



莊勝百貨集團有限公司  
JUNEFIELD DEPARTMENT STORE GROUP LIMITED  
(Incorporated in Bermuda with limited liability)  
(Stock Code : 758)

## **CONTENTS**

	<i>Page</i>
Condensed Consolidated Income Statement	2
Condensed Consolidated Statement of Comprehensive Income	4
Condensed Consolidated Statement of Financial Position	5
Condensed Consolidated Statement of Changes in Equity	7
Condensed Consolidated Statement of Cash Flows	8
Notes to Condensed Consolidated Financial Statements	9
Management Discussion and Analysis	33
Supplementary Information	39

The board of directors (the "Board") of Junefield Department Store Group Limited (the "Company") is pleased to announce the unaudited results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2013 as below:

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2013

		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2013</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2012 (Unaudited) HK\$'000 (Restated)
<b>Revenue</b>	5	<b>44,610</b>	117,251
Cost of sales and services		<b>(36,882)</b>	(53,720)
Gross profit		<b>7,728</b>	63,531
Other income	5	<b>2,605</b>	2,659
Selling and distribution expenses		<b>(593)</b>	(682)
Administrative expenses		<b>(22,378)</b>	(20,594)
Other operating expenses		<b>(6,436)</b>	(6,325)
Fair value losses on reclassification of available-for-sale investments to an associate		<b>(36,961)</b>	–
Fair value gains on investment properties		<b>1,158</b>	1,684
<b>Operating (loss)/profit</b>	6	<b>(54,877)</b>	40,273
Finance costs	7	<b>(3,277)</b>	(1,004)
Share of profit of a joint venture		<b>99,459</b>	85,123
Share of loss of an associate		<b>(7,346)</b>	–
<b>Profit before tax</b>		<b>33,959</b>	124,392
Income tax expense	8	<b>(4,267)</b>	(16,123)
<b>Profit for the period</b>		<b>29,692</b>	108,269

**CONDENSED CONSOLIDATED INCOME STATEMENT** *(continued)*

For the six months ended 30 June 2013

	Note	Six months ended 30 June	
		2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Attributable to:			
Owners of the Company		28,116	97,471
Non-controlling interests		1,576	10,798
		<u>29,692</u>	<u>108,269</u>
<b>Earnings per share attributable to owners of the Company</b>			
Basic	9	<u>HK2.77 cents</u>	<u>HK9.59 cents</u>
Diluted		<u>HK2.71 cents</u>	<u>HK9.37 cents</u>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME***For the six months ended 30 June 2013*

	<b>Six months ended 30 June</b>	
	<b>2013</b>	2012
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>Profit for the period</b>	<b>29,692</b>	108,269
<b>Other comprehensive income</b>		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
Change in fair value of available-for-sale investments	<b>290</b>	(8,709)
Fair value losses on reclassification of available-for-sale investments to an associate	<b>36,961</b>	–
Exchange differences on translation of foreign operations	<b>378</b>	(2,410)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	<b>37,629</b>	(11,119)
<b>Other comprehensive income for the period, net of tax</b>	<b>37,629</b>	(11,119)
<b>Total comprehensive income for the period</b>	<b>67,321</b>	97,150
Attributable to:		
Owners of the Company	<b>63,539</b>	87,953
Non-controlling interests	<b>3,782</b>	9,197
	<b>67,321</b>	97,150

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

Note	<b>30 June 2013 (Unaudited) HK\$'000</b>	31 December 2012 (Audited) HK\$'000
<b>Non-current assets</b>		
	<b>233,388</b>	235,592
	<b>170,472</b>	47,765
	<b>24,521</b>	24,450
	<b>147,631</b>	152,048
	<b>135,933</b>	187,957
	<b>52,263</b>	–
11	–	48,448
	<b>764,208</b>	696,260
<b>Current assets</b>		
	<b>7,091</b>	3,353
	<b>23,792</b>	3,000
12	<b>11,918</b>	11,920
	<b>26,758</b>	14,257
	<b>1,145</b>	45
	<b>10,976</b>	11,720
	<b>11,834</b>	26,476
	<b>12,639</b>	–
	<b>99,627</b>	162,518
	<b>85,859</b>	120,424
	<b>291,639</b>	353,713
<b>Current liabilities</b>		
13	<b>2,332</b>	3,541
	<b>62,747</b>	52,256
	<b>93</b>	29
	<b>8,748</b>	6,089
	<b>20</b>	19
	<b>6,278</b>	4,936
14	<b>107,269</b>	161,046
	<b>187,487</b>	227,916
<b>Net current assets</b>		
	<b>104,152</b>	125,797

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION***(continued)*

At 30 June 2013

	<i>Note</i>	<b>30 June 2013 (Unaudited) HK\$'000</b>	31 December 2012 (Audited) HK\$'000
<b>Total assets less current liabilities</b>		<b>868,360</b>	822,057
<b>Non-current liabilities</b>			
Deferred tax liabilities		<b>63,183</b>	68,958
Total non-current liabilities		<b>63,183</b>	68,958
<b>Net assets</b>		<b>805,177</b>	753,099
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital	15	<b>101,617</b>	101,617
Reserves		<b>560,184</b>	511,888
<b>Non-controlling interests</b>		<b>661,801</b>	613,505
		<b>143,376</b>	139,594
<b>Total equity</b>		<b>805,177</b>	753,099

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Attributable to owners of the Company										
	Issued capital HK\$'000 (note 15)	Share premium account HK\$'000	Capital reserve HK\$'000	Statutory surplus reserve HK\$'000	Share option reserve HK\$'000	Investments revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2013 (audited)	101,617	70,962	19,170	15,524	5,540	(37,251)	20,538	417,405	613,505	139,594	753,099
<b>Comprehensive income</b>											
Profit for the period	-	-	-	-	-	-	-	28,116	28,116	1,576	29,692
<b>Other comprehensive income</b>											
Gain on fair value changes of available-for-sale investments	-	-	-	-	-	290	-	-	290	-	290
Fair value losses on reclassification of available-for-sale investments to an associate	-	-	-	-	-	36,961	-	-	36,961	-	36,961
Exchange difference on translation of foreign operations	-	-	-	-	-	-	(1,828)	-	(1,828)	2,206	378
<b>Total comprehensive income for the period</b>	-	-	-	-	-	37,251	(1,828)	28,116	63,539	3,782	67,321
Final 2012 dividend paid	-	-	-	-	-	-	-	(15,243)	(15,243)	-	(15,243)
At 30 June 2013 (unaudited)	101,617	70,962	19,170	15,524	5,540	-	18,710	430,278	661,801	143,376	805,177
At 1 January 2012 (audited)	101,617	70,962	19,170	11,507	5,540	-	16,589	281,503	506,888	118,811	625,699
<b>Comprehensive income</b>											
Profit for the period	-	-	-	-	-	-	-	97,471	97,471	10,798	108,269
<b>Other comprehensive income</b>											
Loss on fair value changes of available-for-sale investments	-	-	-	-	-	(8,709)	-	-	(8,709)	-	(8,709)
Exchange difference on translation of foreign operations	-	-	-	-	-	-	(809)	-	(809)	(1,601)	(2,410)
<b>Total comprehensive income for the period</b>	-	-	-	-	-	(8,709)	(809)	97,471	87,953	9,197	97,150
Final 2011 dividend paid	-	-	-	-	-	-	-	(15,243)	(15,243)	-	(15,243)
At 30 June 2012 (unaudited)	101,617	70,962	19,170	11,507	5,540	(8,709)	15,780	363,731	579,598	128,008	707,606



