



LOUDONG GENERAL NICE RESOURCES (CHINA) HOLDINGS LIMITED

樓東俊安資源(中國)控股有限公司

*(Incorporated in Bermuda with limited liability)*

*(於百慕達註冊成立之有限公司)*

2013

Interim Report 中期報告

Stock Code 股份代號 : 00988



# Corporate Information

## EXECUTIVE DIRECTORS

Cai Sui Xin (*Chairman*)  
Zhao Cheng Shu (*Deputy Chairman*)  
Lau Yu (*Chief Executive Officer*)  
Ng Tze For  
Li Xiao Juan

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Li Xiao Long  
Choy So Yuk, *BBS, JP*  
Gao Wen Ping  
Leung Yuen Wing

## AUDIT COMMITTEE

Leung Yuen Wing (*Chairman*)  
Li Xiao Long  
Choy So Yuk, *BBS, JP*  
Gao Wen Ping

## REMUNERATION COMMITTEE

Choy So Yuk, *BBS, JP (Chairman)*  
Li Xiao Long  
Gao Wen Ping  
Leung Yuen Wing

## NOMINATION COMMITTEE

Cai Sui Xin (*Chairman*)  
Zhao Cheng Shu  
Li Xiao Long  
Choy So Yuk, *BBS, JP*  
Gao Wen Ping  
Leung Yuen Wing

## EXECUTIVE COMMITTEE

Lau Yu (*Chairman*)  
Zhao Cheng Shu  
Ng Tze For  
Li Xiao Juan

## AUTHORISED REPRESENTATIVES

Ng Tze For  
Chiu Yuk Ching

## COMPANY SECRETARY

Chiu Yuk Ching

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit B, 12th Floor  
Lippo Leighton Tower  
103 Leighton Road  
Causeway Bay  
Hong Kong

Website: <http://www.ldgnr.com>  
E-mail: [enquiry@ldgnr.com](mailto:enquiry@ldgnr.com)

## BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited  
26th Floor, Tesbury Centre  
28 Queen's Road East  
Wanchai  
Hong Kong

## ADR DEPOSITARY

The Bank of New York Mellon Corporation  
101 Barclay Street  
22nd Floor  
New York  
NY 10286  
USA

## PRINCIPAL BANKERS

Bank of Communications Co., Ltd.,  
Hong Kong Branch  
Citic Bank International Limited  
DBS Bank (Hong Kong) Limited

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2013

	Notes	Six months ended 30 June	
		2013 (unaudited) HK\$'000	2012 (unaudited) HK\$'000
REVENUE	5	1,567,546	1,214,649
Cost of sales		(1,201,986)	(913,636)
Gross profit		365,560	301,013
Other income	5	9,703	12,140
Selling & distribution costs		(33,465)	(48,400)
Administrative expenses		(67,471)	(57,151)
Other operating expenses		(22,983)	(12,031)
OPERATING PROFIT		251,344	195,571
Finance costs		(42,399)	(43,595)
PROFIT BEFORE TAX	6	208,945	151,976
Income tax expense	7	(149,581)	(43,510)
PROFIT FOR THE PERIOD		59,364	108,466
OTHER COMPREHENSIVE INCOME			
Exchange differences arising on translation of foreign operations		56,156	(30,950)
Total comprehensive income for the period		115,520	77,516

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2013

	Notes	Six months ended 30 June	
		2013	2012
		(unaudited) HK\$'000	(unaudited) HK\$'000
Profit for the period attributable to:			
Owners of the Company		55,731	102,052
Non-controlling interests		3,633	6,414
		<b>59,364</b>	108,466
Total comprehensive income for the period attributable to:			
Owners of the Company		109,224	72,561
Non-controlling interests		6,296	4,955
		<b>115,520</b>	77,516
<b>EARNINGS PER SHARE</b>	9		
Basic			
– For profit for the period		<b>2.334 cents</b>	4.381 cents
Diluted			
– For profit for the period		<b>2.334 cents</b>	4.381 cents

