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 2013

RESULTS

The board (the "Board") of directors (the "Directors") of Jinchuan Group International Resources Co. Ltd (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2013 together with the comparative figures for the corresponding period in 2012 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2013

		Six months ended	
	Notes	**30.6.2013** ***HK$'000*** **(unaudited)**	30.6.2012 *HK$'000* (restated and unaudited)
CONTINUING OPERATION			
Revenue		**1,147,451**	165,934
Cost of sales		**(1,113,566)**	(164,014)
Gross profit		**33,885**	1,920
Other income		**882**	5,559
Other gains and losses	5	**14,320**	(2,760)
Selling and distribution costs		**(1,362)**	(1,468)
Administrative expenses		**(7,471)**	(6,582)
Other expenses		**(15,377)**	–
Finance costs		**(6,917)**	(1)
Profit (loss) before taxation	6	**17,960**	(3,332)
Taxation	7	**(4,257)**	–
Profit (loss) for the period from continuing operation		**13,703**	(3,332)

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

	Notes	**Six months ended** **30.6.2013** ***HK$'000*** **(unaudited)**	30.6.2012 *HK$'000* (restated and unaudited)
DISCONTINUED OPERATIONS			
Profit (loss) for the period from discontinued operations	8	**21,887**	(2,232)
Profit (loss) for the period		**35,590**	(5,564)
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(79)**	310
Exchange reserve released upon disposal of subsidiaries		**(18,047)**	–
Total comprehensive income (expense) for the period		**17,464**	(5,254)
Profit (loss) for the period attributable to owners of the Company			
– from continuing operation		**13,703**	(3,332)
– from discontinued operations		**21,887**	(2,232)
		35,590	(5,564)
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**17,464**	(5,254)
Non-controlling interests		**–**	–
		17,464	(5,254)
BASIC EARNINGS (LOSS) PER SHARE	10		
From continuing operation and discontinued operations		**HK1.3 cents**	(HK0.2 cents)
From continuing operation		**HK0.5 cents**	(HK0.1 cent)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	Notes	**At 30.6.2013** ***HK$'000*** **(unaudited)**	At 31.12.2012 *HK$'000* (restated and unaudited)
Non-current assets			
Property, plant and equipment	11	**714**	26,555
Prepaid land lease payments		**–**	3,482
Intangible assets		**–**	15,706
Long term deposits		**–**	2,000
		714	47,743
Current assets			
Derivative financial instruments	12	**38,166**	14,093
Inventories		**–**	17,588
Trade and bill receivables	13	**1,308,691**	1,338,066
Prepayments, deposits and other receivables		**45,426**	14,650
Due from related parties		**–**	2,852
Restricted cash deposits		**2,058**	39,833
Bank balances and cash		**271,163**	302,099
		1,665,504	1,729,181
Current liabilities			
Derivative financial instruments	12	**42,504**	14,466
Trade and bill payables	14	**178,789**	933,041
Other payables and accruals		**20,680**	36,868
Interest-bearing bank borrowings	15	**651,341**	16,933
Due to related parties		**–**	18,966
Tax payable		**6,257**	5,824
Finance lease payables		**26**	115
Due to non-controlling shareholder of subsidiaries		**–**	593
		899,597	1,026,806
Net current assets		**765,907**	702,375
Total assets less current liabilities		**766,621**	750,118

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Continued)

At 30 June 2013

	Notes	**At 30.6.2013** ***HK$'000*** **(unaudited)**	At 31.12.2012 *HK$'000* (restated and audited)
Non-current liabilities			
Provision for long service payments		**–**	232
Finance lease payables		**39**	54
Deferred tax liabilities		**–**	1,541
		39	1,827
Net assets		**766,582**	748,291
Capital and reserves			
Share capital	16	**27,549**	27,549
Reserves		**739,033**	721,569
Equity attributable to owners of the Company		**766,582**	749,118
Non-controlling interests		**–**	(827)
Total equity		**766,582**	748,291