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	<b>Six months ended 30 June</b>	
	<b>2013</b>	2012
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>Net cash flows from operating activities</b>	<b>2,216</b>	22,474
<b>Net cash flows used in investing activities</b>	<b>(25,736)</b>	(81,139)
<b>Net cash flows used in financing activities</b>	<b>(72,474)</b>	(15,773)
<b>Net decrease in cash and cash equivalents</b>	<b>(95,994)</b>	(74,438)
Effect of foreign exchange rate changes, net	<b>(1,581)</b>	(1,767)
Cash and cash equivalents at beginning of the period	<b>275,246</b>	101,324
<b>Cash and cash equivalents at end of the period</b>	<b>177,671</b>	25,119
<b>Analysis of balances of cash and cash equivalents</b>		
Cash and bank balances	<b>85,859</b>	27,702
Bank overdrafts – unsecured	–	(7,554)
	<b>85,859</b>	20,148
Non-pledged time deposits with original maturity of less than three months when acquired	<b>91,812</b>	4,971
Cash and cash equivalents as stated in statement of cash flows	<b>177,671</b>	25,119

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

Junefield Department Store Group Limited (the "Company") is incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and 13th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

During the period, the Company and its subsidiaries (the "Group") were involved in the following principal activities:

- property investment;
- provision of property management and agency services;
- manufacture and sale of construction materials; and
- securities investments.

In the opinion of the directors, the immediate holding company of the Company is Prime Century Investments Limited, a company incorporated in the British Virgin Islands, and the ultimate holding company of the Company is Junefield (Holdings) Limited, a company incorporated in Hong Kong.

### 2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

### 3. PRINCIPAL ACCOUNTING POLICIES

These condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2012.

The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2012, except as described below:

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), HKASs and Interpretations, which are generally effective for accounting periods beginning on or after 1 January 2013. The Group has adopted the following HKFRSs, HKASs and Hong Kong (International Financial Reporting Interpretations Committee) Interpretations ("HK(IFRIC)-Int") issued up to 30 June 2013 which are pertinent to its operations and relevant to these interim financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities</i>
HKFRS 10	<i>Consolidated Financial Statements</i>
HKFRS 11	<i>Joint Arrangements</i>
HKFRS 12	<i>Disclosure of Interests in Other Entities</i>
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – <i>Transition Guidance</i>
HKFRS 13	<i>Fair Value Measurement</i>
HKAS 1 Amendments	Amendments to HKAS 1 <i>Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income</i>
HKAS 19 (2011)	<i>Employee Benefits</i>
HKAS 27 (2011)	<i>Separate Financial Statements</i>
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i>
HK(IFRIC)-Int 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>
<i>Annual Improvements 2009-2011 Cycle</i>	Amendments to a number of HKFRSs issued in June 2012

The adoption of the new and revised HKFRSs has had no significant financial effect on these condensed consolidated financial statements.

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

Certain comparative amounts of the condensed consolidated income statement have been reclassified and restated to conform with current period's presentation. Fair value gains on equity investments at fair value through profit or loss (held for trading) of approximately HK\$12,926,000 for the period ended 30 June 2012, which was previously presented on the face of condensed consolidated income statement, have been reclassified and included in the revenue of the condensed consolidated income statement.

**Impact of issued but not yet effective HKFRSs**

The Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective, in these condensed consolidated financial statements:

HKFRS 9	<i>Financial Instruments</i> <sup>2</sup>
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i> <sup>1</sup>
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments:</i> <i>Presentation – Offsetting Financial Assets and Financial Liabilities</i> <sup>1</sup>
HKAS 36 Amendments	<i>Impairment of Assets</i> <sup>1</sup>
HK(IFRIC)-Int 21	<i>Levies</i> <sup>1</sup>
HKFRS 7 and HKFRS 9 Amendments	Mandatory Effective Date and Transition Disclosures <sup>2</sup>

*Notes:*

<sup>1</sup> *Effective for annual periods beginning on or after 1 January 2014*

<sup>2</sup> *Effective for annual periods beginning on or after 1 January 2015*

**4. SEGMENT INFORMATION**

For management purposes, the Group is organised into business units based on their products and services and has five reportable operating segments as follows:

- (a) the property investment segment engages in property leasing and sale of properties;
- (b) the property management and agency services segment provides property management and agency services;
- (c) the manufacture and sale of construction materials segment engages in the manufacture and sale of slag powder;
- (d) the securities investments segment engages in investing in listed securities; and
- (e) the other segment comprises, principally, the Group's trading of minerals business.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment results represent the profit earned by each segment without allocation of central administration costs, interest income, finance costs, share of result of joint venture, share of result of associate and taxation.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices.

**4. SEGMENT INFORMATION** (continued)

**Segment results**

An analysis of the Group's segment results by reportable segment is as follows:

**For the six months ended 30 June 2013**

	Property investment (Unaudited) HK\$'000	Property management and agency services (Unaudited) HK\$'000	Manufacture and sale of construction materials (Unaudited) HK\$'000	Securities Investments (Unaudited) HK\$'000	Others (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<b>Segment revenue:</b>						
Sales to/revenue from external customers*	1,227	9,229	46,322	-	2,474	59,252
Investment income	-	-	-	(14,642)	-	(14,642)
	<u>1,227</u>	<u>9,229</u>	<u>46,322</u>	<u>(14,642)</u>	<u>2,474</u>	<u>44,610</u>
<b>Segment results</b>	<u>1,325</u>	<u>1,323</u>	<u>3,155</u>	<u>(51,250)</u>	<u>275</u>	<u>(45,172)</u>
Bank interest income and other unallocated income						2,208
Corporate and other unallocated expenses						(11,913)
Unallocated finance costs						(3,277)
Share of profit of a joint venture						99,459
Share of loss of an associate						(7,346)
Profit before tax						33,959
Income tax expense						(4,267)
Profit for the period						<u>29,692</u>

\* Since the amount of intersegment sales is insignificant, no reconciliation has been made.

