



中國有色金屬有限公司*
China Nonferrous Metals Company Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 8306



* for identification only

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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, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.



HIGHLIGHTS

- Achieved a turnover of approximately RMB283.1 million for the six months ended 30 June 2010, representing an approximately 224.9% increase as compared with that of the corresponding period in 2009.
- Net profit of the Group attributable to owners of the Company for the six months ended 30 June 2010 amounted to approximately RMB31.1 million, as compared to a loss of approximately RMB18.9 million reported in the corresponding period last year.
- The Directors do not recommend an interim dividend for the six months ended 30 June 2010.



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 2010, together with the comparative figures for the corresponding period in 2009 as follows:

	Notes	Six months ended 30 June		Three months ended 30 June	
		2010 RMB'000 (unaudited)	2009 RMB'000 (unaudited) (represented)	2010 RMB'000 (unaudited)	2009 RMB'000 (unaudited) (represented)
Continuing operations					
Revenue	3	283,121	87,151	240,309	79,042
Cost of sales		(241,964)	(52,051)	(203,992)	(44,436)
Gross profit		41,157	35,100	36,317	34,606
Other income		425	208	199	162
Changes in fair value of derivative financial instruments		44,628	–	13,248	–
Gain on disposal of subsidiaries		2,659	–	–	–
Selling and distribution costs		(2,205)	(2,045)	(2,168)	(1,295)
Administrative expenses		(20,788)	(16,378)	(10,411)	(10,170)
Equity-settled share options expenses		(5,772)	(3,729)	(2,950)	(3,729)
Profit from operation	7	60,104	13,156	34,235	19,574
Finance costs	5	(25,450)	(27,536)	(11,614)	(14,331)
Profit/(Loss) before income tax		34,654	(14,380)	22,621	5,243
Income tax expense	6	(1,076)	(4,327)	(3,068)	(4,327)
Profit/(Loss) for the period from continuing operations		33,578	(18,707)	19,553	916
Discontinued operation					
(Loss)/Profit for the period from a discontinued operation	8	(2,072)	4,520	–	2,934
Profit/(Loss) for the period		31,506	(14,187)	19,553	3,850

UNAUDITED CONSOLIDATED INCOME STATEMENT

Notes	Six months ended 30 June		Three months ended 30 June	
	2010 RMB'000 (unaudited)	2009 RMB'000 (unaudited) (represented)	2010 RMB'000 (unaudited)	2009 RMB'000 (unaudited) (represented)
Attributable to:				
Owners of the Company	31,121	(18,937)	18,271	(1,387)
Non-controlling interests	385	4,750	1,282	5,237
Profit/(Loss) for the period	31,506	(14,187)	19,553	3,850
Continuing operations				
Attributable to:				
Owners of the Company	32,472	(21,868)	18,271	(3,311)
Non-controlling interests	1,106	3,161	1,282	4,227
Profit/(Loss) for the period	33,578	(18,707)	19,553	916
Discontinuing operation				
Attributable to:				
Owners of the Company	(1,351)	2,931	–	1,924
Non-controlling interests	(721)	1,589	–	1,010
(Loss)/Profit for the period	(2,072)	4,520	–	2,934
Dividend	9	–	–	–
Earnings/(Loss) per share ¹⁰				
Basic				
– For Profit/(Loss) from continuing and discontinued operations	0.91 cents	(0.72) cents	0.51 cents	(0.05) cents
– For Profit/(Loss) from continuing operations	0.94 cents	(0.83) cents	0.51 cents	(0.12) cents
Diluted				
– For Profit/(Loss) from continuing and discontinued operations	0.78 cents	(0.72) cents	0.44 cents	(0.05) cents
– For Profit/(Loss) from continuing operations	0.80 cents	(0.83) cents	0.44 cents	(0.12) cents

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

	Six months ended 30 June		Three months ended 30 June	
	2010 RMB'000 (unaudited)	2009 RMB'000 (unaudited)	2010 RMB'000 (unaudited)	2009 RMB'000 (unaudited)
Profit/(Loss) for the period	31,506	(14,187)	19,553	3,850
Other comprehensive income				
Exchange differences arising on translation of foreign operations	(1,478)	(554)	(1,663)	204
Total other comprehensive income for the period	(1,478)	(554)	(1,663)	204
Total comprehensive income/(loss) attributable to owners of the Company	30,028	(14,741)	17,890	4,054
Attributable to:				
Owners of the Company	29,643	(19,491)	16,608	(1,183)
Non-controlling interests	385	4,750	1,282	5,237
	30,028	(14,741)	17,890	4,054



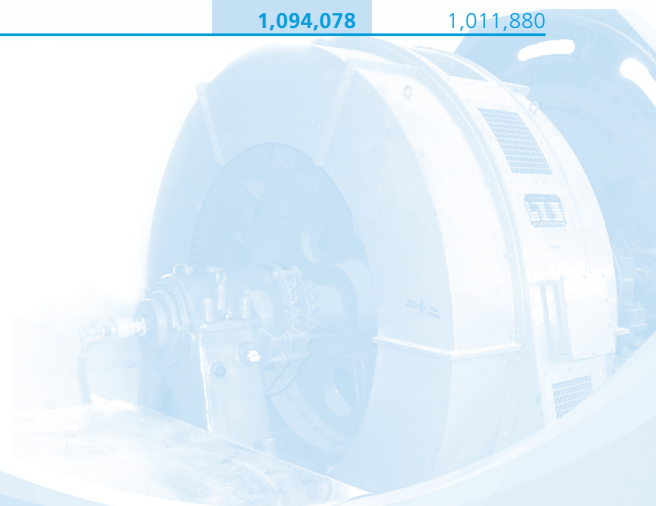
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2010

	Notes	As at 30 June 2010 RMB'000 (unaudited)	As at 31 December 2009 RMB'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	317,794	319,965
Intangible assets		1,071,803	1,076,337
Prepaid land lease payments		2,030	2,050
Deposits paid		71,813	41,082
Deferred tax assets		251	251
		1,463,691	1,439,685
Current assets			
Inventories		43,402	49,881
Trade receivables	12	235,291	84,680
Other receivables, deposits and prepayments		376,720	169,296
Prepaid land lease payments		42	42
Amounts due from related companies		5,909	96,664
Pledged bank deposits		12,642	28,452
Bank balances and cash		13,501	21,140
		687,507	450,155
Assets classified as held for sale		–	252,676
		687,507	702,831
Current liabilities			
Trade payables	13	116,441	52,041
Other payables and accrued charges		47,332	50,665
Amounts due to related companies		89,130	2,077
Amounts due to former and minority equity holders of subsidiaries		5,022	5,022
Borrowings	14	106,231	231,809
Provision for tax		46,580	47,022
		410,736	388,636
Liabilities directly associated with assets classified as held for sale		–	63,025
		410,736	451,661
Net current assets		276,771	251,170
Total assets less current liabilities		1,740,462	1,690,855

