

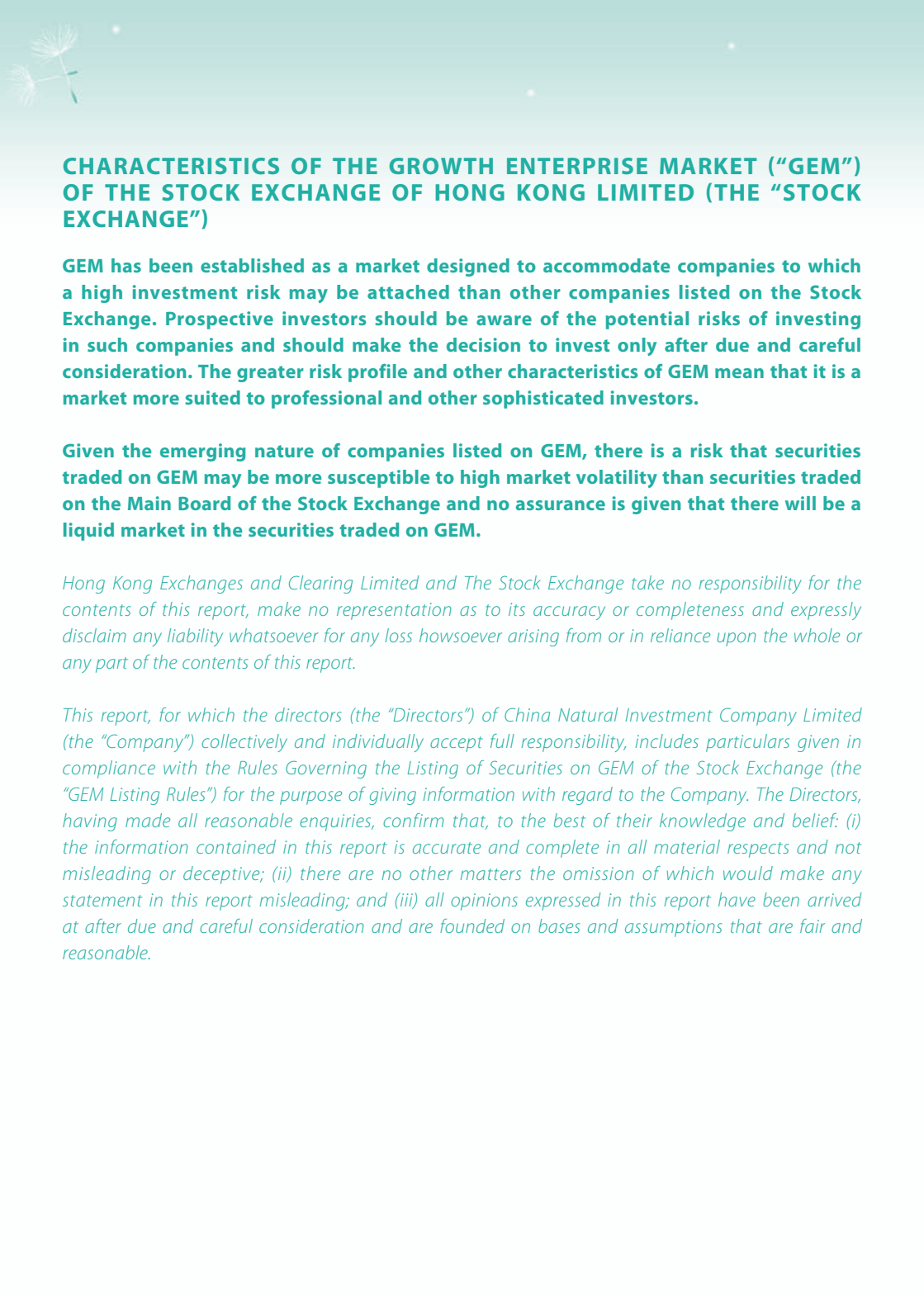


China Natural Investment Company Limited 中國天然投資有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 8250)



2013
First Quarterly Report



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

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the “Directors”) of China Natural Investment 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 of the Stock Exchange (the “GEM Listing Rules”) for the purpose 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: (i) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; (ii) there are no other matters the omission of which would make any statement in this report misleading; and (iii) 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.