**4. SEGMENT INFORMATION** (continued)**Segment results** (continued)

For the six months ended 30 June 2012

	Property investment (Unaudited) HK\$'000	Property management and agency services (Unaudited) HK\$'000	Manufacture and sale of construction materials (Unaudited) HK\$'000	Securities Investments (Unaudited) HK\$'000 (Restated)	Others (Unaudited) HK\$'000	Total (Unaudited) HK\$'000 (Restated)
<b>Segment revenue:</b>						
Sales to/revenue from external customers*	859	8,705	94,761	-	-	104,325
Investment income	-	-	-	12,926	-	12,926
	<u>859</u>	<u>8,705</u>	<u>94,761</u>	<u>12,926</u>	<u>-</u>	<u>117,251</u>
<b>Segment results</b>	<u>1,613</u>	<u>1,586</u>	<u>33,835</u>	<u>12,887</u>	<u>-</u>	<u>49,921</u>
Bank interest income and other unallocated income						1,367
Corporate and other unallocated expenses						(11,015)
Unallocated finance costs						(1,004)
Share of profit of a joint venture						85,123
Profit before tax						124,392
Income tax expense						(16,123)
Profit for the period						<u>108,269</u>

\* Since the amount of intersegment sales is insignificant, no reconciliation has been made.

**4. SEGMENT INFORMATION** (continued)

**Geographical information**

(a) Revenue from external customers

	<b>Six months ended 30 June</b>	
	<b>2013</b>	2012
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
		(Restated)
The People's Republic of China (the "PRC")	<b>59,251</b>	104,325
Hong Kong	<b>(276)</b>	(234)
Canada	<b>(14,365)</b>	13,160
	<b>44,610</b>	117,251

The revenue information above is based on the location of the customers.

(b) Non-current assets

	<b>30 June</b>	31 December
	<b>2013</b>	2012
	<b>(Unaudited)</b>	(Audited)
	<b>HK\$'000</b>	HK\$'000
PRC	<b>524,116</b>	586,443
Ecuador	<b>121,274</b>	–
Peru	<b>62,145</b>	57,442
Australia	<b>52,263</b>	48,448
Hong Kong	<b>4,175</b>	3,927
Columbia	<b>235</b>	–
	<b>764,208</b>	696,260

The non-current assets information above is based on the location of assets.



**4. SEGMENT INFORMATION** *(continued)***Information about major customers**

Revenue from customers of corresponding periods contributing over 10% of total revenue of the Group is as follows:

	<b>Six months ended 30 June</b>	
	<b>2013</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2012 (Unaudited) HK\$'000 (Restated)
Customer A *	<b>6,808</b>	N/A*
Customer B *	<b>5,593</b>	N/A*
Customer C *	<b>5,418</b>	N/A*
Customer D *	<b>4,534</b>	N/A*
	<b>22,353</b>	N/A*

\* *The corresponding revenue did not contribute over 10% of total revenue of the Group for the period.*

\* *Revenue attributable to manufacture and sale of construction materials segment.*

**5. REVENUE AND OTHER INCOME**

An analysis of the Group's revenue and other income is as follows:

	<b>Six months ended 30 June</b>	
	<b>2013</b>	2012
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
		(Restated)
Revenue		
Sale of construction materials	<b>46,322</b>	94,761
Property management and agency fees	<b>9,229</b>	8,705
Sale of minerals	<b>2,474</b>	–
Gross rental income	<b>1,227</b>	859
Fair value (losses)/gains, net:		
Equity investments at fair value through profit or loss – held for trading	<b>(14,642)</b>	12,926
	<b>44,610</b>	117,251
Other income		
Bank interest income	<b>397</b>	1,068
Interest income on other loans	<b>1,199</b>	192
Others	<b>1,009</b>	1,399
	<b>2,605</b>	2,659

**6. OPERATING (LOSS)/PROFIT**

The Group's operating (loss)/profit is arrived at after charging:

	<b>Six months ended 30 June</b>	
	<b>2013</b>	2012
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Employee benefits expense (including directors' remuneration)		
Salaries, wages and other benefits *	<b>13,167</b>	15,754
Pension scheme contributions	<b>1,587</b>	1,325
	<b>14,754</b>	17,079
Cost of inventories sold	<b>33,834</b>	51,497
Amortisation of other intangible assets	<b>6,436</b>	6,325
Amortisation of prepaid land lease payments	<b>279</b>	275
Depreciation of property, plant and equipment #	<b>11,877</b>	11,862

\* Salaries, wages and other benefits of approximately HK\$2,919,000 (six months ended 30 June 2012: HK\$6,758,000), HK\$9,825,000 (six months ended 30 June 2012: HK\$8,497,000) and HK\$423,000 (six months ended 30 June 2012: HK\$499,000) were charged to cost of production, administrative expenses and selling and distribution expenses respectively.

# Depreciation of approximately HK\$10,047,000 (six months ended 30 June 2012: HK\$9,736,000) and HK\$1,830,000 (six months ended 30 June 2012: HK\$2,126,000) were charged to cost of production and administrative expenses respectively.

**7. FINANCE COSTS**

	<b>Six months ended 30 June</b>	
	<b>2013 (Unaudited) HK\$'000</b>	2012 (Unaudited) HK\$'000
Interest on bank loan and other loans wholly repayable within five years	<b>3,277</b>	291
Other finance costs		
Financial guarantee expenses	–	713
	<b>3,277</b>	1,004

**8. INCOME TAX**

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	<b>Six months ended 30 June</b>	
	<b>2013 (Unaudited) HK\$'000</b>	2012 (Unaudited) HK\$'000
Current tax		
Hong Kong	<b>128</b>	–
Elsewhere	<b>2,907</b>	10,406
Deferred tax charge	<b>8,305</b>	5,717
Withholding tax credit on dividends distributed by entities in the PRC	<b>(7,073)</b>	–
Total tax charge for the period	<b>4,267</b>	16,123

**9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY**

The calculation of basic earnings per share is based on the profit for the period attributable to owners of the Company, and the weighted average number of ordinary shares of 1,016,167,967 (six months ended 30 June 2012: 1,016,167,967) in issue during the period.