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Attributable to owners of the Company								
	Issued capital *HK$'000*	Share premium account *HK$'000*	Reserve funds *HK$'000*	Contributed surplus *HK$'000*	Exchange fluctuation reserve *HK$'000*	Accumulated (losses) profits *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 January 2013 (audited)	**27,549**	**698,848**	**7,321**	**73**	**18,126**	**(2,799)**	**749,118**	**(827)**	**748,291**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**35,590**	**35,590**	**–**	**35,590**
Exchange difference arising on translation of foreign operations	**–**	**–**	**–**	**–**	**(79)**	**–**	**(79)**	**–**	**(79)**
Exchange reserve released upon disposal of subsidiaries	**–**	**–**	**–**	**–**	**(18,047)**	**–**	**(18,047)**	**–**	**(18,047)**
Total comprehensive income (expense) for the period	**–**	**–**	**–**	**–**	**(18,126)**	**35,590**	**17,464**	**–**	**17,464**
Disposal of subsidiaries	**–**	**–**	**(7,321)**	**–**	**–**	**7,321**	**–**	**827**	**827**
At 30 June 2013 (unaudited)	**27,549**	**698,848***	**–**	**73***	**–**	**40,112***	**766,582**	**–**	**766,582**
At 1 January 2012 (audited)	27,549	1,201,949	7,321	73	17,879	(498,533)	756,238	(826)	755,412
Loss for the period	–	–	–	–	–	(5,564)	(5,564)	–	(5,564)
Exchange difference arising on translation of foreign operations	–	–	–	–	310	–	310	–	310
Total comprehensive expense for the period	–	–	–	–	310	(5,564)	(5,254)	–	(5,254)
Transfer of share premium to accumulated losses *(Note)*	–	(503,101)	–	–	–	503,101	–	–	–
At 30 June 2012 (unaudited)	27,549	698,848*	7,321*	73*	18,189*	(996)*	750,984	(826)	750,158

* These reserve accounts comprise the consolidated reserves of HK$739,033,000 (six months ended 30 June 2012: HK$723,435,000) in the condensed consolidated statement of financial position.

Note: On 20 June 2012, a resolution was passed by the directors of the Company to offset accumulated losses of HK$503,101,000 of the Company against its share premium account.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

		Six months ended	
		30.6.2013	30.6.2012
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Net cash used in operating activities		**(694,307)**	(129,380)
Investment activities			
Net cash inflow from disposal of subsidiaries	8	**12,243**	–
Proceeds from disposal of property, plant and equipment		**813**	–
Interest received		**882**	5,565
Purchase of property, plant and equipment		**(1,596)**	(592)
Proceeds from disposal of available-for-sale investments		**–**	17,250
Purchase of held-to-maturity investments		**–**	(24,428)
Net cash from (used in) investing activities		**12,342**	(2,205)
Financing activities			
New bank and related party loans raised		**761,725**	11,789
Repayment of bank and related party loans		**(110,384)**	(6,325)
Repayment of obligations under finance lease		**(104)**	–
Net cash from financing activities		**651,237**	5,464
Net decrease in cash and cash equivalents		**(30,728)**	(126,121)
Cash and cash equivalents at beginning of the period		**300,096**	711,306
Effect of foreign exchange rate changes		**1,795**	594
Cash and cash equivalents at end of the period		**271,163**	585,779
Analysis of cash and cash equivalents			
Bank balances and cash		**271,163**	588,198
Bank overdrafts		**–**	(2,419)
		271,163	585,779

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

1. CORPORATE INFORMATION

Jinchuan Group International Resources Co. Ltd (the "Company") is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is at P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands.

In the opinion of the directors, the ultimate holding company of the Company is Jinchuan Group Co., Ltd* (金川集團股份有限公司), which is incorporated in the People's Republic of China (the "PRC").

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard ("IAS") 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 of Hong Kong Limited (the "Listing Rules").

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 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

In the current interim period, the Company together with its subsidiaries (collectively referred to as the "Group") has applied, for the first time, the following new or revised International Financial Reporting Standards ("IFRSs") issued by the IASB that are relevant for the preparation of the Group's condensed consolidated financial statements.