FINANCIAL HIGHLIGHTS

For the three months ended 30 September 2013:

- Revenue from continuing operations amounted to approximately HK\$13,205,000 (2012: HK\$11,168,000), representing an increase of 18.2% as compared to that of the corresponding period in 2012.
- Loss attributable to owners of the Company amounted to approximately HK\$4,518,000 (2012: profit of approximately HK\$7,071,000). The loss for the Period was mainly due to (i) the increase of approximately HK\$6,146,000 in administrative and other operating expenses; and (ii) the decrease of approximately HK\$10,826,000 in the gain arising on change in fair values of held-for-trading investments and investment properties, as compared to those of the corresponding period last year.

The Board does not recommend the payment of a dividend for the three months ended 30 September 2013 (2012: Nil).

FIRST QUARTERLY RESULTS (UNAUDITED)

The board of Directors (the "Board") of the Company announces herewith the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the three months ended 30 September 2013, together with the comparative unaudited figures for the corresponding period in 2012 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 September 2013

		For the three months ended 30 September	
		2013	2012
		(Unaudited)	(Unaudited)
<i>Notes</i>		HK\$	<i>HK\$</i> (restated)
Continuing operations			
	3	13,205,299	11,168,000
		(9,724,856)	(7,323,081)
		3,480,443	3,844,919
	4	1,408,910	402,554
		(852,403)	(1,331,209)
		(9,111,881)	(7,050,021)
		(4,626,393)	(541,970)
		995,040	3,170,900
		4,315,111	–
	5	(4,391,173)	(1,504,827)
	6	(126,396)	(9,349)
		(4,517,569)	(1,514,176)



		For the three months ended	
		30 September	
		2013	2012
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$	<i>HK\$</i>
			(restated)
Discontinued operation			
Profit for the period from discontinued operation	7	–	8,584,998
(Loss)/profit for the period		(4,517,569)	7,070,822
Other comprehensive expense		(2,166,219)	–
(Loss)/profit and total comprehensive (expense)/ income for the period attributable to owners of the Company		(6,683,788)	7,070,822
Dividends	8	–	–
(Loss)/earnings per share	9		
From continuing and discontinued operation			
– Basic and diluted (HK cents per share)		(0.10)	0.43
From continuing operations			
– Basic and diluted (HK cents per share)		(0.10)	(0.09)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 September 2013

	Share capital HK\$	Share premium HK\$	Foreign currency translation reserves HK\$	Accumulated losses HK\$	Total equity attributable to owners of the Company HK\$
Balance at 1 July 2013 (Audited)	<u>233,125,117</u>	<u>303,778,098</u>	<u>(228,693)</u>	<u>(64,063,960)</u>	<u>472,610,562</u>
Loss for the period	-	-	-	(4,517,569)	(4,517,569)
Exchange differences on translation of foreign operations	-	-	(2,166,219)	-	(2,166,219)
Loss and total comprehensive expense for the period	-	-	(2,166,219)	(4,517,569)	(6,683,788)
Balance at 30 September 2013 (Unaudited)	<u>233,125,117</u>	<u>303,778,098</u>	<u>(2,394,912)</u>	<u>(68,581,529)</u>	<u>465,926,774</u>

For the three months ended 30 September 2012

	Share capital HK\$	Share premium HK\$	Share options reserves HK\$	Property revaluation reserve HK\$	Accumulated losses HK\$	Total equity attributable to owners of the Company HK\$
Balance at 1 July 2012 (Audited)	<u>83,125,117</u>	<u>305,759,278</u>	<u>837,295</u>	<u>221,726</u>	<u>(76,805,646)</u>	<u>313,137,770</u>
Profit and total comprehensive income for the period	-	-	-	-	7,070,822	7,070,822
Balance at 30 September 2012 (Unaudited)	<u>83,125,117</u>	<u>305,759,278</u>	<u>837,295</u>	<u>221,726</u>	<u>(69,734,824)</u>	<u>320,208,592</u>



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS:

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands, and its shares are listed on GEM.

The Company is an investment holding company. Its subsidiaries are principally engaged in the manufacturing and sale of pharmaceutical products, provision of advertising and public relations services, processing and trading of fluorite products and investment holding.

2. BASIS OF PREPARATION

The unaudited condensed consolidated results have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and Hong Kong Accounting Standards and Interpretation issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

The unaudited condensed consolidated results have been prepared under the historical cost convention, as modified by the valuation of investments and investment properties which are measured at their fair values.