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2010 RMB'000 (unaudited)	As at 31 December 2009 RMB'000 (audited)
Non-current liabilities			
Borrowings	14	15,282	33,130
Convertible bonds	15	365,224	378,834
Deferred tax liabilities		265,878	267,011
		646,384	678,975
Net assets		1,094,078	1,011,880
EQUITY			
Equity attributable to owners of the Company			
Share capital	16	1,445	1,224
Reserves		794,018	662,590
		795,463	663,814
Non-controlling interests		298,615	348,066
Total equity		1,094,078	1,011,880



UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

	Attributable to owners of the Company												Non-controlling interests	Total	
	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	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	RMB'000
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	
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	
Transaction with owners	14	2,195	440	-	-	-	-	-	3,453	-	-	6,102	-	6,102	
Loss for the period	-	-	-	-	-	-	-	-	-	-	(18,937)	(18,937)	4,750	(14,187)	
Other comprehensive income															
Currency translation	-	-	-	-	-	-	(554)	-	-	-	-	(554)	-	(554)	
Total comprehensive loss for the period	-	-	-	-	-	-	(554)	-	-	-	(18,937)	(19,491)	4,750	(14,741)	
Transfer to redemption reserve	-	-	-	3	-	-	-	-	-	-	(3)	-	-	-	
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 CHANGES IN EQUITY

For the six months ended 30 June 2010

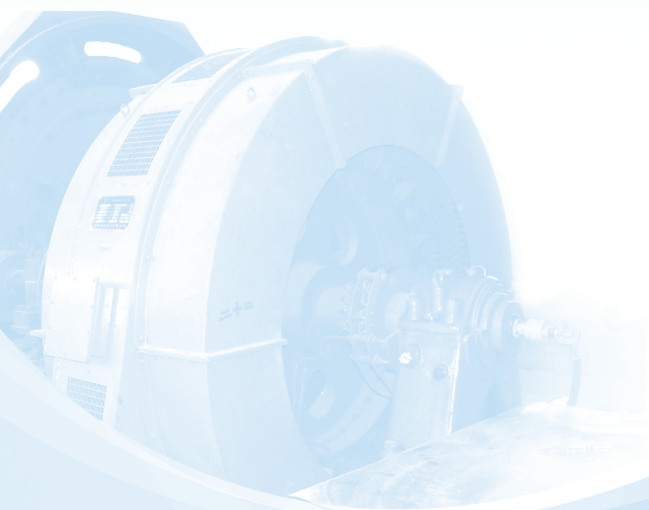
	Attributable to owners of the Company													Non-controlling interests	Total	
	Share capital	Capital			Statutory reserve	Translation reserve	Special reserve	Specific reserve	Other reserve	Convertible bonds			Retained profits			Total
		Share premium	reduction	reserve						Share option reserve	equity reserve	Reserve				
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	RMB'000		
At 31 December 2009																
and 1 January 2010 (audited)	1,224	345,610	6	6,782	9,336	(2,973)	(129)	5,343	6,964	9,279	193,067	89,305	663,814	348,066	1,011,880	
Placing and subscription of new shares	102	63,249	-	-	-	-	-	-	-	-	-	-	63,351	-	63,351	
Share issue expenses	-	(1,436)	-	-	-	-	-	-	-	-	-	-	(1,436)	-	(1,436)	
Issue of convertible bonds	-	-	-	-	-	-	-	-	-	-	1,344	-	1,344	-	1,344	
Convertible bonds exercised	117	64,186	-	-	-	-	-	-	-	-	(18,203)	-	46,100	-	46,100	
Convertible bonds exercised expense	-	(24)	-	-	-	-	-	-	-	-	-	-	(24)	-	(24)	
Share options exercised	2	2,021	-	-	-	-	-	-	-	(650)	-	-	1,373	-	1,373	
Equity-settled share option arrangements	-	-	-	-	-	-	-	-	-	5,772	-	-	5,772	-	5,772	
Disposal of subsidiaries	-	-	-	(6,782)	(9,336)	1,515	129	-	-	-	-	-	(14,474)	(49,836)	(64,310)	
Transactions with owners	221	127,996	-	(6,782)	(9,336)	1,515	129	-	-	5,122	(16,859)	-	102,006	(49,836)	52,170	
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	31,121	31,121	365	31,506	
Other comprehensive income																
Currency translation	-	-	-	-	-	(1,478)	-	-	-	-	-	-	(1,478)	-	(1,478)	
Total comprehensive profit for the period	-	-	-	-	-	(1,478)	-	-	-	-	-	31,121	29,643	365	30,028	
Share option lapsed	-	-	-	-	-	-	-	-	-	(241)	-	241	-	-	-	
At 30 June 2010 (unaudited)	1,445	473,606	6	-	-	(2,936)	-	5,343	6,964	14,160	176,208	120,667	795,463	298,615	1,094,078	



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2010

	Six months ended 30 June	
	2010 RMB'000 (unaudited)	2009 RMB'000 (unaudited)
Net cash inflow/(outflow) from operating activities	13,056	(5,394)
Net cash inflow/(outflow) from investing activities	41,555	(23,727)
Net cash (outflow)/inflow from financing activities	(62,240)	25,426
Net cash decrease in cash and cash equivalents	(7,629)	(3,695)
Cash and cash equivalents at the beginning of the period	21,140	94,148
Effect of foreign exchange rate changes	(10)	16
Cash and cash equivalents at the end of the period	13,501	90,469



NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

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 unaudited 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 mining, processing and trading 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 GEM Listing Rules.

The accounting policies adopted in preparing the unaudited consolidated results for the six months ended 30 June 2010 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009. The consolidated results for the six months ended 30 June 2010 are unaudited but have been reviewed by the Company's audit committee.

2. ADOPTION OF NEW OR AMENDED IFRSs

In the current period, the Group has applied for the first time the following new and revised IFRSs, which are relevant to and effective for the Group's financial statements for the annual financial period beginning on 1 January 2010.