Amendments to IFRSs	Annual improvements to IFRSs 2009 – 2011 cycle
Amendments to IFRS 1	Government loans
Amendments to IFRS 7	Disclosures – Offsetting financial assets and financial liabilities
IFRS 10	Consolidated financial statements
IFRS 11	Joint arrangements
IFRS 12	Disclosures of interests in other entities
IFRS 13	Fair value measurement
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated financial statements, joint arrangements and disclosures of interests in other entities: Transition guidance
Amendments to IAS 1	Presentation of items of other comprehensive income
IAS 19 (as revised in 2011)	Employee benefits
IAS 27 (as revised in 2011)	Separate financial statements
IAS 28 (as revised in 2011)	Investments in associates and joint ventures
IFRIC – INT 20	Stripping costs in the production phase of a surface mine

* *For identification purposes only*

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Amendments to IAS 1 "Presentation of items of other comprehensive income"

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

IFRS 13 "Fair value measurement"

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

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

In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are set out in note 19.

3. **PRINCIPAL ACCOUNTING POLICIES** *(continued)*

Amendments to IAS 34 "Interim financial reporting"

(as part of the annual improvements to IFRSs 2009-2011 cycle)

The Group has applied the amendments to IAS 34 for the first time in the current interim period. The amendments to IAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the condensed consolidated financial statements only when the amounts are regularly provided to the chief operating decision maker (the "CODM") and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

Since the CODM does not review assets and liabilities of the Group's reportable segments for performance assessment and resources allocation purposes, the Group has not included total assets information as part of segment information.

The application of other new or revised IFRSs 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.

4. **SEGMENT INFORMATION**

The Group was previously organised into three reportable segments: 1) trading of mineral and metal products; 2) property investment and development; and 3) cosmetic and beauty. During the six months ended 30 June 2013, the Group's CODM, being the executive directors, had changed the structure of its internal organisation for performance assessment and resources allocation of the Group following the disposal of subsidiaries and the cessation of property investment and development operation (see note 8). Subsequent to such changes, financial information provided to the CODM for performance assessment and resources allocation is based on the overall operating results and position of the Group which constitute the condensed consolidated statement of profit or loss and other comprehensive income and the condensed consolidated statement of financial position. Financial information regarding the segment for the six months ended 30 June 2013 and 2012 can be made reference to the results of continuing operation as set out in the condensed consolidated statement of profit or loss and other comprehensive income.

5. **OTHER GAINS AND LOSSES**

	Six months ended	
	30.6.2013	30.6.2012
	HK$'000	*HK$'000*
	(unaudited)	(restated and unaudited)
CONTINUING OPERATION		
Net exchange gains (losses)	**14,320**	(2,760)

6. PROFIT (LOSS) BEFORE TAXATION

	Six months ended	
	30.6.2013	30.6.2012
	HK$'000	*HK$'000*
	(unaudited)	(restated and unaudited)
Profit (loss) before taxation has been arrived at after charging (crediting):		
CONTINUING OPERATION		
Depreciation of property, plant and equipment	**127**	171
Fair value changes in embedded derivative arising from sales price adjustment	**119,518**	11,884
Fair value changes in embedded derivative arising from purchase price adjustment	**(117,782)**	(11,884)
Bank interest income	**(882)**	(5,556)

7. TAXATION

	Six months ended	
	30.6.2013	30.6.2012
	HK$'000	*HK$'000*
	(unaudited)	(restated and unaudited)
CONTINUING OPERATION		
Hong Kong Profits Tax	**4,257**	–

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

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group has no assessable profits during the six months ended 30 June 2012.

8. DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATIONS)

During the current interim period, the Group entered into a sale and purchase agreement to dispose of its 100% equity interest in Carissa Bay Inc. (the "Carissa Bay") that carried out all of the Group's cosmetic and beauty operation. The disposal was completed in late June 2013, on which date the Group lost control of Carissa Bay. As one of the step to transform the Group's business into mining and mineral resources sector by disposing of and terminating the non-performing business, the Group's cosmetic and beauty operation and property investment and development operation are treated as discontinued operations.