The accounting policies used in the preparation of the unaudited condensed consolidated results are consistent with those adopted in preparing the Group's audited financial statements for the year ended 30 June 2013.

In the current period, the Group has adopted all the new and revised HKFRS issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 July 2013. The adoption of these new and revised HKFRS did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current and prior periods.

The Group has not early adopted any new and revised HKFRS that have been issued but are not yet effective for the current period. The Group has already commenced an assessment of the impact of these new and revised HKFRS but is not yet in a position to reasonably estimate whether these new and revised HKFRS would have a significant impact on the Group's results of operations and financial position.

3. REVENUE

The Group's revenue represents revenue arising on (i) manufacturing and sale of pharmaceutical products, (ii) provision of advertising and public relations services, and (iii) processing and trading of fluorite products. An analysis of the Group's revenue for the period is as follows:

	For the three months ended 30 September	
	2013 (Unaudited) HK\$	2012 (Unaudited) HK\$ (restated)
Continuing operations		
Manufacturing and sale of pharmaceutical products	4,047,828	5,946,810
Provision of advertising and public relations services	6,338,286	5,221,190
Processing and trading of fluorite products	2,819,185	–
	13,205,299	11,168,000

4. OTHER INCOME

	For the three months ended 30 September	
	2013 (Unaudited) HK\$	2012 (Unaudited) HK\$ (restated)
Continuing operations		
Interest income	435,910	360,878
Sundry income	973,000	41,676
	1,408,910	402,554



5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	For the three months ended 30 September	
	2013 (Unaudited) HK\$	2012 (Unaudited) HK\$ (restated)
Continuing operations		
Depreciation of property, plant and equipment	729,500	358,620
Cost of inventories sold	<u>5,611,502</u>	<u>2,560,620</u>

6. INCOME TAX EXPENSE

	For the three months ended 30 September	
	2013 (Unaudited) HK\$	2012 (Unaudited) HK\$ (restated)
Continuing operations		
Current tax:		
Hong Kong profit tax	<u>126,396</u>	<u>9,349</u>

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for the period.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

There was no material unprovided deferred taxation for the three months ended 30 September 2013 (2012: Nil).

7. DISCONTINUED OPERATION

On 7 September 2012, Chemosino International Limited (“Chemosino”), a wholly-owned subsidiary of the Company and Town Health Asset Management Limited (the “Acquirer”) entered into a sale and purchase agreement in relation to the entire issued capital of Million Worldwide Investment Limited (“Million Worldwide”), a wholly-owned subsidiary of the Company. The consideration would be satisfied by the allotment and issue of 225 new ordinary shares of HK\$1.00 each in the issued share capital of the Acquirer to Chemosino upon completion. Million Worldwide, together with its subsidiaries, carried out all of the Group’s property investment business. The disposal was completed on 10 December 2012, on which date control of the property investment operation passed to the Acquirer.

During the three months ended 30 September 2012, profit for the period from discontinued operation was mainly attributable to the gain arising on change in fair value of investment properties. The results of the discontinued operation included in the condensed consolidated statement of profit or loss and other comprehensive income are set out below.

	Three months ended	
	30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Profit for the period from discontinued operation		
Revenue	-	1,487,108
Cost of services provided	-	(88,429)
Other income	-	40,987
Administrative expenses	-	(1,034,562)
Other operating expenses	-	(349,315)
Gain arising on change in fair value of investment properties	-	8,650,000
	<hr/>	<hr/>
Profit before tax	-	8,705,789
Income tax expenses	-	(120,791)
	<hr/>	<hr/>
Profit for the period from discontinued operation	-	8,584,998
	<hr/>	<hr/>



8. DIVIDENDS

The Board does not recommend the payment of a dividend for the three months ended 30 September 2013 (2012: Nil).

9. (LOSS)/EARNINGS PER SHARE

	Three months ended 30 September	
	2013 (Unaudited) HK\$	2012 (Unaudited) HK\$ (restated)
From continuing and discontinued operations		
(Loss)/profit for the period attributable to owners of the Company	(4,517,569)	7,070,822
Weighted average number of shares in issue	4,662,502,338	1,662,502,338
Basic and diluted (HK cents per share)	(0.10)	0.43
From continuing operations		
Loss for the period from continuing operations	(4,517,569)	(1,514,176)
Weighted average number of shares in issue	4,662,502,338	1,662,502,338
Basic and diluted (HK cents per share)	(0.10)	(0.09)

For the three months ended 30 September 2012, the computation of diluted (loss)/earnings per share from continuing operations and from continuing and discontinued operations did not consider the impact of the potential ordinary shares as the exercise price of the Company's outstanding share options was higher than the average market share price of the Company for the period.