IFRS 3 (Revised)

IAS 27 (Revised)

Improvements to IFRSs 2009

Business Combinations

Consolidated and Separate Financial Statements



The Group applies IFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in IAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

As there was no transaction during the current interim period in which IFRS 3 (Revised) and IAS 27 (Revised) are applicable, the application of IFRS 3 (Revised), IAS 27 (Revised) and the consequential amendments to other IFRSs had no effect on the unaudited condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which IFRS 3 (Revised), IAS 27 (Revised) and the consequential amendments to the other IFRSs are applicable.

The adoption of these new and revised IFRSs did not change the Group's accounting policies as followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009. The Directors of the Company anticipate that the application of 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 trading, mining and processing of mineral resources. Revenue recognised during the six months ended 30 June 2010 are as follows:

	Continuing operations		Discontinued operation		Continuing operations		Discontinued operation	
	Six months ended 30 June		Six months ended 30 June		Three months ended 30 June		Three months ended 30 June	
	2010 RMB'000 (unaudited)	2009 RMB'000 (unaudited)	2010 RMB'000 (unaudited)	2009 RMB'000 (unaudited)	2010 RMB'000 (unaudited)	2009 RMB'000 (unaudited)	2010 RMB'000 (unaudited)	2009 RMB'000 (unaudited)
Revenue:								
Sale and distribution of organic potash fertilisers	-	-	7,079	76,896	-	-	-	56,253
Trading, mining and processing of mineral resources	283,121	87,151	-	-	240,309	79,042	-	-
	283,121	87,151	7,079	76,896	240,309	79,042	-	56,253

4. SEGMENT INFORMATION

The Directors manage the Group's operation as a single business segment. The Group's operation is monitored and strategic decision are made on the basis of operating results, consolidated assets and liabilities as reflected in the Group's financial statements prepared under IFRS.

The Directors consider that the majority of the Group's revenue is from customers in the PRC and on this basis, PRC is regarded as the country of domicile. For the six months ended 30 June 2010 and 2009, the Group had over 90% of its revenue and profit derived within the PRC and the Group's assets are located in the PRC. Accordingly, no further segmental information is presented.

5. FINANCE COSTS

	Continuing operations		Discontinued operation		Continuing operations		Discontinued operation	
	Six months ended		Six months ended		Three months ended		Three months ended	
	30 June		30 June		30 June		30 June	
	2010	2009	2010	2009	2010	2009	2010	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Wholly repayable within five years								
– interest on bank loans	4,028	1,522	–	982	1,460	550	–	495
– interest on other loans	1,932	3,433	146	1,426	401	2,353	–	692
Interest on convertible bonds	19,479	22,570	–	–	9,747	11,422	–	–
Interest on finance lease liabilities	11	11	–	–	6	6	–	–
Total financial costs on financial liabilities not at fair value through profit or loss	25,450	27,536	146	2,408	11,614	14,331	–	1,187



6. INCOME TAX EXPENSE

	Continuing operations		Discontinued operation		Continuing operations		Discontinued operation	
	Six months ended		Six months ended		Three months ended		Three months ended	
	30 June		30 June		30 June		30 June	
	2010	2009	2010	2009	2010	2009	2010	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current								
– Hong Kong	1,498	–	–	–	1,498	–	–	–
– Overseas taxation	711	5,586	–	801	2,639	5,586	–	801
	2,209	5,586	–	801	4,137	5,586	–	801
Deferred taxation	(1,133)	(1,259)	–	–	(1,069)	(1,259)	–	–
Total tax charge for the period	1,076	4,327	–	801	3,068	4,327	–	801

The amounts represented provision for the PRC Enterprise Income Tax (“EIT”) on the Group’s estimated assessable profit for the six months ended 30 June 2010 and 2009 respectively.

Hong Kong Profits Tax has been provided at the rate of 16.5% on the Group’s estimated assessable profits arising from Hong Kong during the period. No provision of Hong Kong Profits Tax had been made for the six months ended 30 June 2009 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. PROFIT FROM OPERATION

The Group's profit from operation is arrived at after charging:

	Continuing operations		Discontinued operation		Continuing operations		Discontinued operation	
	Six months ended		Six months ended		Three months ended		Three months ended	
	30 June		30 June		30 June		30 June	
	2010	2009	2010	2009	2010	2009	2010	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Amortisation of intangible assets	4,534	5,040	21	62	4,280	5,040	-	31
Amortisation of prepaid land lease payments	20	-	190	380	10	-	-	190
Depreciation of property, plant and equipment	13,346	4,297	1,120	2,399	6,473	2,059	-	1,135

8. DISCONTINUED OPERATION

On 31 March 2010, the Group completed the disposal of subsidiaries to Billion Prestige Limited in relation to the dispose of the entire equity interest in Sungreen Investment Limited and its subsidiaries (together referred as to the "Sungreen Group"). Sungreen Group is engaged in the manufacturing and sales of organic potash fertilizer products. Details of the disposal were set out in the announcement and circular of the Company dated 21 December 2009 and 8 January 2010 respectively. Since then, the Group ceased its fertilizers operation. The results of fertilizers operation included in this unaudited condensed consolidated interim financial statements are as follows:

	Six months ended		Three months ended	
	30 June		30 June	
	2010	2009	2010	2009
	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
(Loss)/Profit for the period from discontinued operations				
Turnover	7,079	76,896	-	56,253
Cost of sales	(5,822)	(59,582)	-	(42,800)
Gross profit	1,257	17,314	-	13,453
Other income	1,418	7,967	-	5,154
Expenses	(4,747)	(19,960)	-	(14,872)
Income tax expense	-	(801)	-	(801)
(Loss)/Profit for the period from discontinued operations (attributable to the owners of the Company)	(2,072)	4,520	-	2,934

9. DIVIDEND

No dividend has been paid or declared by the Group for the six months ended 30 June 2010 and 2009.

10. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) 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	
	2010 RMB'000 (unaudited)	2009 RMB'000 (unaudited)	2010 RMB'000 (unaudited)	2009 RMB'000 (unaudited)
Earnings/(Loss)				
Earnings/(Loss) attributable to owners of the Company	31,121	(18,937)	18,271	(1,387)
Less: (Loss)/Profit from discontinued operations	(2,072)	4,520	–	2,934
Result from discontinued operation attributable to non-controlling interests	721	(1,589)	–	(1,010)
(Loss)/Profit attributable to owners of the Company from the discontinued operation	(1,351)	2,931	–	1,924
Profit/(Loss) attributable to owners of the Company from the continuing operations	32,472	(21,868)	18,271	(3,311)
Number of shares				
Weighted average number of ordinary shares for the purposes of basic earnings/(loss) per share	3,437,148	2,627,774	3,585,843	2,631,754
Effect of dilutive potential ordinary shares in respect of share options	330,494	–	327,137	–
Effect of dilutive potential ordinary shares in respect of convertible bonds	2,761,266	–	2,697,252	–
Weighted average number of ordinary shares for the purposes of diluted earnings/(loss) per share	6,528,908	2,627,774	6,610,232	2,631,754

The calculation of the diluted earning per share is based on the profit from the continuing and discontinued operations for the period ended 30 June 2010 attributable to the owners of the Company of RMB50,600,000, which is profit for the period attributable to owners of the Company of RMB31,121,000 adjusted to reflect the effect of deemed exercise or conversion of convertible bonds of RMB19,479,000.

The calculation of the diluted earning per share is based on the profit from the continuing operations for the period ended 30 June 2010 attributable to the owners of the Company of RMB51,951,000, which is profit for the period attributable to owners of the Company of RMB32,472,000 adjusted to reflect the effect of deemed exercise or conversion of convertible bonds of RMB19,479,000.

The weighted average numbers of ordinary shares in issue for 2009 have been adjusted to reflect the share subdivision taken place on 20 August 2009. Pursuant to an ordinary resolution passed on 19 August 2009, one share of HK\$0.002 each in the issued and unissued share capital of the Company were subdivided into five shares of HK\$0.0004 each.

As at 30 June 2009, in the calculation of the diluted earnings/(loss) per share attributable to the owners of the Company, the potential shares arising from the conversion of the Company's convertible bonds and share options had not been taken into account as they had an anti-dilutive effect.

11. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired approximately RMB11,149,000 property, plant and equipment for group expansion (six months ended 30 June 2009: RMB13,693,000).

During the period, the Group had not disposed any of its property, plant and equipment (six months ended 30 June 2009: Nil).



12. TRADE RECEIVABLES

The Group has a policy of allowing trade customers with credit normally within 30 days to 180 days. 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 2010 RMB'000 (unaudited)	As at 31 December 2009 RMB'000 (audited)
Aged:		
0–60 days	82,117	77,500
61–120 days	112,974	1,389
121–180 days	23,445	2,101
181–365 days	16,755	3,690
	235,291	84,680

13. TRADE PAYABLES

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

	As at 30 June 2010 RMB'000 (unaudited)	As at 31 December 2009 RMB'000 (audited)
Aged:		
0–90 days	99,439	47,601
91–180 days	1,154	2,223
181–365 days	15,848	185
Over 365 days	–	2,032
	116,441	52,041

14. BORROWINGS

During the period, the Group had repaid in full the borrowings of RMB143,426,000 (six months ended 30 June 2009: RMB74,524,000). As at 30 June 2009, the Group had raised bank loans of RMB105,000,000.

15. CONVERTIBLE BONDS

On 9 March 2010, the Company and two subscribers entered into the subscription agreements in respect of the issue of the convertible bonds (the "Subscription Agreements"). Pursuant to the Subscription Agreements, the Company issued the two years 1% per annum plus the prime lending rate per annum quoted by The Hongkong and Shanghai Banking Corporation Limited coupon convertible bonds up to aggregate amount of HK\$30,000,000. Based on the conversion price of HK\$0.285 per conversion share, a maximum number of 105,263,156 conversion shares will fall to be allotted and issued upon exercise of the conversion rights attached to the convertible bonds. The Subscription Agreements had been completed on 17 March 2010.

The convertible bonds recognised in the unaudited consolidated statement of financial position were calculated as follows:

	Liabilities component	Equity component
	RMB'000	RMB'000
Net carrying amounts at 31 December 2008		
1 January 2009	442,812	230,864
Partial offset of convertible bonds against shortfall in profit guarantee	(49,055)	(21,855)
Gain on revising the estimated future cash flows of liability component of convertible bonds after the partial offset	(3,527)	-
Arising from exercise of conversion rights	(35,477)	(15,942)
Interest expenses	42,152	-
Interest paid and accrued	(18,176)	-
Exchange realignment	105	-
	378,834	193,067
Net carrying amounts at 31 December 2009		
Issue of convertible bonds	25,040	1,344
Arising from exercise of conversion rights	(46,100)	(18,203)
Interest expenses	19,479	-
Interest paid and accrued	(7,997)	-
Exchange realignment	(4,032)	-
	365,224	176,208
Net carrying amounts at 30 June 2010	365,224	176,208

16. SHARE CAPITAL

	As at 30 June 2010		As at 31 December 2009	
	Number of shares '000	Amount HK\$'000	Number of shares '000	Amount HK\$'000
Authorised:				
Ordinary shares of HK\$0.0004 (2009: HK\$0.002) at beginning of the period/year	125,000,000	50,000	25,000,000	50,000
Shares Subdivision	–	–	100,000,000	–
Ordinary shares of HK\$0.0004 at end of the period/year	125,000,000	50,000	125,000,000	50,000
		RMB'000		RMB'000
Issued:				
Ordinary shares of HK\$0.0004 (2009: HK\$0.002) at beginning of the period/year	3,061,447	1,224	524,750	1,069
Placing and subscription of new shares (note a)	289,436	102	117,308	42
Conversion rights of convertible bonds exercised (note c)	332,727	117	265,289	94
Shares Subdivision 2009	–	–	2,129,000	–
Share options exercised (note b)	7,000	2	29,750	24
Repurchased and cancelled	–	–	(4,650)	(5)
Ordinary shares of HK\$0.0004 at end of the period/year	3,690,610	1,445	3,061,447	1,224

During the period ended 30 June 2010, the movements in share capital were as follows:

- (a) On 6 January 2010 and 4 March 2010, the Company entered into a top-up placing agreement with, among others, Peace Town Securities Limited (the "Placing Agent") for the placement of 229,556,000 and 59,880,000 ordinary shares of the Company at a price of HK\$0.2465 and HK\$0.257 per share respectively. On 19 January 2010 and 18 March 2010, the top-up placement were completed and raised total consideration of HK\$56,586,000 (equivalent to approximately RMB49,802,000) and HK\$15,389,000 (equivalent to approximately RMB13,549,000) (before expenses) respectively.
- (b) During the period, options were exercised to subscribe for 7,000,000 (2009: 29,750,000) ordinary shares in the Company. The net consideration was HK\$1,566,000 (equivalent to RMB1,373,000) of which approximately HK\$3,000 (equivalent to RMB2,000) was credited to share capital and the balance of HK\$2,302,000 (equivalent to RMB2,021,000) was credited to the share premium account. An amount of HK\$739,000 (equivalent to RMB650,000) has been transferred from the share option reserve to the share premium account.
- (c) During the period, 332,727,000 ordinary shares of HK\$0.0004 each were issued pursuant to the exercise of the conversion rights attaching to the Company's convertible bonds at a conversion price of approximately HK\$0.22 per share.

