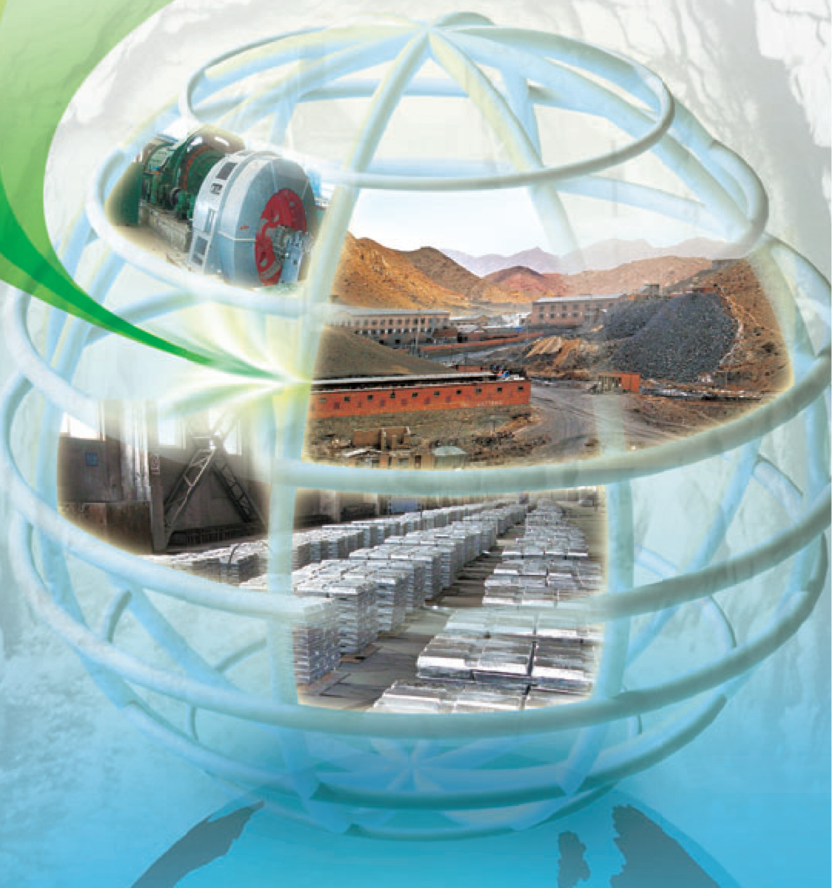
中國有色金屬有限公司*

China Nonferrous Metals Company Limited

(Incorporated in Bermuda with limited liability) (Stock Code: 8306)

2009 Interim Report



*For identification purpose only

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the "Directors") of China Nonferrous Metals Company Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") for the purposes of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

- Achieved a turnover of approximately RMB164.1 million for the six months ended 30 June 2009, representing an approximately 50.1% increase as compared with that of the corresponding period in 2008.

- Net loss of the Group attributable to owners of the Company for the six months ended 30 June 2009 amounted to approximately RMB18.9 million, as compared to a profit of approximately RMB6.7 million reported in the corresponding period last year.

- The Directors do not recommend an interim dividend for the six months ended 30 June 2009.

UNAUDITED CONSOLIDATED INCOME STATEMENT

The board of directors of China Nonferrous Metals Company Limited (the "Board") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2009, together with the comparative figures for the corresponding period in 2008 as follows:

		Six months ended 30 June		Three months ended 30 June	
	Notes	**2009 RMB'000 (unaudited)**	2008 RMB'000 (unaudited)	**2009 RMB'000 (unaudited)**	2008 RMB'000 (unaudited)
Revenue	3	**164,047**	109,304	**135,295**	67,179
Cost of sales		**(111,632)**	(79,459)	**(87,234)**	(51,810)
Gross profit		**52,415**	29,845	**48,061**	15,369
Other operating income		**8,175**	11,082	**5,316**	7,597
Selling and distribution costs		**(14,446)**	(15,054)	**(11,789)**	(8,406)
Administrative expenses		**(21,530)**	(7,026)	**(13,646)**	(3,388)
Equity-settled share options expenses		**(3,729)**	(1,817)	**(3,729)**	(1,801)
Profit from operation		**20,885**	17,030	**24,213**	9,371
Finance costs	5	**(29,944)**	(2,714)	**(15,518)**	(1,278)
(Loss)/Profit before tax		**(9,059)**	14,316	**8,695**	8,093
Income tax expenses	6	**(5,128)**	(1,438)	**(4,845)**	(874)
(Loss)/Profit for the period	7	**(14,187)**	12,878	**3,850**	7,219
Attributable to:					
Owners of the Company		**(18,937)**	6,673	**(1,387)**	3,445
Non-controlling interest		**4,750**	6,205	**5,237**	3,774
		(14,187)	12,878	**3,850**	7,219
Dividends	8	**–**	–	**–**	–
(Loss)/Earnings per share,					
Basic (RMB cents per share)	9	**(3.60)**	1.60	**(0.26)**	0.80
Diluted (RMB cents per share)		**(3.49)**	1.49	**(0.25)**	0.75

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	Six months ended 30 June		Three months ended 30 June	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
(Loss)/Profit for the period	**(14,187)**	12,878	**3,850**	7,219
Other comprehensive income				
Exchange differences arising on translation of foreign operations	**(554)**	(1,778)	**204**	(1,280)
Other comprehensive (loss)/income for the period (net of tax)	**(554)**	(1,778)	**204**	(1,280)
Total comprehensive (loss)/income for the period	**(14,741)**	11,100	**4,054**	5,939
Total comprehensive (loss)/income attributable to:				
Owners of the Company	**(19,491)**	4,895	**(1,183)**	2,165
Non-controlling interests	**4,750**	6,205	**5,237**	3,774
	(14,741)	11,100	**4,054**	5,939