10. COMPARATIVE FIGURES

As a result of the discontinued operation as set out in note 7, certain comparative figures have been adjusted to conform to current period's presentation and to provide comparative amounts in respect of items disclosed for the first time in the current period.



MANAGEMENT DISCUSSION AND ANALYSIS

Business and Financial Review

For the three months ended 30 September 2013 (the “Period”), the Group recorded revenue from continuing operations of approximately HK\$13,205,000 (2012: HK\$11,168,000), representing an increase of 18.2% compared with that of the corresponding period in 2012. The gross profit from continuing operations for the Period was approximately HK\$3,480,000 (2012: HK\$3,845,000), representing a drop of 9.5% as compared with that of the corresponding period last year.

Loss attributable to owners of the Company for the Period was approximately HK\$4,518,000 (2012: profit of approximately HK\$7,071,000). The loss for the Period was mainly due to (i) the increase of approximately HK\$6,146,000 in administrative and other operating expenses; and (ii) the decrease of approximately HK\$10,826,000 in the gain arising on change in fair values of held-for-trading investments and investment properties, as compared to those of the corresponding period last year.

Advertising and Public Relations Business

As Hong Kong is the world’s leading financial centre, and with the more dynamic growth of the Asian economies, demand for financial services is blooming and the public relations industry is growing concurrently.

Benefited from the favorable market conditions and the Group’s strategic deployment, PR Asia Consultants Limited (“PR Asia”) achieved to gain growing reputation and stronger foothold in the financial public relations industry in both Hong Kong and the People’s Republic of China, and PR Asia continues to contribute stable source of income to the Group.

For the Period, the Group’s provision of advertising and public relations services recorded a revenue of approximately HK\$6,338,000, which accounted for 48.0% of the Group’s total revenue.

Investment in Held-for-trading Security

The Company had held-for-trading investment in a listed security in Hong Kong, the market value amounted to approximately HK\$14,200,000 as at 30 September 2013. During the Period, a gain of approximately HK\$995,000 was recorded. The investment in the listed securities is one of the treasury policy of the Group to make use of certain surplus funds retained by the Group.



Manufacturing and Selling Pharmaceutical Products Business

Nowadays with the pursuit of healthy living and increases in Hong Kong's senior population, the demand for pharmaceutical products is growing rapidly. However, due to the increasing operating costs in Hong Kong and the fierce competition from the overseas counterparts, both the revenue and profit margin of the Group's manufacturing and sales of pharmaceutical products business has been decreasing during the past years. During the Period, the Group's manufacturing and sales of pharmaceutical products recorded a revenue of approximately HK\$4,048,000, which accounted for 30.7% of the Group's total revenue.

Fluorite Processing and Trading Business

On 31 July 2013, the Group completed the acquisition of a fluorite processing and trading business located in Outer Mongolia, Sino-Mongolia Fluorspar Mining Co., Ltd. From the completion date to the period ended 30 September 2013, the Group's fluorite processing and trading business recorded a revenue of approximately HK\$2,819,000, which accounted for 21.3% of the Group's total revenue.

Fluorite, also known as fluorspar, is a kind of ore mainly comprising calcium fluoride (CaF₂), which is a basic raw material for downstream metallurgical, fluorine chemical and other industries. The recoverable reserve of fluorite in Mongolia ranks number 4 in the world. The entering into the fluorite processing and trading business will allow the Group to explore fluorite and other nature resources in Mongolia. Due to the scarcity of fluorite in the world and its multi applications in various industries, the management is confident the fluorite processing and trading business will be benefit to the Group in the long run.

Outlook

With global economic conditions remaining volatile, the year ahead is expected to remain uncertain. The Group remains positive but prudent on the prospects for its business and operating conditions. The Group maintains a conservative approach to investing and continues to evaluate investment opportunities arise from time to time. The opportunities offered to the Group will far outweigh the challenges ahead. The Group will continue to appropriately manage risks and expenses in the dynamic market to deliver long-term value to the Company and our shareholders.



