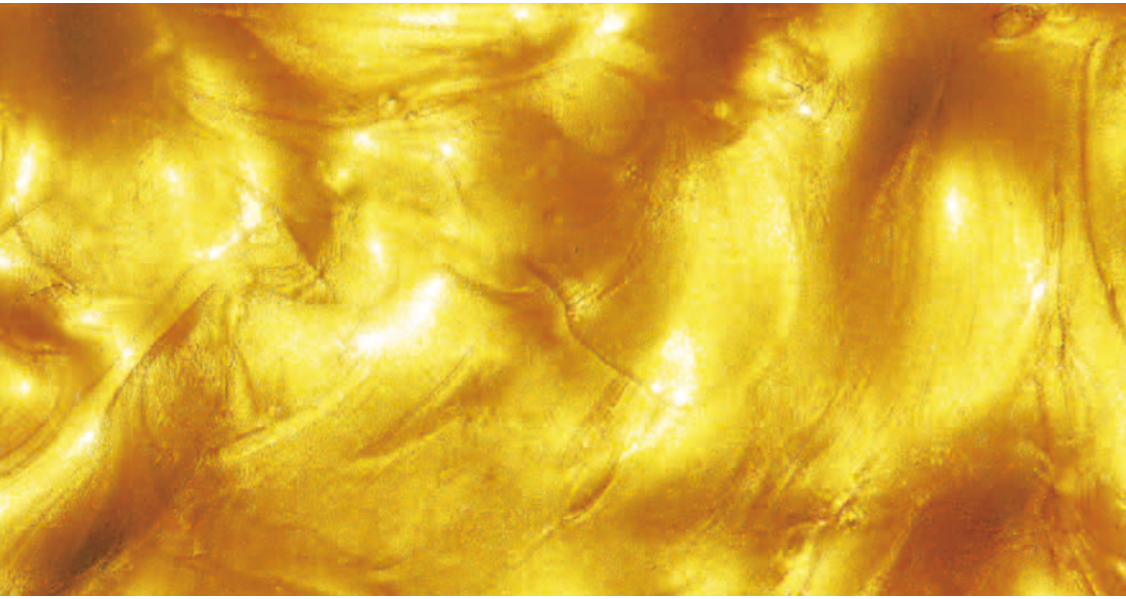
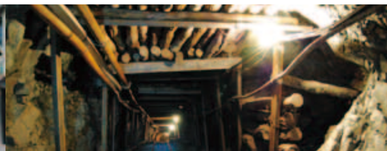
CHINA PRECIOUS METAL RESOURCES HOLDINGS CO., LTD.

Incorporated in the Cayman Islands with limited liability





Blaze new trails and forge ahead

Interim Report 2011

Stock Code: 1194

CONTENTS

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to report that the profit attributable to shareholders during the six months ended 30 June 2011 amounted to HK$111,234,000, while the turnover from continuing operations surged by 6.4 times to HK$300,335,000. The remarkable in the Group's results were mainly attributable to the significant increase in the sales of gold products.

During the first half of 2011, gold prices led the hike in the non-ferrous metals market, which can be described as the 'world of precious metals'. As the debts of United States and Greece continue to deepen market's concerns toward a sovereign debt crisis, market participants, however, do not exclude the possibility of a third round of quantitative easing (QE3). Due to a huge budget deficit and financial pressure, the economic growth of the United States is weak. With the unresolved issue of debt ceiling, the possibility of implementing the short-term tightening monetary policy is relatively small, which will continue to support a bull metals market on a loose monetary base. As China's inflation continues to grow, gold has become one of the preferred investment products of funds flowing in for risk protection.

At the same time, the average cost of production for China Precious Metal Resources Holdings Co., Ltd. ("CPM") is US$236/oz, which is more competitive than the peers, mainly owing to the advantageous conditions of surface exploitation, as well as high graded ore and scientific production methods employed.

CPM grasps the pulse of the market; we stand out amongst our peers with a wealth of industry experience and flexible operations. In May 2011, China Life Franklin Asset Management Co. Ltd's acquisition of 33,318,000 shares of the Group brought confidence to existing shareholders and potential investors. In addition, the Group's implementation of stringent production safety measures and enhancement of transparency have helped won the recognition of local governments, which will form a strong cornerstone for the Group's future consolidation of regional resources.

Due to limited high-quality gold resources and intense competition in the industry, the Group is accelerating the pace of gold mine acquisitions in the next two to three years for rapid expansion. Meanwhile, the Group will gain more economic benefits through consolidation of gold resources in specific regions (Ailao Shan in Yunnan, Xiaoqinling in Henan, etc.) to optimise production chain integration.

Looking ahead, demand and price of gold still remain optimistic in the current global economic outlook. Under the leadership of an experienced management team, the Group will continue its aggressive acquisition strategy for business expansion and effectively deepen the existing gold operations. While continuing to optimise the production design to achieve competitive cost control, the Group aims to become the best performing gold mining corporation in the PRC.

Lastly, on behalf of the Board, I would like to extend our gratitude to all our shareholders, clients, business partners, staff and the community. The management will work closely with our staff to continue to enhance the Group's performance in the years ahead. The Group will continue to acquire gold resources effectively and maintain low production costs. I believe we can maximise the shareholder return through persistence and continuous development.

Lam Cham
Chairman

Hong Kong, 24 August 2011

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2011 — unaudited
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2011 $'000	2010 $'000
Continuing operations			
Turnover	3	**300,335**	40,698
Cost of sales		**(105,508)**	(11,570)
Gross profit		**194,827**	29,128
Other revenue		**9,486**	206
Selling and distribution costs		**(1,571)**	(694)
Administrative expenses		**(28,929)**	(11,967)
Profit from operations		**173,813**	16,673
Finance costs	5(a)	**(36,142)**	—
Profit before taxation	5	**137,671**	16,673
Income tax	6	**(42,935)**	(9,166)
Profit for the period from continuing operations		**94,736**	7,507
Discontinued operations			
Profit/(loss) for the period from discontinued operations	7(a)	**16,498**	(4,802)
Profit for the period		**111,234**	2,705
Earnings/(loss) per share	9	**HK cents**	HK cents
From continuing and discontinued operations			
Basic		**3.34**	0.12
Diluted		**3.34**	0.12
From continuing operations			
Basic		**2.84**	0.33
Diluted		**2.84**	0.33
From discontinued operations			
Basic		**0.50**	(0.21)
Diluted		**0.50**	(0.21)

The notes on pages 11 to 53 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011 — unaudited
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2011 $'000	2010 $'000
Profit for the period		**111,234**	2,705
Other comprehensive income/(loss) for the period (after tax adjustments)			
Release of exchange reserve upon disposal of subsidiaries	7(b)	**(6,453)**	—
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong		**53,565**	4,686
		47,112	4,686
Decrease in fair value of available-for-sale financial asset	13	**(29,573)**	(49,883)
		17,539	(45,197)
Total comprehensive income/(loss)for the period		**128,773**	(42,492)

The notes on pages 11 to 53 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011 — unaudited
(Expressed in Hong Kong dollars)

	Note	**At 30 June 2011 $'000**	At 31 December 2010 $'000
Non-current assets			
Intangible assets	10	**3,966,453**	3,806,111
Fixed assets	11	**339,577**	266,900
Construction in progress		**180,301**	42,743
Deposits paid for gold mining rights	12	**128,756**	41,133
Available-for-sale financial asset	13	**100,321**	129,894
Deposits paid for fixed assets		**26,011**	25,225
Other deposits		**8,791**	7,450
		4,750,210	4,319,456
Current assets			
Inventories		**33,922**	7,923
Trade and other receivables, deposits and prepayments	14	**80,054**	25,891
Cash and cash equivalents		**94,344**	98,117
		208,320	131,931
Assets of a disposal group classified as held for sale	7(d)	**–**	33,349
		208,320	165,280

The notes on pages 11 to 53 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 June 2011 — unaudited

(Expressed in Hong Kong dollars)

	Note	At 30 June 2011 $'000	At 31 December 2010 $'000
Current liabilities			
Trade and other payables	15	**132,931**	102,382
Bank loans and overdrafts	16	**132,249**	166,811
Other secured loan	17	**25,903**	—
Tax payable		**35,764**	29,373
		326,847	298,566
Liabilities of a disposal group classified as held for sale	7(d)	**—**	16,334
		326,847	314,900
Net current liabilities		**(118,527)**	(149,620)
Total assets less current liabilities		**4,631,683**	4,169,836
Non-current liabilities			
Other secured loan	17	**309,808**	—
Non-current payable	18	**238,425**	228,424
Convertible bonds	19	**223,617**	215,100
Deferred tax liabilities		**709,683**	704,961
		1,481,533	1,148,485
NET ASSETS		**3,150,150**	3,021,351
CAPITAL AND RESERVES			
Share capital	20(a)	**416,461**	416,448
Reserves		**2,733,689**	2,604,903
TOTAL EQUITY		**3,150,150**	3,021,351