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2009

	Notes	As at 30 June 2009 RMB'000 (unaudited)	As at 31 December 2008 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	*10*	**214,735**	208,190
Intangible assets		**1,081,173**	1,086,275
Prepaid land lease payments		**35,688**	36,108
Deposits paid		**104,700**	94,498
Deferred tax assets		**251**	251
		1,436,547	1,425,322
Current assets			
Inventories		**31,979**	24,054
Trade receivables	*11*	**107,108**	72,076
Other receivables, deposits and prepayments		**98,512**	121,901
Available-for-sale financial assets		**400**	400
Prepaid land lease payments		**778**	737
Amounts due from related companies		**204,735**	199,461
Balances with non-bank financial institutions		**–**	22
Bank balances and cash		**90,469**	94,126
		533,981	512,777
Current liabilities			
Trade payables	*12*	**18,054**	19,592
Other payables and accrued charges		**38,666**	42,829
Amount due to a related company		**–**	434
Amounts due to former and minority equity holders of subsidiaries		**22,247**	22,247
Borrowings	*13*	**177,953**	134,013
Obligations under finance leases		**98**	98
Provision for tax		**54,240**	49,285
Derivative financial instruments		**29**	29
		311,287	268,527
Net current assets		**222,694**	244,250
Total assets less current liabilities		**1,659,241**	1,669,572

	Notes	**As at 30 June 2009 RMB'000 (unaudited)**	As at 31 December 2008 RMB'000 (unaudited)
Non-current liabilities			
Borrowings	*13*	**45,542**	59,006
Obligations under finance leases		**328**	377
Convertible bonds		**455,892**	442,812
Deferred tax liabilities		**268,893**	270,152
		770,655	772,347
Net assets		**888,586**	897,225
Equity			
Share capital	*14*	**1,083**	1,069
Reserves		**531,064**	544,467
Equity attributable to owners of the Company		**532,147**	545,536
Non-controlling interests		**356,439**	351,689
Total equity		**888,586**	897,225

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

	Attributable to owners of the Company													
	Share capital	Share premium	Treasury shares	Capital redemption reserve	Capital reserve	Statutory reserve	Translation reserve	Special reserve	Share option reserve	Convertible bonds equity reserve	Retained earnings (Accumulated loss)	Total	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2008 (audited)	848	77,201	–	–	6,782	8,818	(929)	(129)	1,145	–	22,620	116,356	48,221	164,577
Profit for the period	–	–	–	–	–	–	–	–	–	–	6,673	6,673	6,205	12,878
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	(1,778)	–	–	–	–	(1,778)	–	(1,778)
Total comprehensive income for the period	–	–	–	–	–	–	(1,778)	–	–	–	6,673	4,895	6,205	11,100
Placing and subscription of new shares	54	54,685	–	–	–	–	–	–	–	–	–	54,739	–	54,739
Share issue expenses	–	(3,119)	–	–	–	–	–	–	–	–	–	(3,119)	–	(3,119)
Equity-settled share option arrangements	–	–	–	–	–	–	–	–	1,817	–	–	1,817	–	1,817
Balance at 30 June 2008 (unaudited)	902	128,767	–	–	6,782	8,818	(2,707)	(129)	2,962	–	29,293	174,688	54,426	229,114
Profit for the period	–	–	–	–	–	–	–	–	–	–	1,963	1,963	5,796	7,759
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	177	–	–	–	–	177	–	177
Total comprehensive income for the period	–	–	–	–	–	–	177	–	–	–	1,963	2,140	5,796	7,936
Issue of new shares	168	138,314	–	–	–	–	–	–	–	–	–	138,482	–	138,482
Share repurchase	(1)	(641)	(440)	–	–	–	–	–	–	–	–	(1,082)	–	(1,082)
Share repurchase expenses	–	(4)	–	–	–	–	–	–	–	–	–	(4)	–	(4)
Equity-settled share option arrangements	–	–	–	–	–	–	–	–	448	–	–	448	–	448
Arising on acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	291,467	291,467
Transfer to redemption reserve	–	–	–	1	–	–	–	–	–	–	(1)	–	–	–
Transfer to statutory reserve	–	–	–	–	–	326	–	–	–	–	(326)	–	–	–
Issue of convertible bonds	–	–	–	–	–	–	–	–	–	230,864	–	230,864	–	230,864

	Attributable to owners of the Company													
	Share capital	Share premium	Treasury shares	Capital redemption reserve	Capital reserve	Statutory reserve	Translation reserve	Special reserve	Share option reserve	Convertible bonds equity reserve	Retained earnings (Accumulated loss)	Total	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 31 December 2008 and 1 January 2009 (audited)	1,069	266,436	(440)	1	6,782	9,144	(2,530)	(129)	3,410	230,864	30,929	545,536	351,689	897,225
Loss for the period	–	–	–	–	–	–	–	–	–	–	(18,937)	(18,937)	4,750	(14,187)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	(554)	–	–	–	–	(554)	–	(554)
Total comprehensive loss for the period	–	–	–	–	–	–	(554)	–	–	–	(18,937)	(19,491)	4,750	(14,741)
Share options exercised	17	3,094	–	–	–	–	–	–	(276)	–	–	2,835	–	2,835
Share repurchase	(3)	(892)	440	–	–	–	–	–	–	–	–	(455)	–	(455)
Share repurchase expenses	–	(7)	–	–	–	–	–	–	–	–	–	(7)	–	(7)
Equity-settled share option arrangements	–	–	–	–	–	–	–	–	3,729	–	–	3,729	–	3,729
Transfer to redemption reserve	–	–	–	3	–	–	–	–	–	–	(3)	–	–	–
Balance at 30 June 2009 (unaudited)	1,083	268,631	–	4	6,782	9,144	(3,084)	(129)	6,863	230,864	11,989	532,147	356,439	888,586

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net cash (outflow)/inflow from operating activities	**(5,394)**	13,982
Purchase of property, plant and equipment	**(13,693)**	(1,478)
Deposits paid for acquisition of property, plant and equipment	**(10,202)**	–
Interest received	**168**	267
Deposit paid for acquisition of subsidiaries	**–**	(35,188)
Proceeds on disposal of property, plant and equipment	**–**	45
Net cash outflow from investing activities	**(23,727)**	(36,354)
New bank and other borrowings raised	**105,000**	18,000
Issue of new shares	**2,835**	54,738
Repayment of bank and other borrowings	**(74,524)**	(27,000)
Interest paid on bank and other borrowings	**(7,374)**	(2,714)
Share repurchase	**(455)**	–
Capital element on obligations under finance leases	**(38)**	–
Interest paid on obligations under finance leases	**(11)**	–
Share repurchase expenses	**(7)**	–
Share issue expense	**–**	(3,119)
Advance from a related company	**–**	264
Net cash inflow from financing activities	**25,426**	40,169
Net (decrease)/increase in cash and cash equivalents	**(3,695)**	17,797
Effect of foreign exchange	**16**	–
Cash and cash equivalents at the beginning of the period	**94,148**	64,008
Cash and cash equivalents at the end of the period, representing bank balances and cash	**90,469**	81,805

NOTES:

1. GENERAL INFORMATION AND BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

The Company was incorporated in Bermuda on 14 April 2004 as an exempted company under the Companies Act 1981 of Bermuda (as amended). Its shares are listed on the GEM with effect from 28 February 2005 (the "Listing Date").