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

The loss from the discontinued operations for the current and preceding interim period is analysed as follows:

	Six months ended	
	30.6.2013	30.6.2012
	HK$'000	*HK$'000*
Loss from cosmetic and beauty operation for the period	**(14)**	(2,513)
Gain from property investment and development operation for the period	**–**	281
	(14)	(2,232)
Gain on disposal of cosmetic and beauty operation	**21,901**	–
	21,887	(2,232)

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

	Six months ended	
	30.6.2013	30.6.2012
	HK$'000	*HK$'000*
Revenue	**49,684**	54,233
Cost of sales	**(10,347)**	(18,280)
Gross profit	**39,337**	35,953
Other income	**1,708**	686
Selling and distribution costs	**(14,089)**	(15,717)
Administrative expenses	**(24,904)**	(22,009)
Finance costs	**(604)**	(1,162)
Profit (loss) before taxation	**1,448**	(2,249)
Taxation	**(1,462)**	17
Loss for the period	**(14)**	(2,232)

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

	Six months ended	
	30.6.2013	30.6.2012
	HK$'000	*HK$'000*
Cash flows from (used in) cosmetic and beauty operation:		
Net cash flows from operating activities	**5,935**	3,501
Net cash flows used in investing activities	**(772)**	(1,593)
Net cash flows used in financing activities	**(90)**	(6,336)
Net cash flows	**5,073**	(4,428)
Cash flows from property investment and development operation:		
Cash flow from investing activities	**–**	17,250

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

	HK$'000
Consideration received:	
Cash received	24,750
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	23,452
Prepaid land lease payments	3,238
Intangible assets	15,706
Long term deposits	2,000
Inventories	17,161
Trade and bill receivables	12,506
Prepayments, deposits and other receivables	11,662
Due from related parties	2,872
Bank balances and cash	12,507
Trade payables	(9,762)
Other payables and accruals	(28,335)
Interest-bearing bank borrowings	(17,257)
Due to related parties	(18,938)
Tax payable	(4,486)
Due to non-controlling shareholder of subsidiaries	(589)
Provision for long services payment	(232)
Deferred tax liabilities	(1,436)
	20,069

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

	HK$'000
Gain on disposal of subsidiaries:	
Consideration received	24,750
Net assets derecognised	(20,069)
	4,681
Non-controlling interests	(827)
Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from reserves to profit or loss upon disposal	18,047
Gain on disposal	21,901
Net cash inflow arising on disposal:	
Cash consideration received	24,750
Cash and cash equivalents disposed of	(12,507)
	12,243

9. **DIVIDEND**

No dividends has been paid or declared by the Company in respect of the six months ended 30 June 2013 (six months ended 30 June 2012: nil).

10. **EARNINGS (LOSS) PER SHARE**

From continuing and discontinued operations

The calculation of basic earnings (loss) per share is based on the profit for the period attributable to owners of the Company of HK$35,590,000 (six months ended 30 June 2012: loss for the period of HK$5,564,000) and on the weighted average of 2,754,873,051 ordinary shares (six months ended 30 June 2012: 2,754,873,051) in issue during the period.

From continuing operation

The calculation of basic earnings (loss) per share from continuing operation is based on the profit for the period from continuing operation attributable to owners of the Company of HK$13,703,000 (six months ended 30 June 2012: loss for the period of HK$3,332,000) and on the the weighted average of 2,754,873,051 ordinary shares (six months ended 30 June 2012: 2,754,873,051) in issue during the period.

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

10. EARNINGS (LOSS) PER SHARE *(continued)*

From discontinued operations

Basic earnings per share for the operations during the six months ended 30 June 2013 is HK$0.8 cents (six months ended 30 June 2012: basis loss per share of HK$0.1 cent), based on the profit for the period from the discontinued operations of HK$21,887,000 (six months ended 30 June 2012: loss for the period of HK$2,232,000) and the denominators detailed above for basic loss per share from continuing and discontinued operations.

For the six months ended 30 June 2013 and 2012, diluted earnings (loss) per share has not been disclosed as the Company had no potential dilutive ordinary shares outstanding during the periods.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2013, the Group spent HK$1,596,000 (six months ended 30 June 2012: HK$592,000) on purchase of property, plant and equipment and disposed of property, plant and equipment with carrying value of HK$1,134,000 (six months ended 30 June 2012: nil). In addition, property, plant and equipment with carrying value of HK$23,452,000 (six months ended 30 June 2012: nil) were disposed of through the disposal of subsidiaries.