The notes on pages 11 to 53 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011 — unaudited
(Expressed in Hong Kong dollars)

	Share capital $'000	Share premium $'000	Statutory reserves $'000	Warrants reserve $'000	Fair value reserve $'000	Convertible bonds reserve $'000	Capital reserve $'000	Exchange reserve $'000	Accumulated losses $'000	Total equity $'000
At 1 January 2010	213,215	674,705	16,795	1,400	–	–	5,856	7,704	(404,162)	515,513
Changes in equity for six months ended 30 June 2010:										
Issue of new shares	44,375	674,925	–	–	–	–	–	–	–	719,300
Issue of warrants	–	–	–	1,250	–	–	–	–	–	1,250
Issue of convertible bonds	–	–	–	–	–	45,989	–	–	–	45,989
New shares issued upon conversion of convertible bonds	37,500	187,500	–	–	–	(45,989)	–	–	–	179,011
New shares issued upon exercise of share options	5,200	15,433	–	–	–	–	(5,341)	–	–	15,292
New shares issued upon exercise of warrants	16,875	33,075	–	(1,350)	–	–	–	–	–	48,600
Transaction costs attributable to issue of new shares	–	(18,311)	–	–	–	–	–	–	–	(18,311)
Transfer to statutory reserve	–	–	2,319	–	–	–	–	–	(2,319)	–
Total comprehensive loss for the period	–	–	–	–	(49,883)	–	–	4,686	2,705	(42,492)
At 30 June 2010	317,165	1,567,327	19,114	1,300	(49,883)	–	515	12,390	(403,776)	1,464,152

The notes on pages 11 to 53 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the six months ended 30 June 2011 — unaudited

(Expressed in Hong Kong dollars)

	Share capital $'000	Share premium $'000	Statutory reserves $'000	Warrants reserve $'000	Fair value reserve $'000	Convertible bonds reserve $'000	Capital reserve $'000	Exchange reserve $'000	Accumulated losses $'000	Total equity $'000
At 1 January 2011	416,448	2,932,025	26,564	1,250	(17,483)	12,378	10	42,160	(392,001)	3,021,351
Changes in equity for six months ended 30 June 2011:										
New shares issued under share options	13	23	–	–	–	–	(10)	–	–	26
Transfer of reserves of disposal of subsidiaries	–	–	(15,924)	–	–	–	–	–	15,924	–
Transfer to statutory reserves	–	–	14,306	–	–	–	–	–	(14,306)	–
Total comprehensive profit for the period	–	–	–	–	(29,573)	–	–	47,112	111,234	128,773
At 30 June 2011	416,461	2,932,048	24,946	1,250	(47,056)	12,378	–	89,272	(279,149)	3,150,150

The notes on pages 11 to 53 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2011 — unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2011	2010
	$'000	$'000
Cash generated from/(used in) operations	**203,783**	(16,324)
Income tax paid	**(48,060)**	(3,371)
Net cash generated from/(used in) operating activities	**155,723**	(19,695)
Net cash used in investing activities	**(451,168)**	(626,207)
Net cash generated from financing activities	**283,553**	997,233
Net (decrease)/increase in cash and cash equivalents	**(11,892)**	351,331
Cash and cash equivalents at 1 January	**108,546**	189,648
Effect of foreign exchange rate changes	**(2,310)**	829
Cash and cash equivalents at 30 June	**94,344**	541,808

The notes on pages 11 to 53 form part of this interim financial report.

NOTES TO THE INTERIM FINANCIAL REPORTS

For the six months ended 30 June 2011 — unaudited
(Expressed in Hong Kong dollars unless otherwise indicated)

1. BASIS OF PREPARATION

The interim financial report of China Precious Metal Resources Holdings Co., Ltd. (the "Company") has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 24 August 2011.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2010 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2011 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Company and its subsidiaries (collectively referred to as the "Group") since the 2010 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report is unaudited, but has been reviewed by the Audit Committee of the Company and by the independent auditor, CCIF CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the HKICPA.

1. BASIS OF PREPARATION (Continued)

The financial information relating to the financial year ended 31 December 2010 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements.

In preparing the interim financial report, the directors have considered the future liquidity of the Group. The Group generated a consolidated net profit from continuing operations attributable to owners of the Company of $94,736,000 for the six months ended 30 June 2011, and as at 30 June 2011, the Group had net current liabilities of $118,527,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, the directors are of the opinion that the Group will be able to finance its future working capital and financial requirements given that:

(i) subsequent to the reporting period, the Group obtained two loan facilities of US$40 million (equivalent to approximately $311.6 million) and $140 million respectively, details of which are referred to in notes 24(b) and (c);

(ii) the Company's two substantial shareholders have agreed to provide financial support as is necessary to enable the Group to meet its liabilities as they fall due; and

(iii) based on a cash flow forecast prepared by the Group's management for the twelve months ending 30 June 2012, the Group will be able to generate adequate cash flows from its continuing operations.

Accordingly, the directors are of the opinion that it is appropriate to prepare the interim financial report for the six months ended 30 June 2011 on a going concern basis. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the interim financial report.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued new and revised HKFRSs, a number of amendments to HKFRSs and new interpretations that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's condensed consolidated financial statements:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
HKAS 32 (Amendments)	Classification of Rights Issues
HKAS 34 (Amendments)	Interim financial reporting
HK (IFRIC) — Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK (IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters

The application of the new and revised HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

3. TURNOVER

Turnover represents the sales value of gold products, edible oils and related products to customers net of value added tax and surcharges. The amount of each significant category of revenue recognised in turnover during the period is analysed as follows:

	Six months ended 30 June	
	2011	2010
	$'000	$'000
Continuing operations:		
Sales of gold products	**300,335**	40,698
Discontinued operations (note 7(a)):		
Sales of		
— Small pack edible oils	**–**	4,667
— Edible oils and related products	**–**	64
	–	4,731
	300,335	45,429

4. SEGMENT REPORTING

Operating segments are identified on the basis of internal reports which provides information about components of the Group. This information is reported to and reviewed by the Company's directors, the chief operating decision maker ("CODM"), for the purposes of resource allocation and performance assessment.

4. SEGMENT REPORTING (Continued)

The CODM considers the business from product perspective. The Group's reportable business segments are as follows:

i) Gold mining: mining and processing of gold ores and sale of gold products; and

ii) Edible oils: production and sale of small pack edible oils, trading of edible oils and related products which were classified as discontinued operations, as further detailed in note 7.

(a) Segment results and assets

For the purposes of assessing segment performance and allocating resources between segments, the CODM monitors the results and assets attributable to each reportable segment on the following bases:

The measure used for reporting segment profit/(loss) is "adjusted EBITDA" i.e. "adjusted earnings/(loss) before interest, taxes, depreciation and amortisation", where "interest" is regarded as including investment income and "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at adjusted EBITDA, the Group's earnings/(loss) are further adjusted for items not specifically attributed to individual segments, such as, corporate administration costs.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The revenue from external parties reported to the CODM is measured in a manner consistent with that in the income statement.

All assets are allocated to reportable segments.

4. SEGMENT REPORTING (Continued)

(a) Segment results and assets (Continued)

In addition to receiving segment information concerning adjusted EBITDA, CODM is provided with segment information concerning revenue, interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and impairment losses used by the segments in their operations.

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the period is set out below.

	Continuing operations Gold Mining		Discontinued operations Edible Oils		Total	
	For the six months ended 30 June					
	2011	2010	**2011**	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Reportable segment revenue from external customers	**300,335**	40,698	**–**	4,731	**300,335**	45,429
Reportable segment profit/ (loss) (adjusted EBITDA)	**226,595**	22,315	**59**	(2,107)	**226,654**	20,208
Interest income	**492**	35	**10**	31	**502**	66
Depreciation and amortisation	**(53,274)**	(5,677)	**–**	(1,974)	**(53,274)**	(7,651)
Interest expenses	**(36,142)**	–	**–**	(752)	**(36,142)**	(752)
Gain on disposal of interest in subsidiaries	**–**	–	**16,429**	–	**16,429**	–

	At 30 June 2011	At 31 December 2010	**At 30 June 2011**	At 31 December 2010	**At 30 June 2011**	At 31 December 2010
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Reportable segment assets	**4,958,530**	4,451,387	**–**	33,349	**4,958,530**	4,484,736

4. SEGMENT REPORTING (Continued)

(b) Reconciliations of reportable segment revenues, profit or loss and assets

	Six months ended 30 June 2011 $'000	Six months ended 30 June 2010 $'000
Revenue		
Reportable segment revenue and consolidated turnover	**300,335**	45,429
Profit		
Reportable segment profit derived from the Group's external customers	**226,654**	20,208
Interest income	**502**	66
Depreciation and amortisation	**(53,274)**	(7,651)
Interest expenses	**(36,142)**	(752)
Gain on disposal of interest in subsidiaries	**16,429**	—
Consolidated profit before taxation	**154,169**	11,871

	At 30 June 2011 $'000	At 31 December 2010 $'000
Assets		
Reportable segment assets and consolidated total assets	**4,958,530**	4,484,736

4. SEGMENT REPORTING (Continued)

(c) Geographical information

The following is an analysis of geographical location of (i) the Group's revenue from external customers; and (ii) the Group's non-current assets. The geographical location of customers is based on the location at which the goods were delivered. The Group's non-current assets, except for available-for-sale financial asset, include the assets as disclosed in the Group's condensed consolidated statement of financial position in these interim financial report. The geographical location of the non-current assets is based on the location of the operations to which they are allocated.