The Directors consider that the Company's parent and ultimate holding company is Callaway Group Limited, a company incorporated in British Virgin Islands.

The consolidated financial statements are presented in Renminbi ("RMB"), which is the functional currency of the Company.

The Company is an investment holding company. Its principal subsidiaries are engaged in the research and development, manufacture, sale and distribution of organic potash fertilizers products, and the mining and processing of mineral resources.

The unaudited consolidated results have been prepared in accordance with International Financial Reporting Standards ("IFRSs") which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretation issued by the International Accounting Standards Board. The unaudited consolidated results also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

The accounting policies adopted in preparing the unaudited consolidated results for the six months ended 30 June 2009 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008. The consolidated results for the six months ended 30 June 2009 are unaudited but have been reviewed by the Company's audit committee.

2. PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical costs convention, except for certain financial instruments, which are measured at fair values.

The accounting policies used in the consolidated financial statements are consistent with those followed in the preparation of the annual financial statements of the Group for the year ended 31 December 2008. The consolidated results for the six months ended 30 June 2009 are unaudited but have been reviewed by the Company's audit committee.

In the current period, the Group has applied for the first time the following new standards, amendments and interpretations (the "new IFRSs"), which are relevant to and effective for the Group's unaudited financial information for the period beginning on 1 January 2009:

IFRSs (Amendments)	Improvements to IFRSs 2008
IAS 1 (Revised)	Presentation of Financial Statements
IAS 23 (Revised)	Borrowing Costs
IAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
IFRS 1 & IAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
IFRS 2 (Amendment)	Vesting Conditions and Cancellations
IFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
IFRS 8	Operating Segments
IFRIC 13	Customer Loyalty Programmes
IFRIC 15	Agreements for the Construction of Real Estate
IFRIC 16	Hedges of a Net Investment in a Foreign Operation

Among these new standards and interpretations, IAS 1 (Revised) Presentation of Financial Statements makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income. IAS 1 affects the presentation of owner changes in equity and introduces a 'Statement of comprehensive income'. Comparatives have been restated to conform with the revised standard.

The other new and amended IFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented. Accordingly, no prior period adjustment is required.

At the date of authorisation of these financial information, the following new and amended IFRSs have been published but are not yet effective, and have not been adopted early by the Group.

IAS 1 (Amendment)	Presentation of Financial Statements[4]
IAS 7 (Amendment)	Statement of Cash Flows[4]
IAS 17 (Amendment)	Leases[4]
IAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
IAS 28 (Revised)	Investments in Associates[1]
IAS 31 (Revised)	Interests in Joint Ventures[1]
IAS 36 (Amendment)	Impairment of Assets[4]
IAS 38 (Amendment)	Intangible Assets[1]
IAS 39 (Amendment)	Embedded Derivatives[2]
IAS 39 (Amendment)	Eligible Hedged Items[1]
IAS 39 (Amendment)	Financial Instrument[4]
IFRS 2 (Amendment)	Share-based Payment[1]
IFRS 2 (Amendment)	Share-based Payment – Amendments relating to group cash-settled share-based payment transactions[4]
IFRS 3 (Revised)	Business Combinations[1]
IFRS 5 (Revised)	Non-current Assets Held for Sale and Discontinued Operations[4]

IFRS 5 (Amendment)	Non-current Assets Held for Sale and Discontinued Operations – Amendments resulting from April 2009 annual improvements to IFRSs[4]
IFRS 8 (Amendment)	Operating Segments[4]
IFRIC 17	Distributions of Non-cash Assets to Owners[1]
IFRIC 18	Transfers of Assets from Customers[3]

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods ending on or after 30 June 2009
3 Effective for transfers on or after 1 July 2009
4 Effective for annual periods beginning on or after 1 January 2010

The application of IFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. IAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. REVENUE

The Group is engaged in the research and development, manufacture, sale and distribution of organic potash fertilisers, and the mining and processing of mineral resources. Revenue recognised during the three months and six months ended 30 June 2009 are as follows:

	Six months ended 30 June		Three months ended 30 June	
	2009 RMB'000 (unaudited)	2008 RMB'000 (unaudited)	**2009 RMB'000 (unaudited)**	2008 RMB'000 (unaudited)
Sale and distribution of organic potash fertilisers	**76,896**	109,304	**56,253**	67,179
Mining and processing of mineral resources	**87,151**	–	**79,042**	–
	164,047	109,304	**135,295**	67,179

4. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately according to the nature of the operations and the products they provide. Each of the Group's business segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:

(a) Fertilizers: manufacture and sale of organic potash fertilizer products; and

(b) Nonferrous metal mine site: mining, processing and trading of mineral resources.

Business segment

For the period ended 30 June 2009

	Fertilizers RMB'000	Nonferrous metal mine site RMB'000	Total RMB'000
Segment revenue:			
Sales to external customers	76,896	87,151	164,047
Segment results	7,747	21,030	28,777
Interest income			168
Unallocated corporate income			41
Unallocated corporate expense			(4,372)
Equity-settled share options expenses			(3,729)
Profit from operation			20,885
Finance costs			(29,944)
Loss before income tax			(9,059)
Income tax expense			(5,128)
Loss for the year			(14,187)

For the year ended 30 June 2008, the Group was principally engaged in the manufacture and sale of organic potash fertilizer products. Therefore, there was no presentation of business segment in 2008.

Geographical segment

For the period ended 30 June 2009 and 2008, the Group's revenue, assets and capital expenditure are principally attributable to a single geographical region, which is the PRC.