12. DERIVATIVE FINANCIAL INSTRUMENTS

	Notes	**At 30.6.2013** ***HK$'000*** **(unaudited)**	At 31.12.2012 *HK$'000* (restated and audited)
Financial assets			
Derivative financial instruments arising from sale/purchase price adjustments	(i)	**37,960**	14,093
Foreign exchange forward contracts	(ii)	**206**	–
		38,166	14,093
Financial liabilities			
Derivative financial instruments arising from sale/purchase price adjustments	(i)	**38,305**	14,074
Foreign exchange forward contracts	(ii)	**4,199**	392
		42,504	14,466

Notes:

(i) The Group is exposed to movements in copper, silver and gold price. The Group's commodity price risk is partly related to change in fair value of embedded derivatives in trade and bills receivables and trade and bills payable reflecting copper, silver and gold sales and purchases provisionally priced based on the average London Metal Exchange cash settlement price at the quotation period.

(ii) The Group uses foreign exchange forward contract to manage some of its exchange rate exposures. This foreign exchange forward contract is not designated as cash flow, fair value or net investment hedges and is measured at fair value through profit and loss.

13. TRADE AND BILL RECEIVABLES

The Group has different trading terms with its customers for different businesses.

For trading of mineral and metal products, credit period granted to its customer ranges from three to six months.

For sale of cosmetic and beauty products prior to the disposal of Carissa Bay, payment in advance was normally required, except for major customers. The Group's trading terms with these major customers were mainly on credit. The credit period granted to customers generally ranged from one to three months.

An aged analysis of the trade and bill receivables at the end of the reporting period, based on invoice date and net of provision, is as follows:

	At 30.6.2013	At 31.12.2012
	HK$'000	*HK$'000*
	(unaudited)	(restated and audited)
Within 3 months	**459,499**	1,044,128
4 to 6 months	**752,778**	286,975
7 to 12 months	**96,414**	3,549
Over 1 year	**–**	3,414
	1,308,691	1,338,066

Included in the Group's trade and bill receivables is amount due from its ultimate holding company of HK$1,308,691,000 (31 December 2012: HK$1,323,039,000).

14. TRADE AND BILL PAYABLES

An aged analysis of the trade and bill payables at the end of the reporting period, based on invoice date, is as follows:

	At 30.6.2013	At 31.12.2012
	HK$'000	*HK$'000*
	(unaudited)	(restated and audited)
Within 3 months	**177,259**	906,942
4 to 6 months	**1,530**	20,645
7 to 12 months	**–**	118
Over 1 year	**–**	5,336
	178,789	933,041

The trade and bill payables are normally settled within 120-day terms.

15. INTEREST–BEARING BANK BORROWINGS

During the six months ended 30 June 2013, the Group obtained new bank borrowings of HK$761,725,000 (six months ended 30 June 2012: nil) and repaid bank borrowings of HK$110,384,000 (six months ended 30 June 2012: HK$6,325,000). In addition, bank borrowings with amount of HK$17,257,000 (six months ended 30 June 2012: nil) were disposed of through the disposal of subsidiaries.

16. ISSUED CAPITAL

	At 30.6.2013	At 31.12.2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Authorised:		
5,000,000,000 ordinary shares of HK$0.01 each	**50,000**	50,000
Issued and fully paid:		
2,754,873,051 ordinary shares of HK$0.01 each	**27,549**	27,549

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

17. RELATED PARTY TRANSACTIONS

The Group had the following material transactions with related parties during the period:

		Six months ended	
		30.6.2013	30.6.2012
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Rental expenses paid to related parties	(i, iv)	**861**	573
Management fee to related parties	(ii, iv)	**–**	300
Consultancy fee paid to directors of subsidiary	(ii)	**390**	300
Sales of products to ultimate holding company	(iii)	**1,147,451**	165,934

Notes:

(i) Rental expenses paid to related companies were made according to prices and conditions stated in the tenancy agreements that were agreed between the Group and the related companies.