17. CONTINGENCIES AND COMMITMENTS

As at 30 June 2010, the Group had the following contingencies and commitments

(i) Contingencies

As at 30 June 2010 and 31 December 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 allegedly for (i) breaching the sale and purchase agreement of mineral resources; (ii) unlawfully forfeiting the deposit of RMB20,000,000 paid by the customer 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. Mr. Mei Wei has undertaken to indemnify any loss that the Group may incur in this pending litigation.



(II) Commitments*(a) Operating lease commitment*

As lessee

At the respective reporting date, 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 2010 RMB'000 (unaudited)	As at 31 December 2009 RMB'000 (audited)
Within one year	1,147	1,392
In the second to fifth year inclusive	–	508
	1,147	1,900

Operating lease payments represent rental payable by the Group for its office premises. Leases are negotiated for terms of two to three (31 December 2009: two to three) 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.

(b) Capital commitments

	As at 30 June 2010 RMB'000 (unaudited)	As at 31 December 2009 RMB'000 (audited)
Property, plant and equipment		
– Authorised but not contracted for	–	1,429
– Contracted but not provided for	3,370	48,965
	3,370	50,394

(c) Other commitments

At 30 June 2010, the Group had commitment in relation to the acquisition of subsidiaries in the PRC of RMB114,315,000 (31 December 2009: RMB136,988,000).

18. PLEDGE OF ASSETS

As at 30 June 2010, the Group has pledged its prepaid land lease payments, certain property, plant and equipment, mining rights and pledged bank deposit of approximately RMB1,223,099,000 (31 December 2009: RMB1,246,623,000) for the banking facilities granted by the banks to the Group.

19. 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	
		2010 RMB'000 (unaudited)	2009 RMB'000 (unaudited)
Rental charges and sub-charges payable by the Group	(i)	–	395
Sales of goods to a related company	(ii)	66,928	53,178

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) Balance represented sales of mineral resources to Shenzhen 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 in accordance with the terms of the continued connected transactions approved by shareholders in the SGM held on 16 February 2009.

- (b) Certain borrowings of the Group in the amount of approximately RMB45,000,000 (six months ended 30 June 2009) were guaranteed by a related party 青海滄銀投資擔保有限公司.

20. EVENTS AFTER THE REPORTING PERIOD

- (a) On 11 June 2010, the Company and Kingston Securities Limited (the “Warrant Placing Agent”) entered into the placing agreement pursuant to which the Warrant Placing Agent agreed to place, on a best effort basis, up to 717,000,000 listed warrants (the “Warrants”). Such Warrants are listed on GEM (stock code: 8343). The issue price per warrant is HK\$0.01 and the subscription price is HK\$0.26. Upon the exercise of the subscription rights attaching to the Warrants in full, a maximum of 717,000,000 new shares will be issued and allotted. The issue of the Warrants were completed on 29 July 2010 and the exercise period of the Warrants is from the date of listing of the Warrants to the expiry of the second anniversary of the listing of Warrants. The proceeds from the placing of the Warrants were approximately HK\$6,000,000, net of issuance expenses.
- (b) Pursuant to a special general meeting on 28 July 2010, it was resolved that 358,510,000 share options to subscribe for shares of the Company were granted to Mr. Mei Wei under its share option scheme on 16 February 2005 (the “Share Option Scheme”) at an exercise price of HK\$0.246. Details of the grant of the share options under the Share Option Scheme are set out in the circular of the Company dated on 9 July 2010.



MANAGEMENT DISCUSSION AND ANALYSIS

Financial highlights

Completion of the disposal of the 100% equity interest in Sungreen Group, whose principal business is the manufacture and distribution of organic potash fertilizers, took place on 31 March 2010. Consequently, the result of the fertilizer's business for the period ended 30 June 2010 had been reclassified and comparative figures represented accordingly.

Revenue for the Group for the six months ended 30 June 2010 amounted to approximately RMB283.1 million, representing an increase of approximately 224.9% as compared with the corresponding period in 2009. During the interim period, gross profit amounted to approximately RMB41.2 million, representing an increase of approximately 17.3% over the same period last year. Net profit recorded by the Group for the interim period amounted to approximately RMB31.5 million compared to a net loss of approximately RMB14.2 million recorded in the same period last year.

Market review

Lead

Total global supply of lead for the first five months of this year stood at 3.529 million tons whilst total consumption for the same period was only 3.495 million tons, representing a supply surplus of 34,000 tons. There was a 60,000 tons cut in supply surplus of 94,000 tons recorded for the same period last year. During the first ten months of 2009, global lead supply was 7.35 million tons and consumption was 7.299 million tons, representing a supply surplus of 51,000 tons.

World refined lead supply and usage

	2010	2009
January-May		
Metal production (ton)	3,529,000	3,502,000
Metal usage (ton)	3,495,000	3,408,000
Surplus (ton)	34,000	94,000

Source: International Lead and Zinc Study Group ("ILZSG")

Although we are still witnessing a supply surplus for the first five months of this year, the size of the surplus has been reduced substantially from 94,000 tons for the same period last year. It is expected that the surplus will be reduced further as global economy continues to improve and by the persistent improvement on demand created by the automobile industry in China. The outlook for lead is that surplus supply will eventually be turned into a deficit and China may turn from a net lead export to a net import country gradually.

Zinc

Total global supply of zinc was 5,201,000 tons for the first five months of this year whilst total consumption was 4,992,000, representing a surplus of 209,000 tons. When compared to the supply surplus of 260,000 tons for the same period last year, there was a reduction of 51,000 tons. During the first ten months in 2009, global supply was 9.234 million tons and consumption was 8.831 million tons, representing a supply surplus of 40,300 tons.

World refined Zinc supply and usage

	2010	2009
January-May		
Metal production (ton)	5,201,000	4,374,000
Metal usage (ton)	4,992,000	4,114,000
Surplus (ton)	209,000	260,000

Source: ILZSG

The zinc market is still being over supplied despite the fact that surpluses have narrowed in the first five months of this year when compared to the same period last year. Production is estimated to increase disproportionately to consumption implying that the supply surplus may stay for some time.