5. FINANCE COSTS

	Six months ended 30 June		Three months ended 30 June	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Wholly repayable within five years				
– interest on bank loans	**2,504**	1,107	**1,045**	533
– interest on other loans	**4,859**	1,607	**3,045**	745
Interest on convertible bonds	**22,570**	–	**11,422**	–
Interest on obligations under finance leases	**11**	–	**6**	–
Total financial costs	**29,944**	2,714	**15,518**	1,278

6. INCOME TAX EXPENSES

	Six months ended 30 June		Three months ended 30 June	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Current tax				
Hong Kong	**–**	–	**–**	–
Elsewhere	**6,387**	1,438	**6,104**	874
	6,387	1,438	**6,104**	874
Deferred tax				
Current period	**(1,259)**	–	**(1,259)**	–
Total tax expenses for the period	**5,128**	1,438	**4,845**	874

The amounts represented provision for the PRC Enterprise Income Tax ("EIT") on the Group's estimated assessable profit for the three months ended and the six months ended 30 June 2009 and 2008 respectively.

No provision of Hong Kong Profits Tax had been made for the period as the Group had no assessable profits arising in or deriving from Hong Kong. Income tax expense for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Pursuant to the EIT law passed in the Tenth National People's Congress on 16 March 2007, the new EIT rate for domestic and foreign enterprises were unified at 25% and became effective from 1 January 2008. Subsequent to 16 March 2007, the implementation measure on transitional policy of preferential tax rate was announced and the Group's entitlement to certain tax concessions is still applicable.

7. (LOSS)/PROFIT FOR THE PERIOD

The Group's (loss)/profit for the period is arrived at after charging:

	Six months ended 30 June		Three months ended 30 June	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Amortisation of intangible assets	**5,102**	423	**5,071**	211
Amortisation of prepaid land lease payments				
– charged to consolidated income statement	**380**	46	**190**	23
– capitalised in properties under development	**–**	268	**–**	134
Depreciation of property, plant and equipment	**6,696**	2,575	**3,194**	1,276
	12,178	3,312	**8,455**	1,644

8. DIVIDENDS

No dividend has been paid or declared by the Group for the six months ended 30 June 2009 and 2008.

9. (LOSS)/EARNINGS PER SHARE

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

	Six months ended 30 June		Three months ended 30 June	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
(Loss)/Earnings				
(Loss)/Earnings for the purposes of basic and diluted (loss)/earnings per share ((loss)/profit for the period attributable to owners of the Company)	**(18,937)**	6,673	**(1,387)**	3,445
Number of shares				
Weighted average number of ordinary shares for the purposes of basic (loss)/earnings per share	**525,555**	417,019	**526,351**	429,500
Effect of dilutive potential ordinary shares in respect of share options	**17,380**	31,399	**20,897**	31,644
Weighted average number of ordinary shares for the purposes of diluted (loss)/earnings per share	**542,935**	448,418	**547,248**	461,144

In the calculation of the diluted (loss)/earnings per share attributable to the owners of the Company, the potential shares arising from the conversion of the Company's convertible bonds had not been taken into account as they had an anti-dilutive effect.

10. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired approximately RMB13,693,000 property, plant and equipment for group expansion. During the six months ended 30 June 2008, the Group acquired approximately RMB1,478,000 property, plant and equipment.

During the period, the Group had not disposed any of its property, plant and equipment. During the six months ended 30 June 2008, the Group disposed of certain of its motor vehicles and furniture, fixtures and equipment with a carrying amount of RMB97,000 for a consideration of RMB45,000.

11. TRADE RECEIVABLES

The Group allows a credit period from 30 days to 180 days to its trade customers. However, for certain customers with long established relationship and good past payment histories, a longer credit period may be granted. The following is an aged analysis of trade receivables (net of impairment losses) at the reporting date:

	As at 30 June 2009 RMB'000 (unaudited)	As at 31 December 2008 RMB'000 (audited)
Aged:		
0–60 days	**71,567**	5,970
61–120 days	**16,070**	19,788
121–180 days	**8,638**	17,311
181–365 days	**3,868**	29,007
Over 365 days	**6,965**	–
	107,108	72,076

12. TRADE PAYABLES

The following is an aged analysis of trade payables at the reporting date:

	As at 30 June 2009 RMB'000 (unaudited)	As at 31 December 2008 RMB'000 (audited)
Aged:		
0–90 days	**12,709**	18,289
91–180 days	**179**	98
181–365 days	**3,119**	1,159
Over 365 days	**2,047**	46
	18,054	19,592

13. BANK BORROWINGS

During the period, the Group obtained new short-term bank loans for an aggregate amount of RMB105,000,000 (2008: RMB18,000,000). The loans bear interest at variable rates and are repayable within one year. The proceeds were used for expansion of production facilities. Repayments of bank and other borrowings amounting to RMB74,524,000 (2008: RMB27,000,000) were made in accordance with the relevant repayment terms.

14. SHARE CAPITAL

	As at 30 June 2009		As at 31 December 2008	
	Number of shares '000	Amount HK$'000	Number of shares '000	Amount HK$'000
Authorised:				
Ordinary shares of HK$0.002 (2008: HK$0.01) at beginning of the period/year	**25,000,000**	**50,000**	5,000,000	50,000
Shares Subdivision	**–**	**–**	20,000,000	–
Ordinary shares of HK$0.002 at end of the period/year	**25,000,000**	**50,000**	25,000,000	50,000

	Number of shares '000	Amount RMB'000	Number of shares '000	Amount RMB'000
Issued:				
Ordinary shares of HK$0.002 (2008: HK$0.01) at beginning of the period/year	**524,750**	**1,069**	80,000	848
Placing and subscription of new shares	**–**	**–**	5,900	54
Shares Subdivision	**–**	**–**	343,600	–
Issue of consideration shares	**–**	**–**	96,000	168
Repurchased and cancelled *(note a)*	**(1,860)**	**(3)**	(750)	(1)
Share options exercised *(note b)*	**9,750**	**17**	–	–
Ordinary shares of HK$0.002 at end of the period/year	**532,640**	**1,083**	524,750	1,069

During the period ended 30 June 2009, the movements in share capital were as follows:

(a) During the period ended 30 June 2009, the Company repurchased 490,000 shares of HK$0.002 each in the capital of the Company at an aggregate price of HK$516,000 (equivalent to approximately RMB455,000). The highest and lowest price paid were HK$1.09 and HK$1.03 respectively. Out of the 1,860,000 shares of HK$0.002 each repurchased by the Company included 1,370,000 shares repurchased during the year ended 31 December 2008 with a repurchase cost of approximately HK$500,000 (equivalent to approximately RMB440,000) held as treasury shares as at 31 December 2008 which were fully cancelled during the period ended 30 June 2009. The issued share capital of the Company was reduced by the nominal value of these repurchased shares accordingly and the premium paid in respect thereof has been charged against share premium. An amount equivalent to the nominal value of the shares cancelled was transferred from retained earnings to capital redemption reserve.