(ii) Consultancy fee and management fee were paid in accordance with contractual terms agreed between the Group and the related companies.

(iii) Sales are made to its ultimate holding company. Selling price is determined by reference to relevant mineral and metal price quoted on the London Metal Exchange and negotiation between both parties.

(iv) The related parties are parties in which a director of a subsidiary, a key management personnel of a subsidiary or their close family members have controlling beneficial interests.

18. OPERATING LEASE COMMITMENTS

The Group leases certain of its leasehold land and buildings under operating lease arrangements. Leases for leasehold land and buildings are negotiated for terms ranging from one to three years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases as follows:

	At 30.6.2013 HK$'000 (unaudited)	At 31.12.2012 HK$'000 (audited)
Within one year	**579**	8,295
In the second to fifth years inclusive	**–**	12,367
	579	20,662

19. 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 categorized (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).

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

Financial assets/ financial liabilities		Fair value as at 30.6.2013	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
1)	Derivative financial instruments arising from sale/purchase price adjustments classified as derivative financial instruments in the condensed consolidated statement of financial position	Assets – HK$37,960,000; and Liabilities – HK$38,305,000	Level 2	The fair value is estimated by reference to the average quoted market price of mineral and metal products at the end of the reporting period with similar quotation period and the average quoted market price at inception of the contracts.	N/A	N/A
2)	Foreign exchange forward contracts classified as derivative financial instruments in the condensed consolidated statement of financial position	Assets – HK$206,000; and Liabilities – HK$4,199,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A

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

20. EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no material events after the end of the reporting period that may have a material impact on the Group's financial position as at 30 June 2013.

21. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved and authorised for issue by the board of directors on 23 August 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The first half of 2013 has been a period where key strategic changes take place for the Group with the full support of our controlling shareholder Jinchuan Group Co., Ltd* 金川集團股份有限公司 (the "Jinchuan Group"). The Group was able to cease operating its non-core businesses in Cosmetic and Beauty and Property Investment and Development during the period to focus its effort on the Mineral and Metal business.

Mineral and Metal

Since its commencement in April 2012, the Group's international mineral and metal products trading business has been growing steadily. In January 2013, the Group renewed its annual contract with a Zambian producer to purchase approximately 18,000 tonnes of copper blister, an intermediate raw material used in the manufacturing of refined copper, for the contract period for the year of 2013. In the same month, the Group also renewed its annual contract with an European supplier to purchase approximately 60,000 tonnes of copper concentrates from Outer Mongolia for the year of 2013.

During the six months ended 30 June 2013, the Group purchased and sold a total of approximately 8,600 tonnes of copper blister and 58,700 tonnes of copper concentrates, represented a significant growth from only 2,830 tonnes of copper blister for the corresponding period in 2012.

Discontinued Operations

Consistent with the Company's strategic intention to transform its business to the Mineral and Metal resources sector, the Company disposed of its Cosmetic and Beauty business represented by Carissa Bay Inc. (the "Carissa Bay") and its subsidiaries in both Hong Kong and the People's Republic of China (the "PRC") in late June 2013 at a gain. For details of the disposal, please refer to the announcement and circular of the Company issued on 24 June 2013 and 9 July 2013 respectively.

The Cosmetic and Beauty business still recorded a loss for almost a six month period prior to its disposal in late June 2013, with its operation scale remained steady as that of the corresponding period in 2012.

Following the disposal of its remaining available-for-sale investment in certain Macau property, and consistent with the Group's focus on developing and strengthening its Mineral and Metal business, the Group also decided not to pursue the Property Investment and Development business in the foreseeable future and therefore discontinued such business in the first half of 2013.

* *For identification purposes*

FINANCIAL REVIEW

Since the Group has discontinued its Cosmetic and Beauty and Property Investment and Development businesses during the period, the following discussions focused on the performance of the Mineral and Metal business of the Group during the period under review as compared with the corresponding period in 2012.