Business review

Affected by the stimulus program in China and the steady recovery of the global economy, metal prices have recovered significantly from its low in 2008. The Company was unable to benefit fully from this surge in metal prices during 2009 as production at the mine located in Inner Mongolia was temporarily suspended by the testing of the new processing facilities. However, production has now returned to normal and the Company expects there should be a significant improvement in financial performance in 2010 if metal prices remain stable.

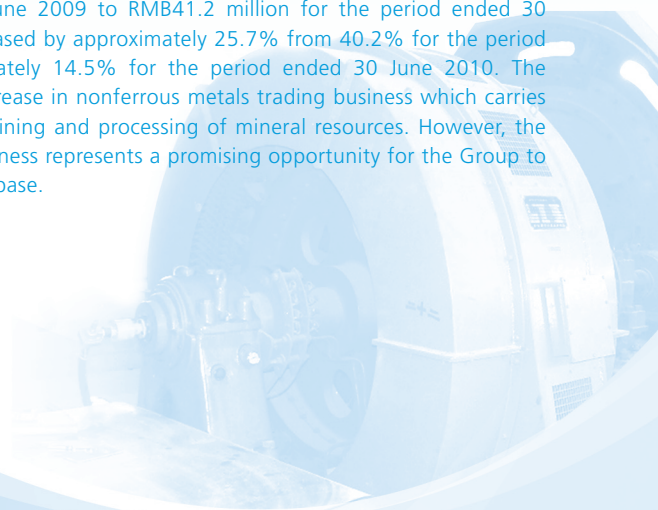
Prospect

The Company is optimistic about future metal prices despite the slowdown in China's stimulus program and the prevailing financial uncertainties of some member states of the European Union. Although zinc and lead prices may fluctuate in 2010, the Company is confident that overall average prices for our products will not be affected materially and adversely. Improvements in turnover and profit are expected in 2010 due to the increased production capacity of the mine in Inner Mongolia as well as contributions expected from the zinc and lead mine located in Naimanqi, Inner Mongolia (which will soon be formally acquired by the Group).

Financial performance analysis

Revenue

Turnover for the period ended 30 June 2010 was approximately RMB283.1 million, representing an increase of approximately RMB196.0 million or approximately 224.9% as compared to the turnover recorded for the period ended 30 June 2009. The increase in turnover for the current period was substantially due to 1) increased production of our mining operations located in Inner Mongolia, 2) favorable metal prices for our mining products. After a long period of testing and calibration for the new 600,000 mining tpa during which the production activities were temporarily suspended for over two months in the first quarter of 2009, production of the mine located in Inner Mongolia has eventually returned to normal towards the latter part of 2009. Consequently, significant improvement on production volume has been made to the current quarter when compared with the first half of 2009. Metal prices have recovered substantially in the current period from its low in early 2009 which has made significant improvement on the average selling prices of our mining products in the first half of this year. Gross profit has increased by 17.3%, from RMB35.1 million for the period ended 30 June 2009 to RMB41.2 million for the period ended 30 June 2010. Gross margin has decreased by approximately 25.7% from 40.2% for the period ended 30 June 2009 to approximately 14.5% for the period ended 30 June 2010. The decrease was mainly due to the increase in nonferrous metals trading business which carries a much lower gross margin than mining and processing of mineral resources. However, the Board believes that this trading business represents a promising opportunity for the Group to broaden its customers and earning base.



The following are the sales volume and average selling prices for each of our mining products in respect of the period ended 30 June 2010 and 2009:

	Six months ended 30 June 2010			Six months ended 30 June 2009		
	Sales volume (ton)	Selling price (RMB/ton)	Total Revenue (RMB'000)	Sales volume (ton)	Selling price (RMB/ton)	Total Revenue (RMB'000)
Zinc concentrates	7,183	9,656	69,360	3,124	6,797	21,234
Lead concentrates and crude lead	12,507	15,764	197,163	5,406	7,244	39,163
Sulphuric acid	16,688	196	3,275	7,827	142	1,113
Silver	3,397	2,965,773	10,075			
Gold (gram)	3,495	213	745			
Iron concentrates	3,736	670	2,503			
Tail mine				654,545	39.17	25,641
Total Revenue			283,121			87,151

Other income

During the period, other income was approximately RMB0.43 million representing an increase of approximately RMB0.22 million or approximately 104% as compared with approximately RMB0.21 million of the same period of 2009. The increase was mainly attributable to the additional miscellaneous income received during the period.

Changes in fair value of derivative financial instruments

It represents the gain or loss arising from the changes in fair value of the metal commodity future contracts used to hedge against the Group's purchases and inventory. For the period ended 30 June 2010, the Group recorded a profit on future contracts of RMB44.6 million. The Group did not enter into any commodities futures contracts non-related to the business operations during the period.

The Group continued to take a prudent approach to hedge the inventory position through appropriate zinc, lead and copper future contracts during the period. Strict internal policies and procedures are in place to ensure the position is regularly reviewed and that the Group is not exposed to undue market risk and the management was not allowed in entering into any commodities futures contract for speculation purposes.

Operating expenses

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

During the period, selling and distribution expenses was approximately RMB2.2 million, the increase was in tandem with the increased turnover of the Group's mining operation in Inner Mongolia.

Administrative expenses for the six months ended 30 June 2010 amounted to approximately RMB20.8 million, representing an increase of approximately 26.92% compared with the same period last year. The increase was attributable to the increase in staff costs as a result of continued expansion of production scale and additional professional fees in respect of corporate exercises carried out in the interim period.

Finance costs

During the period, finance cost were approximately RMB25.4 million, representing a decrease of approximately RMB2.1 million compared with the same period in 2009. The decrease was due to the repayment of loans.

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

Profit attributable to the owners of the Company for the six months ended 30 June 2010 amounted to approximately RMB31.1 million, as compared to a loss of approximately RMB18.9 million reported in the corresponding period.

Net profit recorded in the period was attributable to the income generated from the mining operation in Inner Mongolia acquired in July 2008, gain on metal commodity future contracts and increase in trading of nonferrous metals products.

Liquidity and financial resources

As at 30 June 2010, the Group had bank and cash balances totaling approximately RMB26.1 million, as compared to RMB49.6 million reported as at 31 December 2009.

Total funds attributable to owners of the Company amounted to RMB795.5 million as at 30 June 2009, representing an increase of 19.8% as compared to RMB663.8 million reported at 31 December 2009.