	Revenue from external customers Six months ended 30 June		Non-current assets	
			At 30 June	At 31 December
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
The People's Republic of China ("PRC")	**300,335**	45,429	**4,566,195**	4,107,821
Hong Kong	**–**	–	**83,694**	81,741
	300,335	45,429	**4,649,889**	4,189,562

5. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging/(crediting):

		Six months ended 30 June	
		2011	2010
		$'000	$'000
a)	**Finance costs:**		
	Continuing operations:		
	Interest on non-current payable (note 18)	**10,001**	–
	Interest on convertible bonds (note 19)	**8,517**	–
	Interest on bank and other borrowings wholly repayable within five years	**26,034**	–
	Total interest expenses on financial liabilities not at fair value through profit or loss	**44,552**	–
	Less: Interest expense capitalised into proposed acquisition of a gold mining right (notes (i)&12(a))	**(8,410)**	–
		36,142	–
	Discontinued operations (note 7(a)):		
	Interest on bank and other borrowings wholly repayable within five years	**–**	752
	Total interest expenses on financial liabilities not at fair value through profit or loss	**–**	752

Note:

(i) The borrowing costs have been capitalised at a rate of 17% (six months ended 30 June 2010: nil) per annum.

5. PROFIT/(LOSS) BEFORE TAXATION (Continued)

	Six months ended 30 June	
	2011	2010
	$'000	$'000
b) Other items:		
Continuing operation:		
Amortisation of intangible assets	**44,084**	3,792
Depreciation and amortisation of fixed assets	**9,190**	1,885
Operating lease charges in respect of		
— land and buildings	**1,881**	751
— machinery and equipment	**133**	—
Bank interest income	**(492)**	(35)
Waiver of other payables	**(6,241)**	—
Discontinued operation (note 7(a)):		
Depreciation and amortisation of fixed assets	**—**	1,974
Operating lease charges in respect of		
— land and buildings	**70**	—
Bank interest income	**(10)**	(31)
Reversal of impairment losses on trade receivables	**—**	(37)

6. INCOME TAX

a) Continuing operations:

i) Taxation in the condensed consolidated income statement represents:

	Six months ended 30 June	
	2011	2010
	$'000	$'000
PRC income tax		
— current tax	**52,601**	8,005
— under-provision in prior year	**1,850**	—
	54,451	8,005
Deferred tax	**(11,516)**	1,161
Total income tax expense	**42,935**	9,166

6. INCOME TAX (Continued)

a) Continuing operations: (Continued)

ii) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Six months ended 30 June 2011 $'000	2010 $'000
Profit before tax	**137,671**	16,673
Notional tax on profit before tax, calculated at the rates applicable to the tax jurisdiction concerned	**29,036**	4,041
Tax effect of non-deductible expenses	**19,415**	2,054
Tax effect of non-taxable incomes	**(2,212)**	(5)
Tax effect of unrecognised timing differences	**(210)**	62
Under-provision in prior year	**1,850**	—
Tax effect of unused tax losses not recognised	**355**	927
	48,234	7,079
Withholding tax (note 6(d))	**(5,299)**	2,087
Actual tax expense	**42,935**	9,166

6. INCOME TAX (Continued)

b) Discontinued operations (note 7(a)):

i) Taxation in the condensed consolidated income statement represents:

	Six months ended 30 June	
	2011	2010
	$'000	$'000
Current tax	**–**	–
Deferred tax	**–**	–
Total tax expense	**–**	–

6. INCOME TAX (Continued)

b) Discontinued operations (note 7(a)): (Continued)

ii) Reconciliation between tax expense and accounting profit/(loss) at applicable tax rates:

	Six months ended 30 June	
	2011	2010
	$'000	$'000
Profit/(loss) before tax	**69**	(4,802)
Notional tax on profit/(loss) before tax, calculated at the rates applicable to the tax jurisdiction concerned	**26**	(1,200)
Tax effect of non-deductible expenses	**20**	55
Tax effect of non-taxable incomes	**(134)**	—
Tax effect of unrecognised timing differences	**—**	(9)
Tax effect of unused tax losses not recognised	**88**	1,154
Actual tax expense	**—**	—

6. INCOME TAX (Continued)

c) (i) The provision for PRC income tax is calculated on the assessable profit of the Group's subsidiaries incorporated in the PRC at 25% during the six months ended 30 June 2011 and 2010.

(ii) No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profit subject to Hong Kong Profits Tax during the six months ended 30 June 2011 and 2010.

(iii) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is exempted from any income tax in the Cayman Islands and the British Virgin Islands.

d) The Group has deferred tax liabilities balance of $5,299,000 from continuing operations at 31 December 2010 in respect of the tax that would be payable on the distribution of the retained profits of the Group's PRC subsidiaries. In the opinion of the Company's directors, the Group controls the dividend policy of these subsidiaries and it has been determined that it is not probable that these subsidiaries will distribute profits in the foreseeable future. Accordingly, the deferred tax liabilities balance of $5,299,000 has been written back to condensed consolidated income statement during the six months ended 30 June 2011. As at 30 June 2011, temporary differences relating to the undistributed profits of these subsidiaries amounted to $169,116,000 and deferred tax liabilities of $16,911,000 have not been recognised in these interim financial statements.

7. DISCONTINUED OPERATIONS AND ASSETS/(LIABILITIES) OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

Pursuant to the resolution passed at the Company's board meeting held on 12 May 2010, the Group discontinued the operations of the production and sale of small pack edible oils, trading of edible oil and related products in view of loss incurred and would dispose of its interest in these operations which are held by two subsidiaries, China Force Oils & Grains Industrial (Zhenjiang) Co., Ltd. and China Force Oils (Zhenjiang) Co., Ltd. (collectively "Zhenjiang Companies") of the Group, in the next twelve months. The assets and liabilities attributable to these operations have been classified as a disposal group held for sale as at 31 December 2010.

On 29 March 2011, the Group and an independent third party (the "Purchaser") entered into a conditional letter of intent, pursuant to which the Group disposed of and the Purchaser acquired the entire equity interest in Zhenjiang Companies at a cash consideration of RMB20,000,000. On 9 May 2011, the Group and the Purchaser entered into a sale and purchase agreement, pursuant to which the Group disposed of and the Purchaser acquired the entire equity interest in China Force Oils and Grains Industrial Limited ("CFO"), a direct subsidiary of the Company and an indirect holding company of the entire equity interest in Zhenjiang Companies, at a consideration of RMB20,000,000 (equivalent to approximately $23,916,000). The disposal transaction was completed on 11 May 2011 and the entire equity interest in CFO was transferred to the Purchaser.