Revenue and gross profit

The Group's revenue for the continuing operation for the six months ended 30 June 2013 amounted to approximate HK$1,147.5 million, which represents an appropriate six times increase from the revenue of HK$165.9 million for the corresponding period in 2012. The lower revenue in the six months ended 30 June 2012 was because the Group did not begin trading in copper blister until April 2012 and did not begin trading in copper concentrates until July 2012. Therefore, the Group's trading volume in Mineral and Metal products has substantially increased in 2013.

For the same reason, the Group's gross profit for the continuing operation for the six months ended 30 June 2013 increased to approximately HK$33.9 million from HK$1.9 million for the same period in 2012, representing an increase by seventeen times.

The overall gross profit margin for the continuing operation increased to 2.9% for the six months ended 30 June 2013 from 1.2% for the corresponding period in 2012. The increase in gross profit margin was mainly because of the expansion of gross margin derived from the pricing mechanism concluded in the 2013 annual sales contracts as compared to those contracts effected during the same period in 2012.

Other income, other gain and losses

Other income for the continuing operation for the six months ended 30 June 2013 amounted to HK$0.9 million, which was a decrease of 84.1% from HK$5.6 million for the corresponding period in 2012. The decrease was primarily due to the decrease of interest income received from bank deposits as the Group utilised a majority of its available fund to support its trading business.

Other gains and losses for the continuing operation represent net exchange gains or losses. The Group recognized a net exchange gains of HK$14.3 million for the six months ended 30 June 2013 compared to a net exchange losses of HK$2.8 million for the corresponding period in 2012. The change was mainly due to the fact that most of the trade receivables of the Group are denominated in Renminbi and there was a gradual appreciation of Renminbi during the six months ended 30 June 2013, in contrast to recording a major exchange loss on converting a Renminbi bank deposit at a time of weakened Reminbi during the same period in 2012.

Selling and distribution costs

Selling and distribution costs for the continuing operation represent the expenses incurred for the trading of mineral and metal products, and the amount for the six months ended 30 June 2013 amounted to HK$1.4 million, which was a slight decrease of 7.3% from HK$1.5 million for the corresponding period in 2012. The higher amount of costs incurred for the six months ended 30 June 2012 was mainly due to the set up of the Group's trading business in 2012.

Administrative expenses

Administrative expenses for the continuing operation for the six months ended 30 June 2013 amounted to HK$7.5 million, representing an increase of 13.5% from HK$6.6 million for the corresponding period in 2012. The higher amount of costs incurred for the six months ended 30 June 2013 was mainly due to increase in staff costs to cater for the signficant increase in trade volume during the period under review.

Other expenses

Other expenses for the continuing operation of HK$15.4 million incurred for the six months ended 30 June 2013 represented expenses incurred for the Group's efforts in studying potential acquisition and investment opportunities in mining related assets.

Finance costs

New finance costs incurred for the six months ended 30 June 2013 as the Group had started utilizing bank borrowings to support its export sales business in 2013.

Profit for the period

As a result of the above matters, the Group's profit for the period from the continuing operation for the six months ended 30 June 2013 increased to HK$13.7 million from a loss of HK$3.3 million for the corresponding period in 2012.

The Group's profit for the period (after the discontinued operations) for the six months ended 30 June 2013 was HK$35.6 million, compared to a loss for the period (after the discontinued operations) of HK$5.6 million for the corresponding period in 2012. The profit is attributable to the increase in the profit for the continuing operation as discussed above, as well as the gain derived from the disposal of the Cosmetic and Beauty business of HK$21.9 million in late June 2013, of which HK$18.0 million was related to the release of cumulative exchange differences in respect of the net assets of Cosmetic and Beauty business reclassified from reserves to profit or loss upon disposal.

Liquidity, Financial Resources and Capital Structure

On 30 June 2013, the Group had bank balances and cash of HK$271.2 million (excluding restricted cash deposits) and interest-bearing bank borrowings of HK$651.3 million. The gearing ratio of the Group, which is determined by net debt over total equity, was 49.7%. All interest-bearing bank borrowings of the Group are due within one year with variable interest rates determined at the time of borrowing.

During the six months ended 30 June 2013, the Group has generally financed its operations with internally generated cash flows and trade finance facilities provided by banks. As the mineral and metal products trade volume of the Group increased, the Group required to utilize more of its banking facilities to support its operations. Accordingly, the Group was at a net debt position on 30 June 2013 as compared with a net cash position on 31 December 2012.