# Condensed Consolidated Statement of Financial Position

At 30 June 2013

		30 June 2013 (unaudited) HK\$'000	31 December 2012 (audited) HK\$'000
	Notes		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	2,453,639	2,387,110
Investment property		10,716	10,716
Prepaid land premiums		36,002	36,479
Interests in associates		25,023	24,628
Available-for-sale investment		11,798	11,611
Goodwill		330,083	330,083
Other long-term assets		980,718	1,002,544
Deferred tax assets		11,179	11,092
Due from an associate	16	57,536	174,633
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3,916,694</b>	<b>3,988,896</b>
<b>CURRENT ASSETS</b>			
Inventories		198,398	201,467
Prepaid land premiums		1,009	984
Trade and bills receivables	11	1,204,090	684,871
Prepayments, deposits and other receivables		651,440	669,097
Equity investments at fair value through profit or loss		1,264	1,244
Due from related companies	16	56,672	41,330
Pledge deposits		1,216,996	983,149
Cash and cash equivalents		56,457	32,395
<b>TOTAL CURRENT ASSETS</b>		<b>3,386,326</b>	<b>2,614,537</b>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	12	1,305,267	865,483
Other payables and accruals		252,627	204,399
Interest-bearing bank and other borrowings		889,910	1,093,815
Due to related companies	16	20,362	20,610
Tax payable		245,343	162,098
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,713,509</b>	<b>2,346,405</b>

# Condensed Consolidated Statement of Financial Position

At 30 June 2013

	Notes	30 June 2013 (unaudited) HK\$'000	31 December 2012 (audited) HK\$'000
TOTAL CURRENT LIABILITIES		2,713,509	2,346,405
NET CURRENT ASSETS		672,817	268,132
TOTAL ASSETS LESS CURRENT LIABILITIES		4,589,511	4,257,028
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		214,848	2,463
Loan from related companies	16	228,900	225,533
Promissory notes		29,787	28,682
Deferred tax liabilities		60,275	60,169
Total non-current liabilities		533,810	316,847
NET ASSETS		4,055,701	3,940,181
EQUITY			
<b>Equity attributable to owners of the Company</b>			
Issued capital	13	23,892	23,892
Exchange fluctuation reserve		273,095	219,602
Reserves		3,579,143	3,523,412
		3,876,130	3,766,906
Non-controlling interests		179,571	173,275
TOTAL EQUITY		4,055,701	3,940,181

# Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013

	Issued capital HK\$'000	Share option reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Share premium account HK\$'000	Capital reserve HK\$'000	Contribution surplus HK\$'000	Retained earnings HK\$'000	Attributable to owners of the Company HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
Balance at 1 January 2012 (audited)	19,411	1,580	189,518	604,589	661,514	1,746,407	352,680	3,575,699	161,824	3,737,523
Profit for the year	-	-	-	-	-	-	102,052	102,052	6,414	108,466
Other comprehensive income for the year:										
Exchange differences on transaction of foreign operations	-	-	(29,491)	-	-	-	-	(29,491)	(1,459)	(30,950)
Total comprehensive income for the year	-	-	(29,491)	-	-	-	102,052	72,561	4,955	77,516
Bonus shares issued	3,881	-	-	-	-	(3,881)	-	-	-	-
Balance at 30 June 2012 (unaudited)	23,292	1,580	160,027	604,589	661,514	1,742,526	454,732	3,648,260	166,779	3,815,039
Balance at 1 January 2013 (audited)	23,892	1,534	219,602	626,634	677,593	1,742,526	475,125	3,766,906	173,275	3,940,181
Profit for the year	-	-	-	-	-	-	55,731	55,731	3,633	59,364
Other comprehensive income for the year:										
Exchange differences on transaction of foreign operations	-	-	53,493	-	-	-	-	53,493	2,663	56,156
Total comprehensive income for the year	-	-	53,493	-	-	-	55,731	109,224	6,296	115,520
Balance at 30 June 2013 (unaudited)	23,892	1,534	273,095	626,634	677,593	1,742,526	530,856	3,876,130	179,571	4,055,701