The calculation of diluted earnings per share amount is based on the profit for the period attributable to owners of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	<b>Six months ended 30 June</b>	
	<b>2013</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2012 (Unaudited) HK\$'000
<b>Earnings</b>		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	<b>28,116</b>	97,471
	<b>1,016,167,967</b>	1,016,167,967
	<b>22,627,166</b>	24,211,700
	<b>1,038,795,133</b>	1,040,379,667

**10. DIVIDENDS**

During the six months ended 30 June 2013, the final dividend in respect of the financial year ended 31 December 2012 of HK1.5 cents per share, totalling approximately HK\$15,243,000 was paid to shareholders of the Company.

The Board declared an interim dividend of HK1 cent per share (six months ended 30 June 2012: HK1 cent) will be paid to owners of the Company whose names appear in the Register of Members on Thursday, 19 September 2013.

**11. AVAILABLE-FOR-SALE INVESTMENTS**

	<i>Note</i>	<b>30 June 2013 (Unaudited) HK\$'000</b>	31 December 2012 (Audited) HK\$'000
Unlisted equity investment, at cost	(i)	<b>31,642</b>	31,642
Impairment		<b>(31,642)</b>	(31,642)
		—	—
Listed equity investments, at fair value:			
– Elsewhere	(ii)	—	48,448
		—	48,448

*Notes:*

- (i) The above investment in equity securities, which is classified as an available-for-sale financial asset, has no fixed maturity date or coupon rate. The PRC business licence of Wuhan Huaxin Real Estate Co., Ltd. has expired on 4 September 2007. The unlisted equity investment was stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors are of the opinion that its fair value cannot be measured reliably.
- (ii) The listed equity investments represented investments in Latin Resources Limited (“Latin Resources”), a mineral exploration company incorporated in Australia and whose shares are listed on ASX Limited. During the six months ended 30 June 2013, the Group further acquired 9,045,060 fully paid ordinary shares of Latin Resources at a total cash consideration of approximately HK\$10,871,000. The Group then held 46,745,060 fully paid ordinary shares of Latin Resources, representing approximately 22.2% of its issued share capital and Mr. Liu Zhongsheng, our Chief Executive Officer of the Group, has been subsequently appointed as non-executive director of Latin Resources in June 2013. The Group therefore reclassified the investments in Latin Resources from available-for-sale investments to investment in an associate. At the end of the reporting period, the Group held approximately 21.9% of issued share capital of Latin Resources.

**12. ACCOUNTS RECEIVABLE**

	<b>30 June 2013 (Unaudited) HK\$'000</b>	31 December 2012 (Audited) HK\$'000
Accounts receivable	<b>12,191</b>	12,189
Impairment	<b>(273)</b>	(269)
	<b>11,918</b>	11,920

Accounts receivable are due immediately from the date of billing. Payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables and overdue balances which are reviewed regularly by senior management to minimise credit risk. The accounts receivable are non-interest-bearing and mainly denominated in Renminbi ("RMB").

An aged analysis of the Group's accounts receivable as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 June 2013 (Unaudited) HK\$'000</b>	31 December 2012 (Audited) HK\$'000
Within 1 month	<b>3,080</b>	2,030
1 to 3 months	<b>7,733</b>	6,331
Over 3 months	<b>1,378</b>	3,828
	<b>12,191</b>	12,189
Impairment	<b>(273)</b>	(269)
	<b>11,918</b>	11,920

### 13. ACCOUNTS PAYABLE

An aged analysis of the Group's accounts payable as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 June 2013 (Unaudited) HK\$'000</b>	31 December 2012 (Audited) HK\$'000
Within 1 month	879	70
1 to 3 months	476	3,106
Over 3 months	977	365
	<b>2,332</b>	<b>3,541</b>

Accounts payable are non-interest-bearing and are mainly denominated in RMB.

### 14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	<i>Note</i>	<b>30 June 2013 (Unaudited) HK\$'000</b>	Maturity	31 December 2012 (Audited) HK\$'000
<b>Current</b>				
Bank loan – unsecured	<i>(i)</i>	<b>2013 – 2015 or on demand 101,140</b>	2013 – 2015 or on demand	154,822
Other loan – unsecured	<i>(ii)</i>	<b>On demand 6,129</b>	On demand	6,224
Amounts repayable within one year or on demand		<b>107,269</b>		<b>161,046</b>

Notes:

- (i) The loan is denominated in United States dollars, bears interest at a rate of 3% above the bank's cost of funds per annum and is repayable by 6 semi-annual installments for a term of 3 years.
- (ii) The unsecured other loan is denominated in RMB, bears interest at a rate of 9.5% per annum and has no fixed terms of repayment



**15. ISSUED CAPITAL**

	<b>Number of shares</b>	<b>Amount</b> <i>HK\$'000</i>
Authorised:		
Ordinary shares of HK\$0.10 each at 31 December 2012 (audited) and 30 June 2013 (unaudited)	<u>25,000,000,000</u>	<u>2,500,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.10 each at 31 December 2012 (audited) and 30 June 2013 (unaudited)	<u>1,016,167,967</u>	<u>101,617</u>

**16. ACQUISITION OF SUBSIDIARIES**

- (a) On 30 January 2013, Genuine Crystal Limited, an indirect wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with an independent third party for the acquisition of the entire issued share capital of Mighty Comforts Limited at a total cash consideration of US\$2,841,000 (equivalent to approximately HK\$22,018,000). On the same day, a subsidiary of Mighty Comforts Limited purchased a parcel of land in Ecuador from another independent third party at a consideration of US\$12,500,000 (equivalent to approximately HK\$96,875,000). Mighty Comforts Limited indirectly owned 100% benefits and interests of a parcel of land in Ecuador. The acquisition constituted a discloseable transaction under the Listing Rules. The acquisition was duly completed on 25 March 2013.

Mighty Comforts Limited owns 100% equity interests in Profit Land International Limited and Profit Land Property Development PROLANDPRO S.A.. All of these companies are investment holding company.

**16. ACQUISITION OF SUBSIDIARIES** *(continued)*

(a) *(continued)*

The assets acquired and liabilities recognised at the date of acquisition were as follows:

	(Unaudited) <i>HK\$'000</i>
Property, plant and equipment	36
Investment properties	121,008
Prepayments, deposits and other receivables	262
Cash and bank balances	83
Other payables and accruals	(32)
Amount due to the immediate holding company	(99,225)
Amount due to a related company	(114)

22,018

*HK\$'000*

Satisfied:

Cash	<u>22,018</u>
------	---------------

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries is as follows:

	<i>HK\$'000</i>
Cash consideration	22,018
Cash and bank balances	(83)

21,935

**16. ACQUISITION OF SUBSIDIARIES** *(continued)*(a) *(continued)*

Since its acquisition, Mighty Comforts Limited and its subsidiaries contributed no turnover to the Group and a loss of approximately HK\$22,000 to the consolidated profit for the period ended 30 June 2013.