(b) During the period ended 30 June 2009, options were exercised to subscribe for 9,750,000 (2008: nil) ordinary shares in the Company. The net consideration was HK$3,218,000 (equivalent to RMB2,835,000) of which approximately HK$20,000 (equivalent to RMB17,000) was credited to share capital and the balance of HK$3,198,000 (equivalent to RMB2,818,000) was credited to the share premium account. An amount of RMB314,000 (equivalent to RMB276,000) has been transferred from the share option reserve to the share premium account

15. CONTINGENCIES AND COMMITMENTS

As at 30 June 2009, the Group had the following contingencies and commitments

(I) Contingencies

(a) As at 30 June 2009, the Group has given financial guarantee to a bank in respect of banking facilities utilised by an independent third party amounted to RMB20,000,000 (31 December 2008: RMB20,000,000).

(b) As at 30 June 2009, the Group is the defendant in a pending litigation and dispute arising from a sale and purchase agreement of mineral resources with a customer. The customer claims against the Group for (i) voiding the sale and purchase agreement of mineral resources; (ii) returning the deposit of RMB20,000,000 paid to the Group; and (iii) bearing the legal cost in connection with this pending litigation and dispute.

After taking into account of legal advices from the Group's PRC legal advisers, the directors consider that the Group has a good defence against such claim and it is not probable that the forfeited deposit of RMB20,000,000 has to be returned to the customer.

(II) Commitments

(a) Operating lease commitment

As lessee

At the respective balance sheet dates, the Group had outstanding commitments payable under non-cancellable operating leases in respect of rented premises which fall due as follows:

	As at 30 June 2009 RMB'000 (unaudited)	As at 31 December 2008 RMB'000 (audited)
Within one year	**1,748**	2,026
In the second to fifth year inclusive	**1,120**	1,884
	2,868	3,910

Operating lease payments represent rental payable by the Group for its office premises. Leases are negotiated for terms of two (2008: two) years. Certain leases contain an option to renew and renegotiate the terms of the leases at expiry dates or at date mutually agreed between the Group and the landlords. None of the leases include contingent rentals.

As lessor

At the respective balance sheet dates, the Group had future minimum lease receivable under non-cancellable operating leases with its tenants which fall due as follows:

	As at 30 June 2009 RMB'000 (unaudited)	As at 31 December 2008 RMB'000 (audited)
Within one year	**2,167**	1,574
In the second to fifth year inclusive	**9,200**	9,200
After five years	**7,158**	8,299
	18,525	19,073

(b) Capital commitments

	As at 30 June 2009 RMB'000 (unaudited)	As at 31 December 2008 RMB'000 (audited)
Property, plant and equipment		
– Authorised but not contracted for	**1,429**	1,429
– Contracted but not provided for	**49,530**	57,224
	50,959	58,653

(c) Other commitments

At 30 June 2009, the Group had commitment in relation to the acquisition of the entire equity interest in Chifeng City Gujingdong Kuangye Limited Corporation (赤峰古金洞礦業有限責任公司) in the PRC in the sum of RMB35,269,000 (2008: RMB35,212,000).

16. PLEDGE OF ASSETS

As at 30 June 2009, the Group has pledged its prepaid land lease payments, buildings and plant and machinery of approximately RMB70,402,000 for the banking facilities granted by the banks to the Group. As at 31 December 2008, the Group had pledged its prepaid land lease payments and plant and machinery of approximately RMB42,199,000 for the banking facilities granted by the banks to the Group.

17. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had the following material related party transactions:

(a) Nature of transactions

		Six months ended 30 June		**Three months ended 30 June**	
		2009 RMB'000 (unaudited)	2008 RMB'000 (unaudited)	**2009 RMB'000 (unaudited)**	2008 RMB'000 (unaudited)
Rental charges and sub-charges payable by the Group	*(i)*	**395**	395	**197**	197
Sales of goods to a related company	*(ii)*	**53,178**	–	**45,069**	–

Notes:

(i) Rental charges and sub-charges were charges in accordance with a tenancy agreement dated 1 March 2008 entered into between the Group and Xi'an Juchuan International Investments Co., Ltd. (西安巨川國際投資有限公司) ("Xi'an Juchuan Investments"). Mr. Zhuo Ze Fan, the director of the Company, has beneficial interest in Xi'an Juchuan Investments.

(ii) Amount represented sales of mineral resources to First Create Investment Limited ("First Create"). Mr. Mei Wei, a substantial shareholder of the Company, has beneficial interest or directorship in First Create. The sales were based on mutually agreed terms and Shareholders' approval has been obtained at the SGM of the Company held on 16 February 2009.

(b) Certain borrowings of the Group in the amount of RMB61,000,000 (2008: RMB61,000,000) are guaranteed by Mr. Zhuo Ze Fan, a director of the Company and a related company of the Group.

(c) Certain borrowings of the Group in the amount of US$17,000,000 (2008: US$17,000,000) are borrowed from a bank, which are guaranteed by Temmex Corporation in which Mr. Mei Wei has beneficial interest, First Create and several contracts in relation to the Group's sale and purchase of mineral resources.

(d) The Group entered into a sale and purchase agreement with First Create in relation to the acquisition of entire equity interest in Chifeng City Gujingdong Kuangye Limited Corporation (赤峰古金洞礦業有限公司). The total consideration is RMB44,070,000 (equivalent to HK$50,000,000). As at 30 June 2009, deposit of RMB8,814,000 was paid to First Create and the acquisition is still in progress as at the approval date of these financial statements.

18. SUBSEQUENT EVENTS

(a) On 3 July 2009, the Company repurchased a total of 390,000 ordinary shares of HK$0.002 each in the capital of the Company at HK$1.29 per share with an aggregate price of approximately HK$503,000.

All of the repurchased shares were fully cancelled on 21 July 2009.

(b) On 14 July 2009, Shenzhen City Ruirui Technology Company Limited (a wholly-owned subsidiary of the Company) (the "Purchaser"), Mr. Mei Wei (a substantial Shareholder of the Company) and Ms. Yang Ying (an independent third party to the Group) (Mr. Mei Wei and Ms. Yang Ying collectively known as the "Vendors") entered into an acquisition agreement ("Acquisition Agreement").