Significant Investments, Acquisitions and Disposals

(a) Acquisition of Sino-Mongolia Fluorspar Mining Co., Ltd.

On 15 May 2012, the Company announced that Huge Discovery Limited (“Huge Discovery”) (an indirect wholly-owned subsidiary of the Company), as purchaser, and Ms. Chen Yejun and Mr. Huang Tianhua, collectively as vendors, entered into an acquisition agreement dated 7 May 2012 to acquire the entire equity interest in the Sino-Mongolia Fluorspar Mining Co., Ltd. and the related shareholders’ loan, at a cash consideration of HK\$148,000,000 (subject to adjustments). The aforesaid acquisition constituted a major transaction on the part of the Company under the GEM Listing Rules, and completion took place on 31 July 2013.

(b) Proposed Acquisition of World Sheen International Group Limited

On 17 October 2013, an independent third party, as vendor, entered into a sale and purchase agreement (the “SP Agreement”) with Top Icon Enterprises Limited (“Top Icon”) (an indirect wholly-owned subsidiary of the Company), as purchaser. Pursuant to the SP Agreement, the vendor has conditionally agreed to sell and Top Icon has conditionally agreed to acquire 8% issued share capital of World Sheen International Group Limited (“World Sheen”), at a consideration of HK\$23,600,000 (subject to adjustments). World Sheen is a company incorporated in Hong Kong and is principally engaged in trading of solar energy panel and energy saving lighting products, and also engaged in the design and installation of solar energy generating and energy saving lighting system. The aforesaid acquisition does not constitute a notifiable transaction under rule 19.85 of the GEM Listing Rules and has not been completed as of the date of publication of this financial statements.

(c) Memorandum of Understanding relating to Possible Connected Acquisition

On 18 October 2013, the Company announced that a memorandum of understanding (the “MOU”) was entered into between the Company and Mr. Hu Zhixiong (“Mr. Hu”) who owns 55% of the issued share capital of Ordos City Tai Pu Mining Engineering Company Limited (“Tai Pu”), in relation to the possible connected acquisition of not less than 51% of the issued share capital of Tai Pu as contemplated under the MOU (the “Possible Connected Acquisition”).

Mr. Hu is a substantial shareholder of Tai Pu and is also a substantial shareholder of the Company. Therefore, Mr. Hu is regarded as a connected person of the Company, and the Possible Connected Acquisition constitutes a connected transaction under Chapter 20 of the GEM Listing Rules.



Pursuant to the MOU, the Company was granted an exclusive right that Mr. Hu shall neither enter into discussion or negotiation with any third parties other than the Company in relation to the Possible Connected Acquisition, nor enter into any related agreement or arrangement up to three months after the completion of due diligence investigations of Tai Pu and its subsidiaries (if any).

No formal sale and purchase agreement has been entered as of the date of publication of this financial statements.

(d) *Disposal of Kingston Group Holdings Limited (“Disposal”)*

On 1 November 2013, the Company announced that a sale and purchase agreement (the “Disposal Agreement”) dated 1 November 2013 was entered into between a company incorporated in BVI with limited liability, as purchaser, which is and whose ultimate beneficial owners are independent third parties of the Company and its connected person (the “Purchaser”), and Island Kingdom Company Limited (“Island Kingdom”) (an indirect wholly-owned subsidiary of the Company), as vendor. Pursuant to the Disposal Agreement, Island Kingdom has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the entire issued share capital of Kingston Group Holdings Limited (“Kingston”) (together with its subsidiaries, the “Kingston Group”), a company directly wholly-owned by Island Kingdom, at a cash consideration of HK\$3,000,000. The Kingston Group is principally engaged in marketing and sale of health supplements, traditional Chinese medicines, slimming pills and beauty products. The Disposal constituted a discloseable transaction of the Company under the GEM Listing Rules, and was completed on 8 November 2013.

(e) *Placing under General Mandate*

(i) Pursuant to a placing agreement entered into between the Company and Get Nice Securities Limited (the “Placing Agent”) on 27 September 2013, the Company conditionally agreed to place, through the Placing Agent, on a best efforts basis, a maximum of 530,000,000 placing shares to not less than six independent placees at a price of HK\$0.178 per placing share. The issuance of the placing shares had been completed on 31 October 2013 and an aggregate of 300,000,000 shares of the Company had been issued. The aggregate net proceeds from the placing was approximately HK\$52,000,000.