- (b) On 15 March 2013, Junefield Energy Limited, an indirect wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with Junefield Mineral Resources Holdings Limited for the acquisition of the entire issued share capital of Login Run Limited at a total cash consideration of HK\$284,000. Junefield Mineral Resources Holdings Limited is a related company of the Group.

Logic Run Limited owns 100% equity interests in Able Field Investment Limited and Able Field Colombia S.A.S.. All of these companies are investment holding company.

The assets acquired and liabilities recognised at the date of acquisition were as follows:

	(Unaudited) HK\$'000
Property, plant and equipment	246
Cash and bank balances	183
Other payables and accruals	(145)
	<u>284</u>
	<u>HK\$'000</u>
Satisfied:	
Cash	<u>284</u>

**16. ACQUISITION OF SUBSIDIARIES** *(continued)*

(b) *(continued)*

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries is as follows:

	<i>HK\$'000</i>
Cash consideration	284
Cash and bank balances	(183)
	<u>101</u>

Since its acquisition, Logic Run Limited and its subsidiaries contributed no turnover to the Group and a loss of approximately HK\$580,000 to the consolidated profit for the period ended 30 June 2013.

**17. OPERATING LEASE ARRANGEMENTS**

(a) **As lessor**

The Group leases certain of its properties under operating lease arrangements, which leases negotiated for terms ranging from one to three years.

At 30 June 2013, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	<b>30 June 2013 (Unaudited) HK\$'000</b>	31 December 2012 (Audited) HK\$'000
Within one year	<b>1,482</b>	933
In the second to fifth years, inclusive	<b>1,362</b>	–
	<u><b>2,844</b></u>	<u>933</u>

**17. OPERATING LEASE ARRANGEMENTS** *(continued)***(b) As lessee**

The Group leases its property under operating lease arrangements. Lease for property is negotiated for a term of two years.

At 30 June 2013, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>30 June 2013 (Unaudited) HK\$'000</b>	31 December 2012 (Audited) HK\$'000
Within one year	<b>857</b>	857
In the second to fifth years, inclusive	<b>428</b>	857
	<b>1,285</b>	1,714

**18. CAPITAL COMMITMENTS**

The Group's capital expenditure in respect of the following item contracted for but not provided in the condensed consolidated financial statements are as follows:

	<b>30 June 2013 (Unaudited) HK\$'000</b>	31 December 2012 (Audited) HK\$'000
Purchase of property, plant and equipment	<b>3,046</b>	–

## 19. OUTSTANDING LITIGATIONS

- (a) In May 2011, International Management Company Limited (“IMC”, an indirectly wholly-owned subsidiary of the Company) received the civil case judgment dated 5 May 2011 issued by the Intermediate People’s Court of Wuhan City, Hubei Province, the PRC (中華人民共和國湖北省武漢市中級人民法院) (the “PRC Intermediate Court”), pursuant to which the PRC Intermediate Court accepted the plaintiff’s application to withdraw its claim against IMC and a former subsidiary of the Group for an outstanding investment fund of RMB20 million together with the interests of RMB21.63 million due to seeking for new evidence by the plaintiff. In September 2012, IMC further exchanged evidence in court. Up to the date of this report, there is no further update from the PRC Intermediate Court.

Based on the legal opinion of the Group’s PRC legal advisors, the directors of the Company are of the opinion that the action can be successfully defended and therefore no provision has been made in the financial statements.

- (b) In 2011, Wuhan Huaxin Management Ltd. (“WHM”, an indirectly 51%-owned subsidiary of the Company) received a civil case judgment issued by the People’s Court of Jianhan District, Wuhan City, Hubei Province, the PRC (中華人民共和國湖北省武漢市江漢區人民法院) (the “PRC Court”), pursuant to which the PRC Court mandatorily enforced WHM to repay certain claimants against Wuhan Huaxin Real Estate Co., Ltd. (“WHRED”, the Group’s available-for-sale investment) amounted to RMB11,660,173 (approximately HK\$14,020,000) (the “Compensation”) and executed to debit the sums directly from WHM’s bank account. WHM has already filed a written objection with the PRC Court to challenge against both the judgment and the mandatory execution for the reason that WHM was not a directly related company to WHRED.

Based on the legal opinion from the Group’s PRC legal advisors, the directors of the Company are of the opinion that WHM should not be liable for any repayment liabilities incurred by WHRED since both WHM and WHRED are separate entities under the PRC law and should not have any joint and several liabilities. Therefore, WHM should have the right to claim against the PRC Court for refund of the full amount. Up to the date of this report, there is no further update from the PRC Court.

**20. RELATED PARTY TRANSACTIONS**

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the period:

**(a) Significant transactions with related parties**

	<i>Note</i>	<b>Six months ended 30 June</b>	
		<b>2013 (Unaudited) HK\$'000</b>	2012 (Unaudited) HK\$'000
Property management fee received from a joint venture	(i)	<b>1,825</b>	1,710
Rental incomes received from a related company	(ii)	<b>544</b>	480
Logistics services fee charged by a related company	(iii)	<b>2,617</b>	5,442
Purchases of raw materials from a related company	(iv)	<b>1,127</b>	2,217
Rental expenses paid to the ultimate holding company	(v)	<b>428</b>	400
Financial guarantee expenses paid to related companies	(vi)	<b>–</b>	712
		<b>=====</b>	<b>=====</b>

*Notes:*

- (i) The Group provided property management services to Wuhan Plaza Management Co., Ltd., a joint venture of the Group.
- (ii) Rental income was received from related companies and the monthly rentals were mutually agreed between the contracting parties.

**20. RELATED PARTY TRANSACTIONS** *(continued)*

**(a) Significant transactions with related parties** *(continued)*

*Notes: (continued)*

- (iii) Lianyuan Logistics Company Limited (湖南漣鋼物流有限公司) (“Lianyuan Logistics”) provided logistics services of granulated steel slag to Hunan Taiji Construction Material Co., Ltd. (“Hunan Taiji”). As at the date of this report, Hunan Taiji and Lianyuan Logistics are still in negotiations for a new services agreement for the year ending 31 December 2013. Prior to entering into of any new logistics agreement, the terms under the logistics agreement dated 25 November 2012 have been adopted and the transportation fee was at RMB7.98 per ton (VAT inclusive) and subject to adjustments upon change of government policy on fuel price and other related costs in the PRC.
- (iv) Hualing Steel Company Limited (華菱漣源鋼鐵有限公司) (“Hualing Steel”) acts as the supplier of Hunan Taiji for the supply of the required granulated steel slag for production. Pursuant to the Joint Venture Agreement, Lianyuan Steel Group Limited (漣源鋼鐵集團有限公司) (“Lianyuan Steel”) procured Hualing Steel to enter into the materials supply agreement with Hunan Taiji to supply granulated steel slag to Hunan Taiji at a unit price of RMB4 per ton (VAT inclusive). As at the date of this report, Hunan Taiji and Hualing Steel are still in negotiations for a new supply agreement.
- (v) Rental expenses paid to the ultimate holding company and the monthly rental was mutually agreed between the contracting parties.
- (vi) Hunan Taiji paid a guarantee fee equivalent to 1% on the outstanding bank loan amount to each of Beijing Junefield Sogo Department Store and Lianyuan Steel in return for the guarantees provided by them in favour of the bank for the provision of the loan.