Pursuant to the Acquisition Agreement, the Purchaser has conditionally agreed to acquire the entire registered capital of RMB1,000,000 in Tianzhu Yutian Construction Material Company Limited (the "Target Company"), a company established under the laws of the PRC with limited liability which is wholly owned by the Vendors, at a total consideration amounted to HK$50,000,000. The total consideration will be fully settled in cash in five monthly installments.

The Target Company is a company principally engaged in exploration of precious metals and is intended to be engaged in mining of the mineral resources at the Mine, and the sale of materials for building construction. The Mine is located in Yumen City, Jiuquan Region, Gansu Province of the PRC with an aggregate exploration area of 13.67 km^2.

Completion of the Acquisition is subject to fulfillment or waiver of certain conditions precedent as set out in the announcement dated 14 July 2009.

(c) On 17 July 2009, the board of directors proposed that each of the existing issued and unissued Shares of HK$0.002 each in the share capital of the Company be subdivided into 5 shares of HK$0.0004 each. The share subdivision will become effective upon the fulfillment of the conditions as set out in the announcement dated 17 July 2009. The Shares are currently traded on GEM in board lots of 2,500 Shares. Upon the share subdivision becoming effective, the subdivided shares will be traded on GEM in board lots of 10,000 Subdivided Shares.

An ordinary resolution to approve the share subdivision will be proposed at the SGM to be held on 19 August 2009.

A circular containing, among other things, the details of the share subdivision together with the notice of the SGM have been despatched to Shareholders on 3 August 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial highlights

Revenue for the Group for the six months ended 30 June 2009 amounted to approximately RMB164 million, representing an increase of approximately 50.1% as compared with the corresponding period in 2008. During the interim period, gross profit amounted to approximately RMB52.4, representing an increase of approximately 75.6% over the same period last year. Net loss recorded by the Group for the interim period amounted to approximately RMB14.2 million compared to a net profit of approximately RMB12.8 million recorded in the same period last year.

Business review

With the global economy slowly returning to normal, businesses of the Group have improved, particularly in the second quarter of 2009. The fertilizer business is still affected by the natural disasters occurred in China last year. During the first six months of 2009, demand for fertilizers remained weak and sluggish. However, signs of recovery are beginning to show in the second quarter and further improvements are expected in the following quarters.

As a result of the economic recovery in China, demand for base metals has slowly and gradually been increasing as industrial output began to pick up. Metal prices have also rebounded and are now at a much reasonable level. New production facilities at the mine located in Inner Mongolia is now in full operation and production has returned to normal. Apart from its additional production capacity, the newly constructed facilities are more efficient both in terms of recovery rate and cost per ton of production. This production efficiency will translate into a much more competitive production cost structure that will better withstand unexpected external forces affecting metal prices in the future. Provided that demand and prices for base metal continue to improve, the Group expects to record much improved revenue and profit in the following quarters.

Although the Group recorded a net loss for the six months ended 30 June 2009, net profit for the fertilizer's business has improved and the mining business has turned around from a net loss recorded in the first quarter to a net profit for the interim period. The Groups' net loss for the six months ended 30 June 2009 was mainly caused by the additional amortization charges on the convertible bonds issued in August 2008.

In line with the Group's strategy to further expand its mining business, it has entered into a sale and purchase agreement on 14 July 2009 for the purchase of a gold mine in Gansu Province, China. The Group believes, with the addition of this gold mine, future revenue and profit will be further strengthened.

Prospect

Consistent with the Group's expansion programme, it will continue to grow organically by improving on the operational efficiencies of its mines and by way of acquisition of additional mining assets. The Group will actively seek for quality mines in China with different mineralization reserves for acquisition as well as exploring opportunities in acquiring down-stream business of smelting for vertical integration.

The Group aims to become a key player in the metal industry in China. Leveraging on the management expertise in the mining business and capitalizing on future acquisition growth, the Group expects improvements in future returns for shareholders and investors alike.

Financial performance analysis

Revenue

For the interim period, the Group recorded a revenue of approximately RMB164 million, representing an increase of 50.1% over the same period last year. Revenue from the fertilizer business for the interim period has been affected by the natural disasters occurred in China in 2008. Although revenue for the fertilizer business has reduced compared with the same period last year, revenue produced by the zinc and lead mine acquired in July 2008 has uplifted total revenue by approximately RMB55 million in the interim period. Notwithstanding the temporary disruption in production in the first quarter, the mine has recorded a revenue of approximately RMB87 million for the interim period of which approximately RMB79 million was generated in the second quarter of 2009. Production has now returned to normal and revenue from mining is expected to impact total revenue positively in the second half of 2009.

Gross profit

The Group recorded a gross profit of approximately RMB52.4 million representing an increase of approximately 75.6% over the corresponding period in 2008.

For the interim period, the fertilizer business recorded a gross profit of approximately 22.5% representing a decrease of approximately 4.8% as compared with the corresponding period. Demand for fertilizers in China was still affected by the natural disasters occurred in China in 2008. Weak demand and stock surpluses have negatively impacted the price of fertilizers in the interim period which caused the decline in gross profit. Evidence has shown that pressure from weak demand and inventory surpluses have eased recently. The Group expects margin to be improved in the second half of 2009.

As metal prices rebounded during the interim period, the Group recorded a gross profit on mining of approximately 40.2%, representing an increase of approximately 34.1% as compared to the gross profit recorded in the first quarter of 2009. No comparative figure is available for the corresponding period as the mining business was acquired in July 2008.

Provided metal prices remain stable, the Group expects gross profit to improve in the second half of 2009 as the newly constructed production facilities will increase operational efficiency which in turn will reduce production cost.

Other operating income

The Group recorded a total other operating income of approximately RMB8.2 million for the interim period. Out of the RMB8.2 million, approximately RMB5.8 million related to a refund of value added tax on fertilizer's sales, approximately RMB1.3 million related to account receivables provision written back and approximately RMB0.4 million related to Government subsidy. The remainder of approximately RMB0.7 million represents other sundry income.

Operating expenses

The Group's operating expenses primarily consisted of selling and distribution costs and administrative expenses.

Selling and distribution expenses for the six months ended 30 June 2009 amounted to approximately RMB14.4 million, representing a decrease of approximately 4.0% over the corresponding period in 2008. Selling and distribution expenses for the fertilizer business amounted to approximately RMB12.4 million, as compared to approximately RMB15.1 million reported in the corresponding period in 2008. The decrease was substantially due to the reduction in sales.