7. DISCONTINUED OPERATIONS AND ASSETS/(LIABILITIES) OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (Continued)

a) The results of the discontinued operations for the six months ended 30 June 2011 and 2010 are as follows:

	Note	Six months ended 30 June **2011** **$'000**	2010 $'000
Turnover	3	**—**	4,731
Cost of sales		**—**	(7,090)
Gross loss		**—**	(2,359)
Other revenue		**535**	87
Other net income		**—**	45
Selling and distribution costs		**—**	(508)
Administrative expenses		**(466)**	(1,315)
Profit/(loss) from operations		**69**	(4,050)
Finance costs	5(a)	**—**	(752)
Profit/(loss) before taxation	5	**69**	(4,802)
Income tax	6	**—**	—
		69	(4,802)
Gain on disposal of discontinued operations	7(b)	**16,429**	—
Profit/(loss) for the period from discontinued operations		**16,498**	(4,802)

7. DISCONTINUED OPERATIONS AND ASSETS/(LIABILITIES) OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (Continued)

b) Details of the gain on disposal of subsidiaries

	Note	**2011** **$'000**
Fixed assets		**23,279**
Trade and other receivables, deposits and prepayments		**110**
Cash and cash equivalents		**9,777**
Trade and other payables		**(19,226)**
		13,940
Release of cumulative exchange reserve		**(6,453)**
		7,487
Gain on disposal	7(a)	**16,429**
Consideration satisfied by other receivable	14(d)	**23,916**
Analysis of net outflow of cash and cash equivalents in respect of the disposal of subsidiaries		
Cash and cash equivalents disposed of		**(9,777)**

7. DISCONTINUED OPERATIONS AND ASSETS/(LIABILITIES) OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (Continued)

c) The net cash (outflow)/inflow of the discontinued operations for the six months ended 30 June 2011 and 2010 is as follows:

	Six months ended 30 June	
	2011	2010
	$'000	$'000
Net cash inflow from operating activities	**184**	42,246
Net cash (outflow)/inflow from investing activities	**(395)**	67
Net cash outflow from financing activities	**–**	(32,898)
Net cash (outflow)/inflow incurred by the discontinued operations	**(211)**	9,415

7. DISCONTINUED OPERATIONS AND ASSETS/(LIABILITIES) OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (Continued)

d) The carrying amounts of assets/(liabilities) of a disposal group classified as held for sale are analysed as follows:

	At 30 June 2011 $'000	At 31 December 2010 $'000
Assets of a disposal group classified as held for sale		
Fixed assets	–	22,874
Trade and other receivables, deposits and prepayments	–	44
Cash and cash equivalents	–	10,431
	–	33,349
Liabilities of a disposal group classified as held for sale		
Trade and other payables	–	(16,334)

7. DISCONTINUED OPERATIONS AND ASSETS/ (LIABILITIES) OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (Continued)

e) Cumulative income or expense recognised directly in equity relating to disposal group classified as held for sale

	At 30 June 2011 $'000	At 31 December 2010 $'000
Exchange difference on translation of financial statements of the disposal group	**–**	6,896

8. DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2011 and 2010.

9. EARNINGS/(LOSS) PER SHARE

a) Basic earnings/(loss) per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of $111,234,000 (six months ended 30 June 2010: $2,705,000) and on the weighted average number of 3,331,627,000 (six months ended 30 June 2010: 2,267,244,000) ordinary shares in issue during the six months ended 30 June 2011 as follows:

	Six months ended 30 June			
	2011		2010	
	Profit attributable to equity holders $'000	**Weighted average number of ordinary shares '000**	Profit/(loss) attributable to equity holders $'000	Weighted average number of ordinary shares '000
Continuing operations	**94,736**	**3,331,627**	7,507	2,267,244
Discontinued operations	**16,498**	**3,331,627**	(4,802)	2,267,244
	111,234		2,705	

9. EARNINGS/(LOSS) PER SHARE (Continued)

a) Basic earnings/(loss) per share (Continued)

Weighted average number of ordinary shares:

	Number of shares 2011 '000	2010 '000
Issued ordinary shares at 1 January	**3,331,587**	1,705,720
Effect of issue of new shares in placements	**–**	172,265
Effect of issue of new shares upon conversion of convertible bonds	**–**	232,044
Effect of issue of new shares under share options	**40**	35,007
Effect of issue of new shares upon exercise of warrant subscription rights	**–**	122,208
Weighted average number of ordinary shares at 30 June	**3,331,627**	2,267,244

9. EARNINGS/(LOSS) PER SHARE (Continued)

b) Diluted earnings/(loss) per share

The calculation of diluted earnings per share is based on the profit attributable to equity holders of $111,234,000 (six months ended 30 June 2010: $2,705,000) and on the weighted average number of 3,331,627,000 (six months ended 30 June 2010: 2,276,895,000) ordinary shares in issue during the six months ended 30 June 2011 as follow:

	Six months ended 30 June			
	2011		2010	
	Profit attributable to equity holders $'000	**Weighted average number of ordinary shares '000**	Profit/(loss) attributable to equity holders $'000	Weighted average number of ordinary shares '000
Continuing operations	**94,736**	**3,331,627**	7,507	2,276,895
Discontinued operations	**16,498**	**3,331,627**	(4,802)	2,276,895
	111,234		2,705	

Weighted average number of ordinary shares (diluted):

	Number of shares	
	2011 '000	2010 '000
Weighted average number of ordinary shares at 30 June	**3,331,627**	2,267,244
Adjustments for:		
— warrants	**–**	4,199
— share options	**–**	5,452
Weighted average number of ordinary shares (diluted) at 30 June	**3,331,627**	2,276,895

9. EARNINGS/(LOSS) PER SHARE (Continued)

b) Diluted earnings/(loss) per share (Continued)

(i) During the six months ended 30 June 2011, the Company's convertible bonds and warrants had anti-dilutive effect because their conversion/exercise prices were above the weighted average market prices of the Company's shares, and the exercise of share options had anti-dilutive effect. Therefore the convertible bonds, warrants and share options were not included in the above calculation of diluted earnings per share.

(ii) During the six months ended 30 June 2010, the exercise of warrants and share options of the Company were included in the above calculation of diluted earnings/(loss) per share.

10. INTANGIBLE ASSETS

	Mining rights $'000
Cost	
At 31 December 2010 and 1 January 2011	3,868,180
Addition (note 12(b))	137,908
Exchange adjustments	68,351
At 30 June 2011	4,074,439
Accumulated amortisation	
At 31 December 2010 and 1 January 2011	62,069
Charge for the period	44,084
Exchange adjustments	1,833
At 30 June 2011	107,986
Carrying amounts	
At 30 June 2011	3,966,453
At 31 December 2010	3,806,111

As at 30 June 2011, the Group's mining right with a carrying amount of $1,729,733,000 (31 December 2010: $nil) was pledged to an independent third party for a loan (note 17).

11. FIXED ASSETS

(a) During the six months ended 30 June 2011, the Group acquired items of fixed assets of $48,665,000 (six months ended 30 June 2010: $87,803,000). No fixed assets were disposed of during the six months ended 30 June 2011 and 2010.

(b) At 30 June 2011, the Group's leasehold land held under finance leases and buildings held for own use with a total carrying amount of $78,916,000 (31 December 2010: $79,874,000) were pledged to a bank for certain banking facilities granted to the Group (note 16(a)).

12. DEPOSITS PAID FOR GOLD MINING RIGHTS

(a) During the six months ended 30 June 2011, the Group entered into a conditional letter of intent for the proposed acquisition of a mining right for gold mines in Henan at a consideration of RMB160,000,000, which was financed by other secured loan of the Group (note 17), the Group paid a refundable deposit of RMB100,000,000 (equivalent to $120,346,000) and recognised other secured loan interest of $8,410,000. The acquisition of the mining right for the gold mines in Henan has not been completed as at the date of approval of these interim financial report.

(b) As at 31 December 2010, the Group paid deposits of RMB10,000,000 (equivalent to $11,752,000) and RMB25,000,000 (equivalent to $29,381,000) respectively for the acquisitions of two mining rights for gold mines in Inner Mongolia and Henan in the PRC at a consideration of RMB26,000,000 (equivalent to $30,910,000) and RMB90,000,000 (equivalent to $106,998,000) respectively. The acquisitions of both mining rights were completed during the six months ended 30 June 2011 and the deposits were transferred to intangible assets (note 10).

13. AVAILABLE-FOR-SALE FINANCIAL ASSET

	$'000
Listed shares overseas at fair value:	
At cost	147,377
Decrease in fair value	(17,483)
At 31 December 2010 and 1 January 2011	129,894
Decrease in fair value (note (b))	(29,573)
At 30 June 2011	100,321
Market value at 30 June 2011	100,321

(a) As at 30 June 2011 and 31 December 2010, the Group held approximately 85,920,000 ordinary shares of Norton Gold Fields Limited ("Norton Gold"), representing approximately 12% equity interest in Norton Gold. Norton Gold is a limited liability company incorporated in Australia and its shares are listed in the Australian Securities Exchange Limited. It holds certain gold mines in Australia and is engaged in production of gold and exploration of gold field in Australia.

(b) As at 30 June 2011, the fair value of the Group's investment in Norton Gold was $100,321,000, which is based on the market value of the shares, a decrease in fair value of $29,573,000 was recognised in the Group's other comprehensive income during the period. In the opinion of the directors, the decrease in fair value is not prolonged and permanent in nature and no impairment of the Group's investment in Norton Gold is required to be recognised in the condensed consolidated income statement during the six months ended 30 June 2011.

14. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	At 30 June 2011 $'000	At 31 December 2010 $'000
Trade receivables		**18,334**	11,217
Less: Allowance for doubtful debts	(b)	**–**	(373)
	(a) & (c)	**18,334**	10,844
Other receivables	(d)	**40,550**	8,869
Loan and receivables		**58,884**	19,713
Deposits and prepayments		**21,170**	6,178
		80,054	25,891

All of the trade and other receivables, deposits and prepayments are expected to be recovered or recognised as expenses within one year.

14. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

(a) Ageing analysis

The ageing analysis of the trade receivables (net of allowance for doubtful debts) based on invoice date at the end of the reporting period is as follows:

	At 30 June 2011 $'000	At 31 December 2010 $'000
Less than one month	**18,255**	10,731
More than one month but less than three months	**–**	113
More than three months but less than twelve months	**79**	–
	18,334	10,844

Trade receivables are due within one month from the date of billing.

14. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

(b) Impairment of trade receivables

The movements in the allowance for doubtful debts on trade receivables during the period, including both specific and collective loss components, are as follows:

	At 30 June 2011 $'000	At 31 December 2010 $'000
At beginning of the reporting period	**373**	4,693
Exchange adjustment	**–**	150
Released upon disposal of subsidiaries	**(373)**	–
Transfer to disposal group classified as held for sale	**–**	(4,470)
At end of the reporting period	**–**	373

14. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

(c) Trade receivables that are not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	At 30 June 2011 $'000	At 31 December 2010 $'000
Neither past due nor impaired	**18,255**	10,731
Less than three months past due	**–**	113
More than three months but less than twelve months past due	**79**	–
	79	113
	18,334	10,844

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

(d) As at 30 June 2011, other receivables included a consideration receivable from disposal of discontinued operations of approximately $23,916,000 (31 December 2010: $nil) (note 7(b)). This receivable has been fully settled after the reporting period.

15. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade creditors with the following ageing analysis:

	At 30 June 2011 $'000	At 31 December 2010 $'000
Within three months	**1,524**	912
More than three months but less than one year	**318**	4
After one year	**273**	1,021
Trade payables	**2,115**	1,937
Accrued charges and other payables	**104,485**	84,791
Financial liabilities measured at amortised cost	**106,600**	86,728
Receipts in advance	**26,331**	15,654
	132,931	102,382

16. BANK LOANS AND OVERDRAFTS

As at 30 June 2011, the Group had bank loans and overdrafts repayable within one year or on demand which were analysed as follows:

	At 30 June 2011 $'000	At 31 December 2010 $'000
Secured bank overdrafts (note (a))	**—**	2
Bank loans		
— secured (note (a))	**60,099**	71,616
— unsecured	**72,150**	95,193
	132,249	166,811

16. BANK LOANS AND OVERDRAFTS (Continued)

(a) As at 30 June 2011, the Group's secured bank loans and overdrafts were pledged by the Group's land under finance lease and building held for own use with a total carrying amount of $78,916,000 (31 December 2010: $79,874,000) (note 11(b)), the bank deposit and personal guarantee given by two related parties (notes 22(a)(ii) and (iii)).

(b) The range of effective interest rates on the Group's bank loans and overdrafts is as follows:

	At 30 June 2011 %	At 31 December 2010 %
Effective interest rates:		
Fixed-rate bank loans	**4.8 - 5.3**	4.8 - 5.3
Variable-rate bank loans	**1.7**	1.7
Variable-rate bank overdrafts	**—**	5.0

17. OTHER SECURED LOAN

On 18 January 2011, Luanchuan County Jinxing Mining Co., Ltd. (欒川縣金興礦業有限責任公司) ("Jinxing"), an indirect wholly-owned subsidiary of the Company, entered into a sale and lease back agreement (the "Agreement") with an independent third party, Minsheng Financial Leasing Co., Ltd. (民生金融租賃股份有限公司), pursuant to which, certain fixed assets of Jinxing have been sold and immediately have been leased back by Jinxing. At the end of the period governed by the Agreement, Jinxing has an option to buy back all these fixed assets at the nominal consideration of RMB1. In the opinion of the directors of the Company, all the economic benefits and risks associated with the relevant fixed assets shall remain at Jinxing and therefore, this arrangement is in substance a borrowing.

17. OTHER SECURED LOAN (Continued)

Jinxing has raised a net borrowing of RMB270 million, after deducting handling charges of RMB30 million, which is secured by the personal guarantee provided by Mr. Chang Yim Yang, an executive director of the Company, and the pledge of the mining right of Jinxing with a carrying amount of $1,729,733,000 (note 10) and the entire equity interest in Jinxing. This borrowing is bearing an effective annual interest rate of 17% during the six months ended 30 June 2011 and shall be repaid, as follows:

	$'000
Within 1 year	25,903
After 1 year but within 2 years	165,520
After 2 years but within 5 years	144,288
	335,711
Representing:	
Current portion	25,903
Non-current portion	309,808
	335,711

18. NON-CURRENT PAYABLE

This represents the fair value of a payable as part of the consideration for the acquisition of Wah Heen Holdings Limited and its subsidiaries during the year ended 31 December 2010. The payable will be due on 20 December 2012 and has an effective interest rate of 8.9% per annum. During the six months ended 30 June 2011, the Group recognised the interest expense of $10,001,000 (six months ended 30 June 2010: $nil) (note 5(a)).

19. CONVERTIBLE BONDS

On 8 November 2010, the Company issued convertible bonds with an aggregate principal amount of $460,000,000, which include three tranches of nominal value of $235,000,000, $100,000,000 and $125,000,000 respectively, as part of the consideration of acquisition of Decent Connection Overseas Limited and its subsidiaries during the year ended 31 December 2010. The second and third tranches of the convertible bonds in an aggregate principal amount of $225,000,000 are subject to a lock-up arrangement. The convertible bonds entitle the holder to convert the bonds into ordinary shares of the Company at the conversion price of $2.1 per share at any time up to the third anniversary date from the date of issue of the convertible bonds. The convertible bonds bear interest at 6% per annum. During the six months ended 30 June 2011, no convertible bonds were converted into ordinary shares of the Company.

The movements of the convertible bonds during the period are as follows:

	Liability component $'000	Equity component $'000	Total $'000
At 31 December 2010 and 1 January 2011	215,100	12,378	227,478
Interest expense (note 5(a))	8,517	—	8,517
At 30 June 2011	223,617	12,378	235,995

The liability component and the equity component of the convertible bonds are determined based on the valuations performed by Vigers Appraisal & Consulting Limited, an independent firm of professionally qualified valuers, using the binomial model. The effective interest rate of the liability component is 8% per annum.

20. CAPITAL AND RESERVES

(a) Share capital

	Number of shares '000	$'000
Authorised:		
Ordinary shares of $0.125 each		
At 31 December 2010 and 30 June 2011	10,000,000	1,250,000
Issued and fully paid:		
Ordinary shares of $0.125 each		
At 31 December 2010 and 1 January 2011	3,331,587	416,448
Issue of new shares under share options (note)	100	13
At 30 June 2011	3,331,687	416,461

Note:

During the six months ended 30 June 2011, options were exercised to subscribe for 100,000 ordinary shares of $0.125 each of the Company.

20. CAPITAL AND RESERVES (Continued)

(b) Warrants

Warrant reserve represents the net proceeds received from the issue of warrants of the Company. The reserve will be transferred to share capital and share premium accounts upon the exercise of the warrants.

On 5 May 2010, the Group and an independent placing agent (the "Warrant Placing Agent") entered into a placing and underwriting agreement, pursuant to which the Warrant Placing Agent placed 150,000,000 new non-listed warrants of the Company, which include two tranches of warrants, 100,000,000 warrants ("Warrant A") and 50,000,000 warrants ("Warrant B") at the issue price of $0.01 and $0.005 each respectively. The holder of each Warrant A and Warrant B will be entitled to subscribe for one new ordinary share of the Company at an exercise price of $2.6 and $3.2 each respectively for the subscription period from 5 August 2010 to 11 June 2014. On 11 June 2010, the Company issued 100,000,000 Warrant A and 50,000,000 Warrant B for an aggregate consideration of $1,250,000. During the six months ended 30 June 2011 and 2010, no new shares were issued upon exercise of warrants.

21. CAPITAL COMMITMENTS

The Group's capital commitments outstanding at 30 June 2011 not provided for in the condensed consolidated financial statements were as follows:

	At 30 June 2011 $'000	At 31 December 2010 $'000
Contracted for:		
— acquisition of mining rights in gold mines	**72,150**	95,175
— purchase of fixed assets	**8,830**	2,655
	80,980	97,830
Authorised but not contracted for:		
— acquisition of a piece of land	**81,770**	79,914
Total	**162,750**	177,744

22. RELATED PARTY TRANSACTIONS

(a) During the six months ended 30 June 2011, the Group had the following related party transactions:

(i) In September 2010, the Group entered into a sale and purchase agreement with Chifeng Li Geng Mining Machinery Equipment Co., Ltd. ("Li Geng") (赤峰力更礦山機械設備有限公司), pursuant to which the Group agreed to purchase and Li Geng agreed to dispose of certain machineries at a total consideration of RMB5,800,000 (equivalent to $6,815,000) and the Group paid a deposit of RMB5,200,000 (equivalent to $6,110,000). A general manager of a subsidiary of the Group is the legal representative and the sole shareholder of Li Geng. In December 2010, the Group and Li Geng entered into an agreement to terminate the sale and purchase agreement. As at 30 June 2011, the receivable of Li Geng of $3,165,000 (31 December 2010: $6,110,000) was included in other receivables.