(ii) On 5 November 2013, the Company entered into another placing agreement with the Placing Agent, whereby the Company conditionally agreed to place, through the Placing Agent, on a best efforts basis, a maximum of 230,000,000 placing shares to not less than six independent placees at a price of HK\$0.198 per placing share. The maximum aggregate net proceeds from the placing will be approximately HK\$44,400,000. The issuance of placing shares has not been completed as of the date of publication of this financial statement.



OTHER INFORMATION

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 September 2013, none of the Directors or chief executives of the Company had any interests or short positions in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 30 September 2013, so far as is known to the Directors and the chief executive of the Company, the interests and short positions of the persons or corporations (other than the Directors and the chief executive of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO; or who was directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group, were as follows:

Long position in ordinary shares of HK\$0.05 each of the Company

Name of Shareholders	Nature of interests	Number of shares held	Approximate percentage of shareholding
Tai Pu Mining International Co., Ltd (" <i>Note</i> ")	Beneficial owner	1,300,000,000	27.88%
Mr. Hu Zhixiong (" <i>Note</i> ")	Held by controlled entity	1,300,000,000	27.88%
Mr. Zhang Lijun	Personal	258,000,000	5.53%

Note: Tai Pu Mining International Co., Ltd is a company incorporated in the British Virgin Islands, and wholly and beneficially owned by Mr. Hu Zhixiong.

Save as disclosed above, as at 30 September 2013, so far as is known to the Directors and the chief executive of the Company, and based on the public records filed on the website of the Stock Exchange and records kept by the Company, no other person or corporation has interests



or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO; or, who was directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group.

Share Options

A share option scheme (the "Share Option Scheme") was adopted by the Company on 20 April 2004 for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The Board may, at its discretion, invite any employees, directors, advisers, consultants, licensors, distributors, suppliers, agents, customers, joint venture partners, strategic partners and services providers of and/or to any member of the Group whom the Board considers in its sole discretion, have contributed to the Group from time to time to take up options to subscribe for shares of the Company.

As at 30 September 2013, there was no outstanding share options available to subscribe for shares of the Company under the Share Option Scheme. No share options was granted, exercised, cancelled or lapsed during the Period.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed under the heading "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" and "Share options" in this report, at no time during the Period was the Company or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Competing Interests

During the Period, none of the Directors or controlling shareholders of the Company (as defined in the GEM Listing Rules) or any of their respective associates had any interest in a business which competes or may compete with the business of the Group or had or might have any conflicts of interest with the Group.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.



Compliance with Code of Conduct for Securities Transactions by Directors

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as a code of conduct of the Company regarding securities transactions by the Directors. The Company has made specific enquiry of all the Directors, and the Directors have complied with the required standard of dealings and the Company's code of conduct regarding securities transactions by the Directors throughout the Period.

Code on Corporate Governance Practices

The Company endeavours in maintaining high standard of corporate governance for the enhancement of shareholders' value. The Company has applied the principles of and complied with all the applicable code provisions and, where appropriate, the applicable recommended best practices of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules during the Period.

Audit Committee

The Company has established an audit committee (the "Audit Committee") with written terms of reference in compliance with the CG Code. The primary duties of the Audit Committee are to (i) review the Company's annual report and accounts, interim reports and quarterly reports; (ii) provide advice and comments thereon to the Board; and (iii) review and supervise the Group's financial reporting and internal control procedures.

As at the date of this report, the Audit Committee comprises three independent non-executive Directors, namely Mr. Chi Chi Hung, Kenneth (committee chairman), Mr. Tam B Ray, Billy and Mr. Yan Shengxian.

This report, including the Group's unaudited condensed consolidated financial statements for the Period, has been reviewed by the Audit Committee.

By Order of the Board
China Natural Investment Company Limited
Cai Da
Chief Executive Officer

Hong Kong, 11 November 2013

As at the date of this report, the Board comprises (i) five executive directors namely, Mr. Li Wai Hung, Mr. Cai Da, Mr. Chen Liang, Mr. Chen Youhua and Ms. Xiong Yun Huan; and (ii) three independent non-executive directors namely, Mr. Tam B Ray, Billy, Mr. Chi Chi Hung, Kenneth and Mr. Yan Shengxian.