Financial position

The Group's net gearing, expressed as a percentage of total net borrowing and convertible bonds to equity attributable to owners of the Company was 61.2%, as compared to 96.98% as at 31 December 2009. Net gearing reduced as a total of the outstanding principal amount of HK\$73,200,000 due under the convertible bonds was converted into 332,727,000 ordinary shares of the Company and the Group has repaid some loans during the period. The Group is committed to deliver a very stringent working capital management going forward.

Bank borrowings

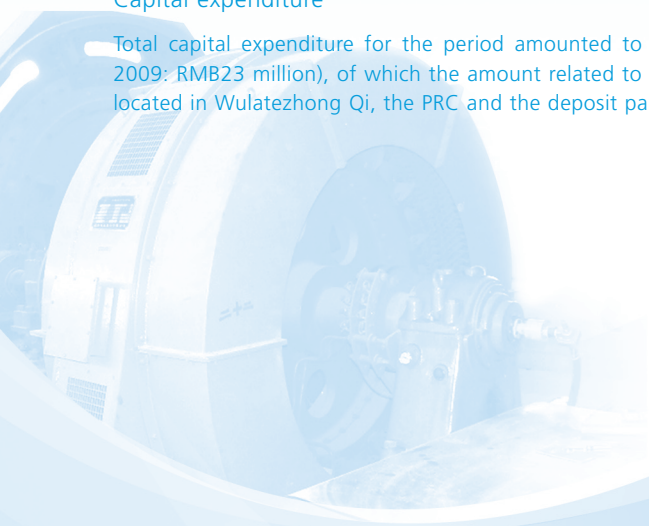
The Groups major borrowings are either in RMB or Hong Kong Dollars. Other than the fixed rate Hong Kong Dollars convertible bonds, most of the other borrowings in RMB is based on floating rates.

Working capital

Total inventory stood at approximately RMB43.4 million (approximately RMB49.9 million as at 31 December 2009). The inventory turnover days decreased from 52 days as at 31 December 2009 to 33 days for period under review. Trade receivable turnover days increased from 118 days as at 31 December 2009 to 151 days in current period. The Group is comfortable with the quality of the receivables and will continue to exercise due care in managing credit exposure. Trade payable days increased from 29 days reported as at 31 December 2009 to 88 days. The Groups' working capital increased to approximately RMB276.8 million (approximately RMB251.1 million as at 31 December 2009), mainly due to cash inflow generated from operating activities and additional fund raising from the placement of new shares.

Capital expenditure

Total capital expenditure for the period amounted to RMB33.8 million (six months ended 2009: RMB23 million), of which the amount related to the fixed assets acquired at the mine located in Wulatezhong Qi, the PRC and the deposit paid for the acquisition of a subsidiary.



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

At 30 June 2010, 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\$0.0004 each of the Company

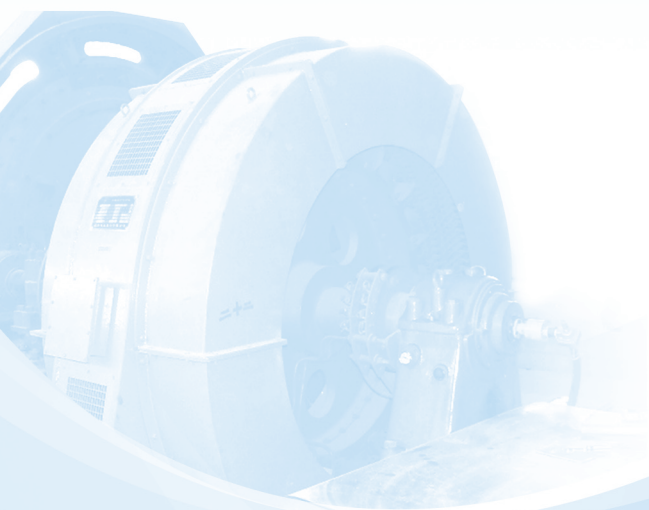
Name of director	Capacity	Number of Shares	Percentage of shareholding (%)
Zhuo Ze Fan	Held by controlled corporation (<i>Note</i>)	458,144,014	12.41
Xu Bing	Beneficial owner	1,500,000	0.041

Note: Mr. Zhuo Ze Fan, being the Chairman of the Board and an executive director, holds the entire issued share capital of Callaway Group Limited, which in turn is interested in 448,144,014 Shares. Mr. Zhuo Ze Fan also holds 10,000,000 Options in his personal name. Accordingly, Mr. Zhuo Ze Fan is interested in 458,144,014 Shares under the SFO. His spouse, Ms. Cui Yan Wen, is deemed to be interested in 458,144,014 Shares under the SFO.

(b) Share options

Name	Capacity	Number of options held	Number of underlying shares	Percentage of shareholding (%)
Directors				
Zhou Ze Fan	Beneficial owner	10,000,000	10,000,000	0.271
Ng Tang	Beneficial owner	3,000,000	3,000,000	0.081
Kang Hongbo	Beneficial owner	11,500,000	11,500,000	0.312
Han Qiong	Beneficial owner	4,000,000	4,000,000	0.108
		28,500,000	28,500,000	

Save as disclosed herein, as at 30 June 2010, 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.



SHARE OPTION SCHEME

As at 30 June 2010, options to subscribe for an aggregate of 401,450,000 shares of the Company granted to certain Directors, employees and suppliers/advisors of the Group were outstanding. Details of which were as follows:

Name or category of participant	Number of share options					Date of grant of share options (note a)	Exercise period of share options	Exercise price of share options*
	At 1 January 2010 (represented)*	Granted during the year	Exercised during the year	Lapsed during the year	At 30 June 2010			
Directors								
Mr. Zhou Ze Fan	2,000,000	-	-	-	2,000,000	4 December 2009	Period 12	0.260
	2,000,000	-	-	-	2,000,000	4 December 2009	Period 13	0.260
	3,000,000	-	-	-	3,000,000	4 December 2009	Period 14	0.260
	3,000,000	-	-	-	3,000,000	4 December 2009	Period 15	0.260
	<u>10,000,000</u>	-	-	-	<u>10,000,000</u>			
Mr. Ng Tang	600,000	-	-	-	600,000	4 December 2009	Period 12	0.260
	600,000	-	-	-	600,000	4 December 2009	Period 13	0.260
	900,000	-	-	-	900,000	4 December 2009	Period 14	0.260
	900,000	-	-	-	900,000	4 December 2009	Period 15	0.260
	<u>3,000,000</u>	-	-	-	<u>3,000,000</u>			
Mr. Xu Bing	<u>1,500,000</u>	-	(1,500,000)	-	-	20 May 2009	Period 9	0.234
Mr. Kang Hongbo	1,500,000	-	-	-	1,500,000	20 May 2009	Period 9	0.234
	2,000,000	-	-	-	2,000,000	4 December 2009	Period 12	0.260
	2,000,000	-	-	-	2,000,000	4 December 2009	Period 13	0.260
	3,000,000	-	-	-	3,000,000	4 December 2009	Period 14	0.260
	3,000,000	-	-	-	3,000,000	4 December 2009	Period 15	0.260
	<u>11,500,000</u>	-	-	-	<u>11,500,000</u>			