(ii) During the period, a deputy general manager of a subsidiary of the Group provided personal guarantee of RMB20,700,000 (equivalent to $24,326,000) to a bank for a loan of RMB20,000,000 (equivalent to $23,504,000) (six months ended 30 June 2010: $nil) granted to the Group (note 16(a)).

(iii) During the period, Pu Er An Yan Co., Ltd. (普洱市安岩有限公司), in which a deputy general manger of a subsidiary of the Group is a shareholder, pledged a bank deposit of RMB10,000,000 (equivalent to $11,752,000) to a bank for a loan of RMB9,000,000 (equivalent to $10,576,000) (six months ended 30 June 2010: $nil) granted to the Group (note 16(a)). On 2 March 2011, the Group repaid the bank loan and the bank deposit of the related party pledged as security was released.

(iv) On 28 January 2011, a sum of RMB141,000,000 (equivalent to approximately $165,670,000) was advanced to an equipment supplier in which a deputy general manager of a subsidiary has interest. On 30 January 2011, this advance was fully repaid by the related equipment supplier to Jinxing.

(v) During the period, the Group obtained other secured loan of RMB270 million, after deducting handling charges of RMB30 million, which is secured by the personal guarantee provided by Mr. Chang Yim Yang, an executive director of the Company.

22. RELATED PARTY TRANSACTIONS (Continued)

(b) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors, is as follows:

	Six months ended 30 June	
	2011	2010
	$'000	$'000
Short-term employee benefits	**5,978**	4,395
Post-employment benefits	**49**	63
	6,027	4,458

23. ENVIRONMENTAL CONTINGENCIES

The Group has not incurred any significant expenditure for environment remediation and is currently not involved in any environmental remediation. In addition, the Group has not accrued any amounts for environmental remediation relating to its operations. Under existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Group. The PRC government, however, has moved and may move further towards more rigorous enforcement of applicable laws and towards the adoption of more stringent environmental standards. Environmental liabilities are subject to considerable uncertainties which affect the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include: (i) the exact nature and extent of the contamination at various sites including, but not limited to mines, concentrators and smelting plants whether they are operating, closed and sold; (ii) the extent of required cleanup efforts; (iii) varying costs of alternative remediation strategies; (iv) changes in environmental remediation requirements; and (v) the identification of new remediation sites. The amount of such future costs is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under proposed or future environmental legislation cannot be reasonably estimated at present, and could be material.

24. EVENTS AFTER THE REPORTING PERIOD

The Group had the following events after the reporting period:

(a) Acquisition of subsidiaries

On 22 July 2011, the Group and Premium Wise Inc. (the "Vendor"), an independent third party, entered into a conditional letter of intent, pursuant to which the Group will acquire the entire equity interest in Sinowise Century Limited, which is wholly owned by the Vendor, together with its subsidiaries, which holds a mining right for gold mines located in Yunnan in the PRC. The proposed consideration will not exceed RMB2 billion, which will be satisfied by cash and ordinary shares of the Company. As at the date of this report, the acquisition transaction has not been completed. Further details are set out in the Company's announcement dated 22 July 2011.

(b) On 22 August 2011, the Company entered into a facility agreement (the "Facility Agreement") with an independent third party, Raiffeisen Bank International AG, Labuan Branch (the "Lender"), pursuant to which the Lender agreed to lend to the Company a loan facility of US$40 million (equivalent to $311.6 million) (the "Facility"). The loan is secured and interest bearing at 10% per annum and expired at 3 years from the date of loan drawn. On the same date, the Company executed a warrant instrument (the "Warrant Instrument") and issued warrants with a face value of $93,480,000 (the "Warrants") to the Lender. The Warrants entitle warrant holder to subscribe for new ordinary shares of the Company (the "New Share(s)") at a subscription price of $2.1 per New Share for the subscription period from 22 August 2011 to 22 August 2014. The Warrant Instrument is executed in consideration of the Facility made available by the Lender pursuant to the Facility Agreement and the issue price of the Warrants is $nil. As at the date of this report, the Facility has not been drawn. Further details are set out in the Company's announcement dated 22 August 2011.

24. EVENTS AFTER THE REPORTING PERIOD (Continued)

(c) On 17 August 2011, China Precious Metal Smeltery Co., Limited (the "Borrower"), a wholly-owned subsidiary of the Company, entered into a loan agreement with a third party, pursuant to which the third party agreed to lend to the Borrower a loan facility of $140 million. The loan is interest bearing at 6% per annum, repayable on demand and pledged by a joint and several guarantee provided by Mr. Dai Xiaobing, the Company's executive director and chief executive officer, and Mr. Chang Yim Yang, the Company's executive director. On the same date, the loan was drawn by the Borrower.

25. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING PERIOD ENDING 31 DECEMBER 2011

Up to the date of issue of this interim financial report, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the annual accounting period ending 31 December 2011.

The Group has not early applied any of the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets[1]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[3]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 19 (2011)	Employee Benefits[4]
HKAS 27 (2011)	Separate Financial Statetments[4]
HKAS 28 (2011)	Investment in Associates and Joint Ventures[4]

1 Effective for annual periods beginning on or after 1 July 2011.
2 Effective for annual periods beginning on or after 1 January 2012.
3 Effective for annual periods beginning on or after 1 July 2012.
4 Effective for annual periods beginning on or after 1 January 2013.

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

CCIF

CCIF CPA LIMITED

34/F The Lee Gardens
33 Hysan Avenue
Causeway Bay Hong Kong

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE BOARD OF DIRECTORS OF
CHINA PRECIOUS METAL RESOURCES HOLDINGS CO., LTD.
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 4 to 53, which comprises the condensed consolidated statement of financial position of China Precious Metal Resources Holdings Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 June 2011 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six month period then ended and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2011 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim financial reporting".

CCIF CPA Limited
Certified Public Accountants
Hong Kong, 24 August 2011

Leung Chun Wa
Practising Certificate Number P04963

INTERIM DIVIDEND

The directors do not declare the payment of an interim dividend (2010: HK$nil) in respect of the six months ended 30 June 2011.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Review

Group results

During the period under review, the Group's turnover from continuing operations was approximately HK$300,335,000 (2010 : HK$40,698,000). Profit from continuing operations attributable to the owners of the Company was approximately HK$94,736,000 (2010: HK$7,507,000). The earnings per share from continuing operations was approximately HK2.84 cents (2010: HK0.33 cent). The Group recorded an increase in turnover, primarily attributable to contributions from the already operating gold mining business and the sale of the loss-making business of the production and sale of small pack edible oils, trading of edible oils and related products. During the period under review, the Group had a turnover from discontinued operations of HK$nil (2010: HK$4,731,000) and net profit after taxation of approximately HK$16,498,000 (2010: net loss after taxation of HK$4,802,000).

During the period under review, the Group generated an earnings before interest, tax, depreciation and amortisation ("EBITDA") of approximately HK$226,595,000 (2010: HK$22,315,000) from its gold mining operations, which surged significantly by about 9.15 times as compared with the same period last year. Also, the discontinuation of the loss-making business of the production and sale of small pack edible oils, trading of edible oils and related products has substantially improved the financial performance of the Group. Profit for the six months ended 30 June 2011 was HK$111,234,000 (six months ended 30 June 2010: HK$2,705,000). Earnings per share amounted to HK3.34 cents (2010: HK0.12 cent).

Selling and distribution costs

During the period under review, the Group's selling and distribution costs from continuing operations amounted to approximately HK$1,571,000 (2010: HK$694,000), an increase of approximately 126% (2010: 726%) over the last financial period which was mainly attributable to the substantial increase in the Group's sales volume of gold products.

Administrative expenses

During the period under review, the Group's administrative expenses from continuing operations increased by 142% (2010: 162%) to approximately HK$28,929,000 (2010: HK$11,967,000). This increase was mainly due to the expansion of the Group's gold mining operations.

Finance costs

During the period under review, the Group's finance costs from continuing operations amounted to HK$36,142,000 (2010: HK$nil), mainly comprising imputed interest on non-current payable and convertible bonds, and interest expenses on bank and other loans. The increase in finance costs was mainly due to imputed interest on non-current payable and convertible bonds and interest expenses on other loans.

Liquidity and financial resources

As at 30 June 2011, the Group's cash and bank deposits were HK$94,344,000 (31 December 2010: HK$98,117,000). Net assets were HK$3,150,150,000 (31 December 2010: HK$3,021,351,000) and net current liabilities were HK$118,527,000 (31 December 2010: HK$149,620,000).