**20. RELATED PARTY TRANSACTIONS** *(continued)***(b) Compensation of key management personnel of the Group**

	<b>Six months ended 30 June</b>	
	<b>2013</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2012 (Unaudited) HK\$'000
Short-term employee benefits	<b>1,379</b>	1,481
Post-employment benefits	<b>9</b>	14
	<b>1,388</b>	1,495

**21. EVENTS AFTER THE REPORTING PERIOD**

On 21 August 2013, Junefield High Value Metals Investments Limited (the Company's indirect wholly-owned subsidiary), as lender, entered into a converting loan agreement (the "Loan Agreement") with its associate, Latin Resources amounting to AUD2,500,000 (equivalent to approximately HK\$17,750,000).

The completion of the Loan Agreement will be subject to approval at Latin Resources's general meeting expected to be held in October 2013.

**22. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS**

The unaudited condensed consolidated financial statements were approved and authorised for issue by the Board on 29 August 2013.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial Review**

During the six months ended 30 June 2013, the Group recorded a revenue of approximately HK\$44,610,000 (six months ended 30 June 2012: HK\$117,251,000 (restated)), decreased significantly by 62% over the last corresponding period. The consolidated profit attributable to owners of the Company was approximately HK\$28,116,000 for the six months ended 30 June 2013 (six months ended 30 June 2012: HK\$97,471,000), representing a significant decrease of 71% over the same period last year. The decrease in the profit attributable to owners of the Company was mainly attributable to the unrealised valuation losses recognized in respect of the Group's trading securities as a result of the volatile market conditions and reclassification of the Group's available-for-sale investments to an associate.

### **Operations Review and Prospects**

#### ***Construction material business***

During the period under review, the Group's indirect 60%-owned subsidiary, Hunan Taiji Construction Material Co., Ltd. ("Hunan Taiji"), recorded a turnover and profit of approximately HK\$46,322,000 (six months ended 30 June 2012: HK\$94,761,000) and HK\$2,743,000 (six months ended 30 June 2012: HK\$25,429,000), representing a significant decrease of 51% and 89% respectively compared to the same period last year due to the reduction of granulated steel slag supply by its sole supplier and keen competition in the Xiang Zhong District of Hunan Province in the People's Republic of China (the "PRC"). Hunan Taiji's management carried out prolonged negotiation with the supplier as well as the minority shareholder of Hunan Taiji in order to urge the supplier to increase the granulated steel slag supply back to a normal level. As at the date of this report, the negotiation is still in progress. Currently, Hunan Taiji continues to carry out stringent cost control to minimize the impact on its profit under current unfavorable conditions.

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(continued)*

### **Operations Review and Prospects** *(continued)*

#### ***Retail business in Wuhan***

Despite the economy in the PRC shows sign of slowing down in the first half of 2013, performance of the Group's indirect 49%-owned joint venture continued to be encouraging. Share of profit from this joint venture was approximately HK\$99,459,000 (six months ended 30 June 2012: HK\$85,123,000), representing an increase of 17% over the same period last year and its sales increased slightly by 7% over the same period last year. During the period under review, the Group received cash dividend of approximately HK\$149,809,000 in respect of the financial year ended 31 December 2012 (net of PRC withholding tax).

The joint venture agreement of this joint venture will be expired by the year end of 2013 after a period of 20 years' operations since 1993. Notwithstanding the Group has not yet reached any agreement on the renewal of the joint venture agreement with the PRC joint venturer, the Group continues to endeavor its best efforts to achieve a satisfactory result to both parties.

#### ***Investment properties in Beijing***

During the period under review, the income from property leasing in Beijing, the PRC was approximately HK\$1,227,000 (six months ended 30 June 2012: HK\$859,000), representing an increase of 43% over the same period last year due to the increase in number of office units being let out. This sector also recorded fair value gains of approximately HK\$1,158,000 (six months ended 30 June 2012: HK\$1,684,000) in respect of the revaluation of investment properties and resulted in a profit of approximately HK\$1,037,000 (six months ended 30 June 2012: HK\$1,491,000), representing a decrease of 30% over the same period last year. The Group expects the investment properties currently held on hand will keep generating a stable rental income stream and capture potential appreciation when opportunities arise.

#### ***Property management and agency services business***

During the period under review, the Group's property management and agency services business recorded a turnover of approximately HK\$9,229,000 (six months ended 30 June 2012: HK\$8,705,000), representing a slight increase of 6% over the same period last year. It achieved a profit of approximately HK\$976,000 (six months ended 30 June 2012: HK\$1,278,000).

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(continued)*

### **Operations Review and Prospects** *(continued)*

#### ***Securities investments***

The securities investments segment recorded a net loss amounted to approximately HK\$51,250,000 during the six months ended 30 June 2013. The loss was mainly due to the fair value losses on the Group's trading securities as a result of the volatile market conditions and reclassification of available-for-sale investments to an associate of approximately HK\$14,642,000 and HK\$36,961,000 respectively.

During the period under review, the Group further acquired 9,045,060 fully paid ordinary shares of Latin Resources Limited ("Latin Resources"). The Group currently holds 46,745,060 fully paid ordinary shares of Latin Resources, representing approximately 20.5% of its existing issued share capital, and Mr. Liu Zhongsheng, our Chief Executive Officer of the Group, has been appointed as non-executive director of Latin Resources in June 2013. The Group therefore reclassified the available-for-sale investments to an associate. Hence, the Group recognized an unrealized loss of approximately HK\$36,961,000 upon the reclassification and share of a loss of approximately HK\$7,346,000 in the income statement since the date Latin Resources became the associate of the Group.

#### ***Others***

The Group commenced trading of minerals business by sourcing from suppliers in South America for customers in the PRC. It recorded a turnover of approximately HK\$2,474,000 and a profit of approximately HK\$230,000 during the period under review.