For the mining business, selling and distribution expenses amounted to approximately RMB2.0 million during the period. The amount was considered reasonable as the major cost component of mining business was transportation cost.

Administrative expenses for the six months ended 30 June 2009 amounted to approximately RMB21.5 million, representing an increase of approximately 206.4% compared with the same period last year. The increase was generally caused by the additional administrative expenses incurred by the newly acquired mining business. Included in the total administrative expenses there was an amount of approximately RMB5.1 million related to the amortization of mining rights and an amount of approximately RMB4.6 million related to depreciation on property, plant and equipment. Given the fact that additional expenses have been incurred by the new mining business, administrative expenses for the period ended 30 June 2009 is considered reasonable.

Loss/Profit for the period attributable to owners of the Company

Loss attributable to the owners of the Company for the six months ended 30 June 2009 amounted to approximately RMB18.9 million, as compared to a profit of approximately RMB6.7 million reported in the corresponding period.

Net loss recorded in the interim period was substantially caused by the additional interest expense and the equity-settled share options expenses of approximately RMB22.6 million and RMB3.7 million respectively. The additional interest expense wholly related to the interest amortization expense on the convertible bonds issued as part consideration of the acquisition of the mining business in July 2008.

Liquidity and Financial Resources

As at 30 June 2009, the Group had bank and cash balances totaling approximately RMB90.5 million, as compared to RMB94.1 million reported as at 31 December 2008.

Total funds attributable to owners of the Company amounted to RMB532.1 million as at 30 June 2009, representing a decrease of 2.5% as compared to RMB545.5 million reported at 31 December 2008.

Financial Position

The Group's net gearing, expressed as a percentage of total net borrowing to equity attributable to owners of the Company was 127.7%, as compared to 116.6% as at 31 December 2008. Net gearing will be reduced as part of the principal of the convertible bonds will be offset by the compensation receivable in relation to the profit guarantee for the years ended 31 December 2008 and 31 December 2007 given by the bondholders for failing to meet the guaranteed profit for the respective years. The Group is committed to deliver a very stringent working capital management going forward.

Bank Borrowings

Long term borrowings accounted for 73.8% of total debts (78.9% at 31 December 2008).

The Groups major borrowings are either in RMB, United States Dollars or Hong Kong Dollars. Other than the fixed rate Hong Kong Dollars convertible bonds, most of the other borrowings in RMB and United States Dollars are based on floating rates.

Working Capital

Total inventory stood at approximately RMB32.0 million (approximately RMB24.1 million as at 31 December 2008). The inventory turnover days increased from 50 days as at 31 December 2008 to 52 days for period under review. Trade receivable turnover days remains stable at 118 days as compared to 120 days as at 31 December 2008. The Group is comfortable with the quality of the receivables and will continue to exercise due care in managing credit exposure. Trade payable days declined from 40 days reported as at 31 December 2008 to 29 days. Working capital as a percentage of sales was at 68% as compared to 111% at 31 December 2008.

Capital Expenditure

Total capital expenditure for the period amounted to RMB23.0 million (2008: Nil), of which the whole amount related to the construction of the new processing facilities at the mine located in Wulatezhong Qi, the PRC.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 30 June 2009, the interests and short positions of the directors and the chief executive and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of the Hong Kong Special Administrative Region (the"SFO")), which were (a) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); and (b) required to be recorded in the register kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long positions in the shares of the Company (the "Shares")

(a) Ordinary shares of HK$0.002 each of the Company

Name of director	Capacity	Number of Shares	Percentage of shareholding (%)
Zhuo Ze Fan	Held by controlled corporation *(Note)*	174,525,295	32.77

Note: These Shares were held by Callaway Group Limited which is wholly and beneficially owned by Mr. Zhuo Ze Fan, an executive Director and chairman of the Company. Callaway Group Limited held 174,525,295 Shares on the Listing Date and up to 30 June 2009. By virtue of the SFO, Mr. Zhuo was deemed to be interested in the Shares held by Callaway Group Limited.

(b) Share options

Name	Capacity	Number of options held	Number of underlying shares
Directors			
Xu Bing	Beneficial owner	300,000	300,000
Kang Hongbo	Beneficial owner	300,000	300,000
		600,000	600,000

Save as disclosed herein, as at 30 June 2009, none of the directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were (a) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); and (b) required to be recorded in the register kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

SHARE OPTION SCHEME

As at 30 June 2009, options to subscribe for an aggregate of 46,050,000 shares of the Company granted to certain Directors, employees and suppliers/advisors of the Group were outstanding. Details of which were as follows:

	Number of share options							
Name or category of participant	At 31 December 2008	Granted during the year	Exercised during the year	Lapsed during the year	At 30 June 2009	Date of grant of share options *(note a)*	Exercise period of share options	Exercise price of share options*
Directors								
Xu Bing	–	300,000	–	–	300,000	20 May 2009	Period 7	1.17
Kang Hongbo	–	300,000	–	–	300,000	20 May 2009	Period 7	1.17
	–	600,000	–	–	600,000			
Other employees								
In aggregate	625,000	–	(625,000)	–	–	17 December 2007	Period 3	0.33
	625,000	–	(625,000)	–	–	17 December 2007	Period 4	0.33
	800,000	–	–	–	800,000	12 June 2008	Period 5	1.70
	–	1,100,000	–	–	1,100,000	15 May 2009	Period 8	1.08
	–	1,000,000	–	–	1,000,000	20 May 2009	Period 7	1.17
	2,050,000	2,100,000	(1,250,000)	–	2,900,000			

Name or category of participant	At 31 December 2008	Granted during the year	Exercised during the year	Lapsed during the year	At 30 June 2009	Date of grant of share options (note a)	Exercise period of share options	Exercise price of share options*
	Number of share options							
Suppliers/Advisors								
In aggregate	8,000,000	–	(4,000,000)	–	4,000,000	14 December 2007	Period 1	0.33
	30,750,000	–	(4,500,000)	–	26,250,000	17 December 2007	Period 2	0.33
	4,000,000	–	–	–	4,000,000	12 June 2008	Period 6	1.70
	–	8,000,000	–	–	8,000,000	19 May 2009	Period 9	1.10
	–	300,000	–	–	300,000	20 May 2009	Period 7	1.17
	42,750,000	8,300,000	(8,500,000)	–	42,550,000			
	44,800,000	11,000,000	(9,750,000)	–	46,050,000			