As at 30 June 2011, the Group had total available facilities from banks and other financial institution amounting to HK$475,960,000 (31 December 2010: HK$175,546,000), of which HK$467,960,000 (31 December 2010: HK$166,811,000) had been utilised as at that date.

On 17 August 2011, China Precious Metal Smeltery Co., Limited (the "Borrower"), a wholly-owned subsidiary of the Group, entered into a loan agreement with a third party, pursuant to which the third party agreed to lend to the Borrower a loan facility of HK$140 million. The loan is unsecured, interest bearing at 6% per annum and repayable on demand and pledged by a joint and several guarantee provided by Mr. Dai Xiaobing, the Company's executive director and chief executive officer, and Mr. Chang Yim Yang, the Company's executive director. On the same date, the loan was drawn by the Borrower.

On 22 August 2011, the Company entered into a facility agreement (the "Facility Agreement") with an independent third party, Raiffeisen Bank International AG, Labuan Branch (the "Lender"), pursuant to which the Lender agreed to lend to the Company a loan facility (the "Facility") of US$40 million. The loan is secured, interest bearing at 10% per annum with a tenor of 3 years from the Facility drawdown date. On 22 August 2011, the Company also executed a warrant instrument (the "Warrant Instrument") in favour of the Lender, pursuant to which the Company has issued HK$93,480,000 warrants (the "Warrants") which will entitle a warrantholder to subscribe for new shares (the "New Share(s)") at the warrant subscription price of HK$2.10 (subject to adjustments) per New Share. The Warrant Instrument is executed in consideration of the Facility made available by the Lender pursuant to the Facility Agreement and the issue price of the Warrants is HK$nil. The subscription period for the exercise of the Warrants is 3 years after the date of issue. As at the date of this report, the Facility has not been drawdown.

Capital structure

During the period under review, 100,000 share options were exercised to subscribe for 100,000 shares of the Company.

As at 30 June 2011, the total number of issued ordinary shares of the Company was 3,331,687,232 shares (31 December 2010: 3,331,587,232 shares), each of HK$0.125.

As at 30 June 2011, the Group's net debts (total bank borrowings and other secured loan less cash and bank balances) were HK$373,616,000 (31 December 2010: HK$68,694,000).

Pledge of assets

As at 30 June 2011, all of the Group's bank loans and other secured loan of approximately HK$467,960,000 (31 December 2010: HK$166,809,000) were secured by the Group's property, plant and equipment with a net book value of HK$78,916,000 (31 December 2010: HK$79,874,000) and the mining right of Luanchuan County Jinxing Mining Co., Ltd. ("Jinxing"), a wholly-owned subsidiary of the Group, with a carrying amount of HK$1,729,733,000 and the entire equity interest in Jinxing (31 December 2010 no such assets were pledged).

Capital Commitments

Details of the commitments of the Group are set out in note 21 to the condensed consolidated financial statements.

Foreign currency exposure

As the Group's monetary assets, liabilities and transactions are principally denominated in Hong Kong dollars, Renminbi and United States dollars, the Board is of the view that the Group's exposure to exchange rate risk is limited.

Investment and Acquisitions

On 31 March 2011, the Group signed a letter of intent regarding the acquisition of a mining license of a block adjacent to the Group's existing Luanchuan Gold Mine in Henan as well as all exploration facilities, shaft engineering construction and other related ancillary facilities in the periphery at a consideration of RMB160 million. The mining area has gold reserves and resources of not less than 9.2 tonnes and the purchase consideration shall be settled in cash.

On 22 July 2011, the Group signed another letter of intent regarding the acquisition of a gold mining operation located in Yunnan province (with gold reserves and resources of not less than 40 tonnes) at a consideration of not more than RMB2.0 billion, 50% of which shall be settled by cash and the remaining 50% shall be settled by consideration shares to be issued by the Company (the "Consideration Share(s)"). The issue price of the Consideration Shares shall be HK$1.9 per Consideration Share, which represents a premium of approximately 17% over the average closing price of the Shares of HK$1.628 for the five trading days up to and including the date of the letter of intent.

As at 30 June 2011, the fair value of the Group's investment in Norton Gold Fields Limited ("Norton Gold") was HK$100,321,000, which is based on the market value of the shares, a decrease in fair value of HK$29,573,000 was recognised in the Group's other comprehensive income during the period. In the opinion of the Directors, the decrease in fair value is not prolonged and permanent in nature and no impairment of the Group's investment in Norton Gold is required to be recognised in the condensed consolidated income statement during the six months ended 30 June 2011 as Norton Gold gained an encouraging result on the unaudited after tax results of AUD13,180,000 for the year ended 30 June 2011.

The exploration, development and mining production expenditures expensed and capitalised

	Twelve months ended 31 December 2010					**Six months ended 30 June 2011**				
	Chifeng	Mojiang	Jinxing	Luanling	Total	**Chifeng**	**Mojiang**	**Jinxing**	**Luanling**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
Exploration, development and mining production expenditures expensed	12,720	711	10,403	–	23,834	**8,362**	**11,669**	**26,599**	**9,861**	**56,491**
Exploration, development and mining production expenditures capitalised	24,992	–	13,787	–	38,779	**28,744**	**–**	**131,187**	**25,931**	**185,862**
Total of exploration, development and mining production expenditures	37,712	711	24,190	–	62,613	**37,106**	**11,669**	**157,786**	**35,792**	**242,353**

Market Review

In light of growing fears that the debt woes of the United States and Greece would worsen the sovereign debt saga, market participants did not rule out the possibility of a third round of quantitative easing. Given a huge budget deficit and fiscal pressure, it would be unlikely for the United States to tighten its monetary policy. That says, a loosened monetary base will continue to support a bullish metals market. In addition, China's accelerating inflation rate has made gold the best option for investors as a store of investment - a safe haven for capital. Since the beginning of the year, the gold price has hit record highs.

Since the beginning of 2011, the national spot gold price has reached approximately US$1,381 per ounce and climbed up further to US$1,900 per ounce in August 2011, the highest price in history. On 15 June 2011, the China Gold Association expressed that the gold output in China for the year increased by at least 10% over last year. The international gold price is expected to linger at high levels in the second half of the year and China's demand for gold will remain inexorable in the coming few years. A soaring gold price and strong market demand is set to drive profitability of the Group in the next few years.

Prospects

The Group has been focusing on the development of the gold mining business since 2009. As at 31 December 2010, the Group owned and controlled a total of 152 tonnes of gold reserves and resources in the Inner Mongolia, Yunnan and Henan. In the first half of the year, the Group, through Henan Luanchuan Jinxing Mining Co., Ltd., acquired a gold mine in its proximity for a consideration of RMB160 million. The mine has gold reserves and resources of not less than 9.2 tonnes. Subsequent to this acquisition, the Group owned gold reserves and resources of not less than 161.2 tonnes as at 30 June 2011. Going into the second half, the Group will embark on a substantial acquisition plan to increase the Group's owned and controlled gold reserves and resources significantly by the end of 2011.

As at 30 June 2011, the Group's turnover from the gold mining operations was approximately HK$300,335,000, with a gross profit of HK$194,827,000. Cash in hand amounted to HK$94,344,000, thus generating an adequate cash flow. The current operations of the Group comprise mining, processing and sales of gold. The Group has successfully developed gold mining assets strategically in three major fold belts in the PRC. Major clients of the Group include jewelry manufacturers and processing companies as well as mid- and large-scale gold smelting plants in the downstream. The management has been working intensively to consolidate the management and operational resources of the various mining blocks with an aim of further improving its operational efficiency.

In the end of 2010, the Group acquired Luanling Gold Deposit in Henan with current gold reserves and resources aggregating 64.23 tonnes. The Group invited Minarco-MineConsult ("Minaro-MineConsult") to carry out an independent technical review of the Luanling Gold Deposit as an independent technical adviser. The project has a current licenced underground production rate of 30,000 tonnes per year and is forecasted by Minaro-MineConsult to increase production to 120,000 tonnes per year from underground operations and by a further 500,000 tonnes per year from a planned open cut operation, which far exceed the maximum production rate of existing processing plants. In June 2011, the Group announced its intention to develop an additional 500-tonne processing plant to expand its production rate. The mine is currently undergoing various mine planning studies by the Group and is expected to complete construction in 2012 and commence production in 2013, respectively.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTEREST IN SHARES

As at 30 June 2011, the interests of the Directors and chief executives in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**"), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") to be notified to the Company and the Stock Exchange were as follows:

Long positions in the Shares

Name of Directors	Nature of interest and capacity	Total number of the Shares	Approximate percentage of interest
Mr. LIM Wa and LAM Cham	Corporate (a)	340,196,670	10.21%
Mr. CHANG Yim Yang	Corporate (b)	100,000,000	3.00%
Mr. LAM Cham	Personal (a)	7,400,000	0.22%
Mr. LIM Wa	Personal (a)	7,800,000	0.23%
Mr. CHANG Yim Yang	Personal (b)	19,172,000	0.58%
Dr. DAI Xiaobing	Personal	11,000,000	0.33%
Mr. CHAN Kin Sang	Personal (c)	800,000	0.02%
Professor. WONG Lung Tak, Patrick	Personal (c)	800,000	0.02%

(a) Aswell Group Limited ("**Aswell Group**") is a company beneficially owned as to 30% by Mr. LIM Wa, as to approximately 29.4% by Mr. LAM Cham and as to approximately 40.6% by the associates of Mr. LIM Wa. Accordingly, Mr. LIM Wa and LAM Cham are taken to be interested in the Shares held by Aswell Group.