Material acquisitions and disposals of investments

In late June 2013, the Group completed the disposal of its Cosmetic and Beauty business, being its 100% equity interest in Carissa Bay and its subsidiaries, for a cash consideration of HK$24.8 million.

Save for the above, the Group did not have any other material acquisition or disposal of investment during the six months ended 30 June 2013.

Significant capital expenditures

During the six months ended 30 June 2013, the Group spent HK$1.6 million on purchase of property, plant and equipment. However, all of them were disposed of through the disposal of Carissa Bay in late June 2013.

Save for the above, the Group did not have any significant capital expenditure during the six months ended 30 June 2013.

Details of charges on the Group's assets

During the period under review, restricted cash deposits of HK$2.1 million was pledged to secure banking facilities granted to the Group.

Contingent liabilities

The Group had no material contingent liabilities as at 30 June 2013.

Foreign exchange risk management

The reporting currency of the Group is in Hong Kong dollars ("HK$") and the functional currencies of the subsidiaries of the Group are in HK$ or United States dollars ("US$"). For the mineral and metal products trading business during the six months ended 30 June 2013, sales were made in Renminbi ("RMB") and purchases were made in US$. Given that HK$ is pegged to US$, the Group was not exposed to significant exchange rate risk for changes in the value of US$. However, the exchange rate fluctuation of RMB against HK$ could substantially affect the performance and financial position of the Group.

During the six months ended 30 June 2013, the value of RMB has in general gradually appreciated against HK$ which resulted in a significant exchange gain for the Group. Nevertheless, the Group has strictly adhered to its risk management policy to manage its foreign currency exchange risk arising from RMB by entering into specific foreign exchange forward contracts to fix the exchange rate in advance of RMB revenue receipt.

Other information

The unaudited consolidated interim financial statements of the Group for the six months ended 30 June 2013 have been reviewed by the audit committee of the Company.

Prospects

With the weakening of global demand for commodities, prices of mineral and metal commodities have experienced a declining trend and generated a gloomy sentiment over the industry. Notwithstanding the challenging environment, we were still able to generate a moderate profit from our continuing operation for the six months ended 30 June 2013 and our management believes that the outlook of our metal and mineral trading business remains promising going forward. The Group will continue to source new customers and suppliers to expand the portfolio of our trading business and strengthening our revenue generating ability. In fact, we have added new external customer of our copper blister trading business subsequent to the period under review.

Given the Group's focus on building its business in the mineral and metal resources sector, the Group will continue to actively explore the acquisition of overseas mining and mineral resources assets and to deploy specific strategies in such development with a longer term goal to transform the Group to a major international base metals mining group with large and high quality mineral assets. The Group will utilize appropriate means and channels to raise capital fund to support its pursuit for expansion of upstream mineral and mining related business operations and geographical coverage.

Employees

As at 30 June 2013, the Group only has a limited number of employees following the disposal of the Cosmetic and Beauty business. Employees receive competitive remuneration packages include salary and medical benefits. Key staff may also be entitled to performance bonus and share options.

Dividend

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2013 (2012: 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 consolidated financial statements for the six months ended 30 June 2013 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 of 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 2013.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied during the six months ended 30 June 2013 with the applicable code provisions of the CG Code, except for the following deviation:

Non-compliance with paragraph A.2.1

CG 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 2013, 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.

Since the new CG Code has become effective on 1 April 2012, the Company has implemented the new requirements under the new CG Code. 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.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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

Jinchang City, Gansu Province, the PRC, 23 August 2013

As at the date of the announcement, the Board consists of three executive Directors, namely Mr. Yang Zhiqiang, Mr. Zhang Sanlin and Mr. Zhang Zhong, three non-executive Directors, namely, Mr. Gao Tianpeng, Mr. Qiao Fugui and Ms. Zhou Xiaoyin, and three independent non-executive Directors, namely Mr. Gao Dezhu, Mr. Wu Chi Keung, and Mr. Yen Yuen Ho, Tony.