#### ***Prospects***

In light of the weak global economic environment and particularly the global resources industry, the commodity prices substantially dropped during the period under review. It led to the marked-to-market losses in respect of the Group's listed equity portfolio of investments for the period under review. However, the Group is of the view that the value of quality stocks will be reflected in the long run. In the meantime, the Group keeps developing its investments in the South America region at a modest pace. The Group remains optimistic to commence preliminary operation on part of its concession mines in the fourth quarter of 2013.

**MANAGEMENT DISCUSSION AND ANALYSIS** *(continued)***Operations Review and Prospects** *(continued)***Prospects** *(continued)*

In the second half of 2013, the Group will put more efforts into the negotiation about the renewal of the joint venture agreement to ensure the sustainability of a major profit contributor to the Group.

The Group will endeavor to enhance the returns of its existing businesses and continue to explore more potential investment opportunities to increase value for shareholders. Currently, the Group has a good cash flow position and low gearing ratio which enables the Group to seize suitable investment opportunities from time to time. In addition, to further strengthen its financial position, the Group will also consider raising funds by suitable means when investment opportunities arise.

**Material Acquisitions and Disposals of Subsidiaries, Associated Companies and Joint Venture**

On 30 January 2013, Genuine Crystal Limited, an indirect wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with an independent third party for the acquisition of the entire issued share capital of Mighty Comforts Limited at a total cash consideration of US\$2,841,000 (equivalent to approximately HK\$22,018,000). On the same day, a subsidiary of Mighty Comforts Limited purchased a parcel of land in Ecuador from another independent third party at a consideration of US\$12,500,000 (equivalent to approximately HK\$96,875,000). Mighty Comforts Limited indirectly owned 100% benefits and interests of a parcel of land in Ecuador. The acquisition constituted a discloseable transaction under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The acquisition was duly completed on 25 March 2013.

Save as disclosed in this interim report, the Group had no material acquisition and disposal of subsidiaries, associated companies and joint venture during the period under review.

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(continued)*

### **Liquidity and Financial Resources**

As at 30 June 2013, the Group had net assets of approximately HK\$805,177,000 (31 December 2012: HK\$753,099,000) with total assets of approximately HK\$1,055,847,000 (31 December 2012: HK\$1,049,973,000) and total liabilities of approximately HK\$250,670,000 (31 December 2012: HK\$296,874,000). The current ratio of the Group, which equals to current assets divided by current liabilities, was 1.56 (31 December 2012: 1.55).

As at 30 June 2013, the Group had an outstanding bank borrowing of HK\$101,140,000 (31 December 2012: HK\$154,822,000). The bank loan was unsecured, denominated in United States dollars ("USD"), interest-bearing at floating rate and repayable for a term of 3 years. An unsecured other loan of approximately HK\$6,129,000 (31 December 2012: HK\$6,224,000) is denominated in Renminbi ("RMB") and interest-bearing at 9.5% per annum with no fixed term of repayment. The Group's bank balances and short term deposits which were mainly denominated in Hong Kong dollars, USD and RMB, amounted to approximately HK\$185,486,000 as at 30 June 2013 (31 December 2012: HK\$282,942,000). The Group's gearing ratio, as a ratio of total interest-bearing borrowing and bank borrowing to total assets, was 0.10 (31 December 2012: 0.15).

The directors believe that the Group currently has sufficient financial resources for its operations. However, the Group will remain cautious in its liquidity management from time to time.

### **Capital Commitments**

As at 30 June 2013, the Group had capital expenditure contracted for but not provided in the consolidated condensed financial statements in respect of the acquisition of property, plant and equipment amounted to approximately HK\$3,046,000. (31 December 2012: Nil).

### **Charge of Assets**

The Group did not have any pledge or charge on assets as at 30 June 2013. (31 December 2012: Nil).

**MANAGEMENT DISCUSSION AND ANALYSIS** *(continued)***Outstanding Litigations**

Details of outstanding litigations are shown in note 19 to the financial statements.

**Exchange Rate Exposure**

During the period under review, the business activities of the Group were mainly denominated in Hong Kong dollars, RMB and USD. The Board does not consider that the Group is significantly exposed to any foreign currency exchange risk. For the six months ended 30 June 2013, the Group did not commit to any financial instruments to hedge its potential exchange rate exposure.

**Employee and Remuneration Policy**

As at 30 June 2013, the Group had about 292 employees (six months ended 30 June 2012: 295) of whom 10 (six months ended 30 June 2012: 11) are based in Hong Kong and 282 (six months ended 30 June 2012: 284) based in the PRC and overseas. The number of employees employed by the Group varies from time to time depending on the industry need and they are remunerated under the employment term which is based on industry practice. The remuneration policy and package of the Group's employees are periodically reviewed by the Company's Remuneration Committee and approved by the executive directors. Apart from the pension funds, discretionary bonuses and share options are awarded to certain employees according to the assessment of individual performance.

## SUPPLEMENTARY INFORMATION

### Directors' and Chief Executives' Interests in Securities

As at 30 June 2013, the interests and short positions of the directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

#### (a) Long position in shares

Name of director	Number of shares held	Percentage of the Company's issued share capital
Mr. Zhou Chu Jian He	697,837,417 <i>(Note)</i>	68.67
Mr. Ng Man Chung, Siman	7,008,000	0.69
Mr. Lam Man Sum, Albert	1,700,000	0.17

*Note:* These 697,837,417 shares are held by Prime Century Investments Limited ("PCI"), a company wholly-owned by Junefield (Holdings) Limited ("JHL"). Mr. Zhou Chu Jian He is the beneficial owner of the entire issued share capital of JHL.



**SUPPLEMENTARY INFORMATION** *(continued)***Directors' and Chief Executives' Interests in Securities** *(continued)***(b) Long position in underlying shares – share options**

The following directors of the Company have personal interests in options to subscribe for shares of the Company:

Name	Date of grant	Exercisable period	Number of share options			Balance as at 30 June 2013	Exercise price per share HK\$
			Balance as at 1 January 2013	Granted during the period	Exercised during the period		
Mr. Zhou Chu Jian He	6 July 2009	6 July 2009 – 5 July 2019	9,980,000	–	–	9,980,000	0.229
Mr. Liu Zhongsheng	6 July 2009	6 July 2009 – 5 July 2019	5,000,000	–	–	5,000,000	0.229
Mr. Lam Man Sum, Albert	6 July 2009	6 July 2009 – 5 July 2019	3,300,000	–	–	3,300,000	0.229
			<u>18,280,000</u>	<u>–</u>	<u>–</u>	<u>18,280,000</u>	

*Note:* The cash consideration paid by each of the directors for the grant of share option is HK\$1.00.