Name or category of participant	Number of share options					Date of grant of share options (note a)	Exercise period of share options	Exercise price of share options*	
	At 1 January 2010 (represented)*	Granted during the year	Exercised during the year	Lapsed during the year	At 30 June 2010				
Directors									
Ms. Han Qiong	800,000	-	-	-	800,000	4 December 2009	Period 12	0.260	
	800,000	-	-	-	800,000	4 December 2009	Period 13	0.260	
	1,200,000	-	-	-	1,200,000	4 December 2009	Period 14	0.260	
	1,200,000	-	-	-	1,200,000	4 December 2009	Period 15	0.260	
	4,000,000	-	-	-	4,000,000				
Other employees									
In aggregate	1,500,000	-	-	(1,500,000)	-	12 June 2008	Period 5	0.340	
	5,500,000	-	(4,000,000)	-	1,500,000	15 May 2009	Period 7	0.216	
	5,000,000	-	-	-	5,000,000	20 May 2009	Period 9	0.234	
	22,980,000	-	-	(640,000)	22,340,000	4 December 2009	Period 12	0.260	
	22,980,000	-	-	(640,000)	22,340,000	4 December 2009	Period 13	0.260	
	34,470,000	-	-	(960,000)	33,510,000	4 December 2009	Period 14	0.260	
	34,470,000	-	-	(960,000)	33,510,000	4 December 2009	Period 15	0.260	
	126,900,000	-	(4,000,000)	(4,700,000)	118,200,000				
	Suppliers/Advisors								
	In aggregate	131,250,000	-	-	-	131,250,000	17 December 2007	Period 2	0.066
20,000,000		-	-	-	20,000,000	12 June 2008	Period 6	0.340	
40,000,000		-	-	-	40,000,000	19 May 2009	Period 8	0.220	
1,500,000		-	(1,500,000)	-	-	20 May 2009	Period 9	0.234	
3,500,000		-	-	-	3,500,000	17 August 2009	Period 10	0.272	
10,000,000		-	-	-	10,000,000	4 December 2009	Period 11	0.260	
10,000,000		-	-	-	10,000,000	4 December 2009	Period 12	0.260	
10,000,000		-	-	-	10,000,000	4 December 2009	Period 13	0.260	
15,000,000		-	-	-	15,000,000	4 December 2009	Period 14	0.260	
15,000,000		-	-	-	15,000,000	4 December 2009	Period 15	0.260	
256,250,000		-	(1,500,000)	-	254,750,000				
413,150,000		-	(7,000,000)	(4,700,000)	401,450,000				

* The exercise price and number of share options were adjusted for the effect of Shares Subdivision 2009.

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	15 November 2009 to 14 May 2014
Period 8	19 May 2009 to 18 May 2014
Period 9	20 March 2010 to 19 May 2014
Period 10	17 June 2010 to 16 August 2014
Period 11	4 December 2009 to 3 December 2014
Period 12	4 December 2010 to 3 December 2014
Period 13	4 December 2011 to 3 December 2014
Period 14	4 December 2012 to 3 December 2014
Period 15	4 December 2013 to 4 December 2014

Notes:

- (a) The vesting date of the share options for Period 2, 6, 8 and 11 are the date of grant. The vesting date of the share options for Period 5 and 7 will vest after six months from the date of grant. The vesting date of the share options for Period 9 and 10 will vest after ten months from the date of grant. The vesting date of the share options for Period 12, 13, 14 and 15 will vest after to one, two, three and four years from the date of grant respectively.



SUBSTANTIAL SHAREHOLDERS

As at 30 June 2010, 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	2,445,111,359	66.25
Mei Wei (Note 1)	Held by controlled corporation	2,445,111,359	66.25
	Beneficial owner	61,050,000	1.65
		2,506,161,359	67.90
Callaway Group Limited (Note 2)	Beneficial owner	448,144,014	12.14
Ms. Cui Yan Wen (Note 2)	Interest of spouse	458,144,014	12.41

Notes:

1. A convertible bond in the sum of HK\$442,143,641.72 which can be converted into 2,009,743,863 shares at the conversion price of HK\$0.22 and 435,367,533 shares were held by Ruffy Investments Limited, which is wholly-owned by Mr. Mei Wei. Mr. Mei Wei was deemed to be interest in these shares and the short positions in the shares under the SFO.
2. Mr. Zhuo Ze Fan, an executive director, holds the entire issued shares of Callaway Group Limited, which in turned is interested in 448,144,014 shares. Mr. Zhou Ze Fan also hold 10,000,000 share options in his personal name. So Mr. Zhuo Ze Fan is interested in 458,144,014 under the SFO. His spouse, Ms. Cui Yan Wen, are deemed to be interested in 458,144,014 shares under the SFO.

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 2010.

CORPORATE GOVERNANCE

The Company has complied throughout the six months ended 30 June 2010 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 2009 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.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Each of the Directors and management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has confirmed that none of them had any business or interests in companies that competes or may compete with the business of the Group or any other conflict of interests with the interests of the Group.

EMPLOYEES AND REMUNERATION POLICIES

At 30 June 2010, the Group had approximately 382 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 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

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. Liu Yaosheng, Mr. Chau Kam Wing, Donald and Mr. Chen Mingxian.

The Group's unaudited consolidated results for the six months ended 30 June 2010 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

Save for completion of the disposal of Sungreen Group on 31 March 2010, no material acquisitions or disposals of subsidiaries and associated companies have been made by the Company during the six months ended 30 June 2010.

PUBLIC FLOAT

For the six-month period ended 30 June 2010, the Company has maintained the public float requirement as stipulated by GEM Listing Rules.

On behalf of the Board
China Nonferrous Metals Company Limited
Kang Hongbo
Executive director

Hong Kong,
13 August 2010

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. Liu Yaosheng, Mr. Chau Kam Wing, Donald and Mr. Chen Mingxian.