Apart from their indirect interests through Aswell Group, 7,800,000 Shares and 7,400,000 Shares are directly and beneficially owned by Mr. LIM Wa and Mr. LAM Cham respectively.

Mr. LIM Wa resigned as the Chairman and Executive Director of the Company on 2 March 2011.

(b) Lead Pride Holdings Limited ("**Lead Pride**") is wholly-owned by Mr. CHANG Yim Yang. Accordingly, Mr. CHANG Yim Yang is taken to be interested in the Shares held by Lead Pride.

Apart from his indirect interests through Lead Pride, 19,172,000 Shares are directly and beneficially owned by Mr. CHANG Yim Yang.

(c) Both Mr. CHAN Kin Sang and Professor WONG Lung Tak, Patrick are independent non-executive Directors.

All the interests stated above represented long positions. As at 30 June 2011, the Directors and chief executives had no short positions recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Save as disclosed above, as at 30 June 2011, none of the Directors or chief executive of the Company nor their associates, had any interest in long position or short position in the shares, underlying shares or debentures of the Company or its associated corporations which they are taken or deemed to have under such provision of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which required, pursuant to the Model Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. All Directors have confirmed their full compliance with the required standard as set out in the Model Code during the six months ended 30 June 2011.

SHARE OPTIONS SCHEMES

A share option scheme (the "**Share Option Scheme**") and another share option scheme (the "**Pre-IPO Share Option Scheme**" were adopted pursuant to written resolutions of the Shareholders passed on 18 September 2004 for the primary purpose of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Directors and employees and for such purposes as the Board may approve from time to time. The principal terms of the Share Option Scheme and the Pre-IPO Share Option Scheme are set out in the annual report of the Company for the year ended 31 December 2010.

During the six months ended 30 June 2011, no options have been granted under the Share Option Scheme. Details of the share options exercised during the period and the outstanding share options as at 30 June 2011 which were granted under the Share Option Scheme are as follows:

		Number of Shares issued under options granted		
	Date of grant	Outstanding at 31 December 2010	Exercised during the period	Outstanding at 30 June 2011
Other senior management staff and employees	20 March 2008	100,000	100,000	–
Total		100,000	100,000	–

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2011, as far as known to the Directors, the following person (other than the Directors or chief executives of the Company) who had 5% or more interests in the shares and underlying shares in respect of equity derivatives of the Company that would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO was as follows:

Long position in the shares and underlying shares of the Company

Name of shareholders	Nature of interest and capacity	Number of ordinary shares of the Company	Number of underlying shares (unlisted and physically settled equity derivatives) of the Company	Total number of shares and underlying shares held	Percentage
Aswell Group	Corporate (Note 1)	340,196,670	–	340,196,670	10.21%
Simple Best Limited ("Simple Best")	Corporate (Note 2)	66,682,000	107,142,857	173,824,857	5.22%

Notes:

1. Aswell Group is a company beneficially owned as to 30% by Mr. LIM Wa, as to approximately 29.4% by Mr. LAM Cham and as to approximately 40.6% by the associates of Mr. LIM Wa

2. Simple Best is a company incorporated in the British Virgin Islands with limited liability which is legally and beneficially owned as to 40% by Mr. KING Hap Lee, as to 42% by Mr. HUA Dong Fan and as to 18% by Ms. WANG Jing.

   The interests in underlying shares of the Company represent interests in the conversion shares (subject to adjustments) to be allotted and issued by the Company upon exercise in full by Simple Best of the conversion rights attached to the convertible bonds in the principal amount of HK$460,000,000 initially repayable on the maturity date with the initial conversion price of HK$2.1 per conversion share (subject to adjustments). Out of the convertible bonds, convertible bonds in the principal amount of HK$225,000,000 are subject to lock-up arrangements. Further details of the lock-up arrangements are set out in the Company's circular dated 11 October 2010.

The interest stated above represented long positions. As at 30 June 2011, the substantial shareholder had no short positions recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

EMPLOYMENT AND REMUNERATION POLICY

As at 30 June 2011, the Group employed approximately 553 employees in the PRC and Hong Kong. All employees are remunerated according to their performance, experience and prevailing trade practices. Both on-the-job and professional training are provided as well. The Group provides retirement benefits, either in the form of the Mandatory Provident Fund Exempted ORSO or Mandatory Provident Fund entitlement, to employees in Hong Kong. A similar scheme is also maintained for employees in the PRC. Details concerning the retirement benefit schemes were set out in the 2010 Annual Report. The Group has implemented a share option scheme to reward eligible employees (including executive Directors) according to their individual performance.

AUDIT COMMITTEE

In accordance with the Code of Corporate Governance Practices in the Listing Rules, the Company has established the Audit Committee comprising all independent non-executive directors as members with written terms of reference. The Audit Committee has reviewed and agreed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters related to the preparation of the unaudited consolidated condensed interim accounts for the six months ended 30 June 2011.

CORPORATE GOVERNANCE

The Company has committed to maintaining a high standard of corporate governance and complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2011.

INTERNAL CONTROL

The Board has overall responsibilities for maintaining a sound and effective internal control system of the Group to safeguard the shareholders' investment and the Company's assets. The Board, through the Audit Committee of the Company, has conducted an annual review of the effectiveness of internal control system of the Group. The review covered all material controls including financial, operational and compliance controls and risk management functions.

PURCHASE, SALE OR REDEMPTION OF SHARES

There was no purchase, sale or redemption of Shares by the Company or any of its subsidiaries during the period under review.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE AND THE COMPANY

An interim report for the six months ended 30 June 2011 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to Shareholders and published on the websites of the Stock Exchange and the Company in due course.

DIRECTORS

As at the date of this report, the executive Directors are Mr. Lam Cham, Mr. Chang Yim Yang, Dr. Dai Xiaobing and Mr. Deng Guoli. The non-executive Director is Mr. Wang John Peter Ben. The independent non-executive Directors are Professor Xiao Rong Ge, Professor Wong Lung Tak, Patrick, BBS, PhD, J.P. and Mr. Chan Kin Sang.

Mr. Lam Cham is the Chairman and Dr. Dai Xiaobing is Chief Executive Officer of the Company.

By Order of the Board
China Precious Metal Resources Holdings Co., Ltd.
Dai Xiaobing
Chief Executive Officer and Executive Director

Hong Kong, 24 August 2011

CORPORATE INFORMATION

Board of Directors

Executive Directors

LAM Cham *(Chairman and Deputy Chief Executive Officer)*
DAI Xiaobing *(Chief Executive Officer)*
CHANG Yim Yang
DENG Guoli

Non-executive Director

WANG John Peter Ben

Independent Non-executive Directors

WONG Lung Tak, Patrick, BBS, PhD, J.P.
XIAO Rong Ge
CHAN Kin Sang

Company Secretary

LEE Kit Tuen

Authorised Representatives

LAM Cham
DAI Xiaobing

Audit Committee

WONG Lung Tak, Patrick, BBS, PhD, J.P. *(Chairman)*
XIAO Rong Ge
CHAN Kin Sang

Remuneration Committee

LAM Cham *(Chairman)*
WONG Lung Tak, Patrick, BBS, PhD, J.P.
CHAN Kin Sang

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Hong Kong

Auditors

CCIF CPA Limited
Certified Public Accountants
34th Floor, The Lee Gardens
33 Hysan Avenue
Causeway Bay
Hong Kong

Legal Advisers

As to Hong Kong law:
Angela Ho & Associates

As to PRC law:
Bastion Law Firm

Principal Bankers

In Hong Kong:
Standard Chartered Bank
Bank of China (Hong Kong) Limited
Bank of Communications Hong Kong Branch

In the PRC:
China Construction Bank Song Shan Sub-Branch
Industrial & Commercial Bank of China Luanchuan Sub- Branch
Agricultural Bank of China Luanchuan County Tantou Fenlichu
Mojiang County Rural Credit Cooperatives

Website of the Company

http://cpm.etnet.com.hk