Period 1 14 December 2007 to 31 December 2010
Period 2 17 December 2007 to 31 December 2010
Period 3 17 June 2008 to 11 June 2011
Period 4 17 December 2008 to 17 December 2011
Period 5 12 December 2008 to 11 June 2013
Period 6 12 June 2008 to 11 June 2013
Period 7 20 March 2010 to 19 May 2014
Period 8 16 November 2009 to 14 May 2014
Period 9 19 May 2009 to 18 May 2014

Notes:

(a) The vesting date of the share options for Period 1, 2, 6 and 9 is the date of grant. The share options for Period 3, 5 and 8 are subject to half year vesting period. The share option for Period 4 is subject to one year vesting period. The share option for Period 7 is subject to 10 months vesting period.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2009, so far as the Directors were aware, the following persons or companies (other than the directors of chief executive of the Company) had an interest or short position in the shares, underlying shares and debenture of the Company which were discloseable under Divisions 2 and 3 Part XV of the SFO and recorded in the register of interests required to be kept by the Company pursuant to Section 336 of SFO:

Name of substantial shareholder	Capacity	Number of Shares	Percentage of shareholding (%)
Ruffy Investments Limited *(Note 1)*	Beneficial owner	746,899,091	140.23
Mei Wei *(Note 1)*	Held by controlled corporation	746,899,091	140.23
	Beneficial owner	11,210,000	2.10
		758,109,091	142.33
Callaway Group Limited *(Note 2)*	Beneficial owner	174,525,295	32.77
Ms. Cui Yan Wen *(Note 2)*	Held by spouse	174,525,295	32.77
Yee Ka Yau Kenneth	Beneficial owner	31,407,000	5.90
Stichting Shell Pensioenfonds	Investment manager	30,000,000	5.63
Ms. An Yu	Beneficial owner	28,571,425	5.36

Notes:

1. These shares were held by Ruffy Investments Limited, which is wholly-owned by Mr. Mei Wei. Mr. Mei Wei was deemed to be interested in these Shares under the SFO. Moreover, Mr. Mei is beneficially interested in 11,210,000 shares of the Company in his personal name.

2. Callaway Group Limited is wholly and beneficially owned by Mr. Zhuo Ze Fan ("Mr. Zhuo"). Mr. Zhuo was an executive Director and chairman of the Company and the spouse of Ms. Cui Yan Wen ("Ms. Cui"). By virtue of the SFO, Ms. Cui was deemed to be interested in the Shares held by Mr. Zhuo.

Save as disclosed herein, so far as known to any director or chief executive of the Company, no other person (other than the directors and chief executive of the Company) had any interest and short positions in the shares and underlying shares of the Company which were discloseable under Division 2 and 3 of Part XV of the SFO and required to be recorded in the register required to be kept under Section 336 of the SFO as at 30 June 2008.

CORPORATE GOVERNANCE

The Company has complied throughout the six months ended 30 June 2009 with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 to the GEM Listing Rules with certain deviations in respect of the distinctive roles of chairman and chief executive officer as described in the 2008 annual report. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The Board continues to believe that this structure is conducive to strong and consistent leadership, enabling the Company to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Zhuo Ze Fan, and believes that his appointment to the posts of Chairman and General Manager is beneficial to the business prospects of the Company. Also, the Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, all directors confirmed that they had complied with the required standard of dealings and its code of conduct regarding directors' securities transactions.

FOREIGN EXCHANGE EXPOSURE

Since most of the income and expense as well as assets and liabilities of the Group are denominated in RMB, the Directors consider the Group has no material foreign exchange exposure.

INTERESTS IN COMPETITORS

During the six months ended 30 June 2009, none of the Directors or the management shareholders of the Company or their respective associates (as defined in the GEM Listing Rules) had any interest in a business that competed or might compete with the business of the Group.

EMPLOYEES AND REMUNERATION POLICIES

At 30 June 2009, the Group had approximately 350 employees. The Group has maintained good relations with its staff and has not experienced any disruption of its operations due to labour disputes. The Group provides fringe benefits in accordance with the relevant laws and regulations of the PRC and Hong Kong including contributions to society security scheme of the PRC and the contributions to the Mandatory Provident Fund Scheme of Hong Kong. The Group remunerated its employees in accordance with their work performance and experience.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2009, the Company repurchased 490,000 Shares on the Stock Exchange. The aggregate price paid for such repurchase of Shares amounted to HK$516,000.

Details of such repurchase of Shares are as follows:

Date of repurchase	Number of Shares	Price per Share repurchased (HK$) Highest	Lowest
15 May 2009	490,000	1.09	1.03

All the repurchased Shares were fully cancelled on 24 June 2009. Saved as disclosed above, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Company established an audit committee on 16 February 2005 with written terms of reference in compliance with the GEM Listing Rules. The authority and duties of the audit committee are based on the guidelines set out in "A Guide for The Formation of An Audit Committee" published by the Hong Kong Institute of Certified Public Accountants.

The audit committee provides a link between the Board of Directors and the Company's auditors in matter coming within the scope of the Group audit. It also reviews and supervises the financial reporting process and internal control procedures of the Group. The members of the audit committee comprises three independent non-executive directors, namely Mr. Zhao Shou Guo, Mr. Chau Kam Wing, Donald and Mr. Yang Rui.

The Group's unaudited consolidated results for the six months ended 30 June 2009 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards.

MATERIAL ACQUISITION AND DISPOSAL

No material acquisitions or disposals of subsidiaries and associated companies have been made by the Company during the six months ended 30 June 2009.

PUBLIC FLOAT

For the six-month period ended 30 June 2009, the Company has maintained the public float requirement as stipulated by GEM Listing Rules.

On behalf of the Board
China Nonferrous Metals Company
Zhuo Ze Fan
Chairman

Hong Kong,
14 August 2009

As at the date of this report, the executive directors of the Company are Mr. Zhuo Ze Fan, Ms. Xie Yi Ping, Dr. Yu Heng Xiang, Mr. Ng Tang, Mr. Xu Bing, Mr. Kang Hongbo and Ms. Han Qiong; the independent non-executive directors of the Company are Mr. Zhao Shou Guo, Mr. Chau Kam Wing, Donald and Mr. Yang Rui.