Save as disclosed above, as at 30 June 2013, so far as is known to the directors and the chief executives of the Company, no other person had interests or short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were recorded in the register as required to be kept by the Company under section 352 of the SFO or as otherwise pursuant to the Model Code, notified to the Company and the Stock Exchange.

## **SUPPLEMENTARY INFORMATION** *(continued)*

### **Substantial Shareholders' Interests in Securities**

As at 30 June 2013, so far as is known to the directors and the chief executives of the Company, the interests or short positions of the persons (other than directors or chief executives of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

<b>Name</b>	<b>Capacity and nature of interest</b>	<b>Number of shares</b>	<b>Percentage of the Company's issued share capital</b>
PCI <i>(Note)</i>	Directly beneficially owned	697,837,417	68.67
JHL <i>(Note)</i>	Through a controlled corporation	697,837,417	68.67

*Note:* These 697,837,417 shares are held by PCI, a company wholly-owned by JHL. Mr. Zhou Chu Jian He is the beneficial owner of the entire issued share capital of JHL.

Save as disclosed above, as at 30 June 2013, the Company had not been notified of any person (other than the directors or chief executives of the Company) having any interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

### **Share Option Scheme**

The Company has adopted the current share option scheme (the "Share Option Scheme") at a special general meeting of the Company held on 29 June 2009 and terminated the former share option scheme at the same meeting.

The total number of shares available for issue (save for those granted but yet to be exercised) under the Share Option Scheme is 39,376,796 representing approximately 3.9% of the Company's issued share capital as at the date of this report.

**SUPPLEMENTARY INFORMATION** *(continued)***Share Option Scheme** *(continued)*

The principal terms of the Share Option Scheme have been set out in the 2012 annual report. During the period under review, details of the movements of the outstanding share options granted under the Share Option Scheme are as follows:

	Date of grant	Exercisable period	Number of share options			Balance as at 30 June 2013	Exercise price per share
			Balance as at 1 January 2013	Granted during the period <i>(Note 2)</i>	Exercised during the period <i>(Note 2)</i>		
Directors <i>(Note 1)</i>			18,280,000	–	–	18,280,000	0.229
Other participants in aggregate <i>(Note 1)</i>	6 July 2009	6 July 2009 – 5 July 2019	25,700,000	–	–	25,700,000	0.229
			<u>43,980,000</u>	<u>–</u>	<u>–</u>	<u>43,980,000</u>	

HK\$

*Notes:*

- Movements of the share options granted to the directors of the Company are shown under the section headed "Directors' and Chief Executives' Interests in Securities" of this report. The 8,500,000 share options held by two former independent non-executive directors of the Company who retired in May 2013 have been reclassified under the "other participants".
- No share options have been granted, exercised, forfeited or cancelled during the six months ended 30 June 2013.

**Audit Committee**

The Audit Committee was established on 10 November 1999, which comprises three independent non-executive directors, namely Mr. Lam Man Sum, Albert (chairman of the Audit Committee), Mr. Cao Kuangyu and Mr. Cheung Ka Wai. The Audit Committee has discussed with the management of the Company on the accounting principles and practices adopted by the Group, internal controls (excluded the joint venture) and financial reporting matters. The Audit Committee has also reviewed and discussed with the management and auditors about the consolidated financial statements of the Group for the six months ended 30 June 2013.

## **SUPPLEMENTARY INFORMATION** *(continued)*

### **Remuneration Committee**

The Remuneration Committee was established on 15 July 2005, which comprises three independent non-executive directors, namely Mr. Cheung Ka Wai (chairman of the Remuneration Committee), Mr. Lam Man Sum, Albert and Mr. Cao Kuangyu.

### **Nomination Committee**

The Nomination Committee was established on 29 March 2012, which comprises two executive directors, namely Mr. Zhou Chu Jian He (chairman of the Nomination Committee) and Mr. Liu Zhongsheng, and three independent non-executive directors, namely Mr. Lam Man Sum, Albert, Mr. Cao Kuangyu and Mr. Cheung Ka Wai.

### **Corporate Governance Code**

In the opinion of the directors, the Company had complied with the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Listing Rules during the period under review, save as:

- (1) Under code provision A.6.7 of the CG Code, the non-executive director of the Company and two independent non-executive directors were unable to attend the Company's special general meeting held on 31 January 2013. In addition, the non-executive director of the Company was unable to attend the annual general meeting of the Company held on 29 May 2013 (the "AGM") due to business engagement; and
- (2) Under code provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting. The Chairman of the Board did not attend the AGM due to other business engagement. The Deputy Chairman of the Board and the chairmen of the Audit and Remuneration Committee were present at the AGM to answer the shareholders' questions.

### **Directors' Securities Transaction**

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding the directors' securities transactions. The Company has made specific enquiry of all directors whether they have complied with the Model Code and all directors confirmed that they have complied with the Model Code for the six months ended 30 June 2013.

### **Update on Directors' Information Pursuant to Rule 13.51B(1) of the Listing Rules**

Mr. Liu Zhongsheng, an executive director and the chief executive officer of the Company, was appointed as non-executive director of Latin Resources Limited, the Group's associated company which shares being listed on ASX Limited in Australia, on 5 June 2013.

**SUPPLEMENTARY INFORMATION** *(continued)***Purchase, Sale or Redemption of the Company's Listed Securities**

During the period under review, the Company has not redeemed any of its shares and neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares.

**Interim Dividends**

The Board has resolved the payment of an interim dividend of HK1 cent per ordinary share of the Company for the six months ended 30 June 2013 (six months ended 30 June 2012: HK1 cent), amounting to approximately HK\$10,162,000 (six months ended 30 June 2012: HK\$10,162,000), to the shareholders whose names appear on the Register of Members on Thursday, 19 September 2013. Dividend warrants are expected to be dispatched on or about Monday, 30 September 2013.

**Closure of Register of Members**

The Register of Members of the Company will be closed from Wednesday, 18 September 2013 to Thursday, 19 September 2013, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 17 September 2013.

**Board of Directors**

As at the date of this report, the Board comprises five executive directors, namely Mr. Zhou Chu Jian He (Chairman), Mr. Ng Man Chung, Siman (Deputy Chairman), Mr. Liu Zhongsheng (Chief Executive Officer), Mr. Xiang Xianhong and Mr. Lei Shuguang; one non-executive director, namely Mr. Jorge Edgar Jose Muñiz Ziches; and three independent non-executive directors, namely Mr. Lam Man Sum, Albert, Mr. Cao Kuangyu and Mr. Cheung Ka Wai.

By Order of the Board  
**Zhou Chu Jian He**  
*Chairman*

Hong Kong, 29 August 2013