group will continue to pay due efforts in its mining activities in Ruashi Mine and Chibuluma South Mine in the second half of the year, so as to increase the production volume of copper and cobalt. We will strive to expand our third party customer base and widen profit margin. We are in a favorable position to achieve improvements in financial and operational performance. We will expedite the development of the leach company through intensifying cost control and improving management, so as to maximise efficiency.

EMPLOYEES

As at June 2014, the Group had 3,960 employees. Employees receive competitive remuneration packages including salary and medical and other benefits. Key staff may also be entitled to performance bonus and grant of options over the shares of the Company.

DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2014 (2013: nil).

CORPORATE GOVERNANCE INFORMATION

AUDIT COMMITTEE

The audit committee's primary duties include review of the effectiveness of the Group's financial reporting process, internal control and risk management systems, overseeing the audit process and performing other duties as may be assigned by the Board from time to time. The Group's condensed consolidated financial statements for the six months ended 30 June 2014 have been reviewed by the audit committee.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model code for Securities Transactions By Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Based on specific enquiry with all Directors, the Directors of the Company have confirmed that they have complied with required standards as set out in the Model Code for the six months ended 30 June 2014.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied during the six months ended 30 June 2014 with the applicable code provisions of the Corporate Governance Code, except for the following deviation in relation to paragraph A.2.1:

CODE ON CORPORATE GOVERNANCE PRACTICES *(continued)*

Non-compliance with paragraph A.2.1

Corporate Governance Code provision A.2.1 stipulates that the role of Chairman of the Board and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual. During the six months ended 30 June 2014, Mr. Yang Zhiqiang held the offices of Chairman of the Board and CEO of the Company. The Board believes that vesting the roles of both Chairman of the Board and CEO in the same person provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies.

The Company will continue to review the effectiveness of the Group's corporate governance structure and consider whether any changes, including the separation of the roles of Chairman of the Board and CEO, are necessary.

As a further information, the resignation of Mr. Gao Dezhu as an independent non-executive director took effect on 9 July 2014. Accordingly, subsequent to the period under review, the Company has only two independent non-executive directors and two audit committee members, the number of which falls below the minimum number required under Rule 3.10(1), Rule 3.10A and Rule 3.21 of the Listing Rules. In addition, the remuneration committee is not chaired by an independent non-executive director, contrary to Rule 3.25 of the Listing Rules.

The Company is endeavoring to identify a suitable candidate to fill the vacancy as soon as practicable within three months from the date of the resignation of Mr. Gao Dezhu pursuant to Rule 3.11, Rule 3.23 and Rule 3.27 of the Listing Rules.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

GLOSSARY

"Acquisition" or "Combination"	the acquisition by the Company of the entire equity interest in Jin Rui (along with the Metorex Group) in November 2013 pursuant to the sales and purchase agreement dated 27 August 2013, the details of which are set out in the circular of the Company dated 30 August 2013; with a total consideration of US$1,290,000 was satisfied by the alloment and issue of 1,595,880,000 new ordinary shares of the Company at an issue pice of HK$1 per share and the issue of PSCS of the Company in the aggregate amount of US$1,085,400,000
"Board"	the board of Directors of the Company

GLOSSARY *(continued)*

"Carissa Bay"	Carussa Bay Inc.
"Carissa Bay Group"	Carussa Bay Inc. and its subsidiaries
"Chibuluma South Mine"	an underground copper mine owned by Chibuluma plc situated in Zambia near the town of Kalulushi
"Chifupu"	an adjacent copper deposit under exploration which is located approximately 1.7 km southwest of Chibuluma South Mine.
"Company"	Jinchuan Group International Resources Co. Ltd, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
"Director(s)"	the director(s) of the Company
"DRC"	the Democratic Republic of Congo
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Jinchuan Group" or "JCG"	金川集團股份有限公司 (Jinchuan Group Co., Ltd*), a state-owned enterprise established in the PRC and the controlling shareholder of the Company
"Jin Rui"	Jin Rui Mining Investment Limited (金瑞礦業投資有限公司), a company incorporated in the Republic of Mauritius and an indirect wholly-owned subsidiary of Jinchuan Group (Hongkong) Resources Holdings Limited
"Jin Rui Group"	Jin Rui, Newshelf and the Metorex Group
"Jintai"	Jintai Mining Investment Limited (金泰礦業投資有限公司), a company incorporated in Hong Kong and a direct wholly-owned subsidiary of Jinchuan Group (Hongkong) Resources Holdings Limited
"Kinsenda Project" or "Development Project"	a brownfields copper project owned by Kinsenda Sarl and situated in the Katanga Province, the DRC

* *For identification purposes only*

GLOSSARY *(continued)*

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"LME"	the London Metal Exchange
"LoM"	Life of mine
"Lubembe Project"	a greenfield copper project owned by Kinsenda Sarl and situated in the Katanga Province, DRC
"Metorex"	Metorex (Proprietary) Limited (formerly named Metorex Limited), a company incorporated in South Africa and an indirect wholly-owned subsidiary of the Target Company
"Metorex Group"	Metorex and its subsidiaries (including Chibuluma plc, Kinsenda Sarl and Ruashi Mining), which comprise (amongst other investment holding companies) the operating companies within the Group
"Musonoi Project"	a greenfield copper and cobalt project owned by Ruashi Mining and situated in the Katanga Province, DRC
"Newshelf"	Newshelf 1124 (Proprietary) Limited
"PRC"	the People's Republic of China
"PSCS" or "Convertible Securities"	the perpetual subordinated convertible securities to be issued by the Company to satisfy part of the purchase price for the Acquisition
"RMB"	"Renminbi'', the lawful currency of the PRC
"Ruashi Mine"	an opencast oxide copper and cobalt mine owned by Ruashi Mining and situated in the DRC on the outskirts of Lubumbashi, the capital of Katanga province
"South Africa"	the Republic of South Africa
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US$"	United States dollars, the lawful currency of the US

GLOSSARY *(continued)*

"Zambia"	the Republic of Zambia
"ZAR"	South African Rand, the lawful currency of South Africa
"%"	percentage
"km"	kilometre(s)

By Order of the Board
JINCHUAN GROUP INTERNATIONAL RESOURCES CO. LTD
Mr. Yang Zhiqiang
Chairman

Jinchang City, Gansu Province, the PRC, 20 August 2014

As at the date of this announcement, the Board comprises five executive directors, namely Mr. Yang Zhiqiang, Mr. Zhang Sanlin, Mr. Zhang Zhong, Mr. Chen Dexin and Mr. Douglas Campbell Walter Ritchie; one non-executive director, Mr. John Adam Ferreira; and two independent non-executive directors, namely Mr. Wu Chi Keung and Mr. Yen Yuen Ho, Tony.