# Consolidated Statement of Cash Flows

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	(unaudited) HK\$'000	(unaudited) HK\$'000
<b>Net cash flows from (used in) operating activities</b>	<b>226,268</b>	<b>(232,715)</b>
Additions to property, plant and equipment	(99,471)	(6,971)
Increase in pledge deposits	(218,070)	(202,378)
Repayment from an associate	120,062	–
Repayment from other long-term assets	37,914	–
<b>Net cash flows used in investing activities</b>	<b>(159,565)</b>	<b>(209,349)</b>
New bank loans raised	945,443	848,480
Repayments of bank loans	(951,927)	(431,826)
Loan from related companies	–	81,729
Other financing activities	(41,294)	(38,262)
<b>Net cash flows (used in) from financing activities</b>	<b>(47,778)</b>	<b>460,121</b>
<b>Net increase in cash and cash equivalents</b>	<b>18,925</b>	<b>18,057</b>
<b>Cash and cash equivalents at 1 January</b>	<b>32,395</b>	<b>12,337</b>
<b>Effect of foreign exchange rate changes</b>	<b>5,137</b>	<b>(934)</b>
<b>Cash and cash equivalents at 30 June</b>	<b>56,457</b>	<b>29,460</b>
<b>Analysis of the balances of cash and cash equivalents</b>		
Bank balances and cash	56,457	29,460



# Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 1. BASIS OF PREPARATION

The 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 of Hong Kong Limited (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").

## 2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost convention, except for investment properties and equity investment at fair values through profit or loss that are measured at revalued amounts or fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012, except as described below.

In the current interim period, the Group has applied, for the first time, the following new or revised standards and interpretations (the "new or revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKFRS 1 Amendments	Amendments to HKFRS 1 – <i>Government Loans</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 – <i>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 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>
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

Application of the above new or revised HKFRSs has had no material effect on the amounts reported in the unaudited condensed consolidated financial statements and/or disclosures set out in the unaudited condensed consolidated financial statements.

# Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 3. SEGMENT INFORMATION

### Operating Segment information

The Group determines its operating segments based on the regular internal financial information reported to the Group's executive directors for their decisions about resources allocation to the Group's business components and review of these components' performance.

The Group is engaged in the principal business of manufacturing and trading of metallurgical coke in PRC. The operating segment is identified by the Group's services provided. The Group has identified the following reportable segments.

- a) Manufacturing segment is engaged in production of metallurgical coke from the coke plant
- b) Trading segment is engaged in purchasing of metallurgical coke from external parties

No analysis of the Group's assets and liabilities by operating segment is disclosed as they are not regularly provided to the chief operating decision maker for review.

No intersegment sale and transfer was transacted for the six months ended 30 June 2013 and 2012.

	Six months ended 30 June 2013		
	Manufacturing	Trading	Total
	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000
Segment revenue:			
Sales to external customers	1,038,562	528,984	1,567,546
Segment profit	211,614	153,946	365,560
Unallocated corporate income and expense, net			(114,216)
Finance costs			(42,399)
Profit before tax			208,945

# Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 3. SEGMENT INFORMATION (CONTINUED)

### Operating Segment information (Continued)

	Six months ended 30 June 2012 Manufacturing (Unaudited) HK\$'000
Segment revenue:	
Sales to external customers	1,214,649
Segment profit	301,013
Unallocated corporate income and expense, net	(105,442)
Finance costs	(43,595)
Profit before tax	151,976

### Geographical segment information

Revenue from external customers in respect of the continuing operations based on the location of the customers for the period ended 30 June 2013 and 30 June 2012 are as follows:

	30 June 2013 (Unaudited) HK\$'000	30 June 2012 (Unaudited) HK\$'000
Mainland China	1,567,546	1,206,758
Overseas	–	7,891
	1,567,546	1,214,649

The Group operates principally in the PRC. Over 90% of the Group's non-current assets are located in the PRC. Accordingly, no further geographical information on non-current assets was disclosed.

Revenue from the operations of approximately HK\$528,984,000 (2012: HK\$472,151,000) was derived from sales to a single customer.

# Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 4. DISPOSAL OF A SUBSIDIARY

During the current interim period, the Group had disposed of 100% equity interest in Shanxi Hing Lou Trading Limited ("SXHL") that had no operation.

The loss from the disposal for the current and preceding interim periods is analysed as follows:

	<b>One month ended 31 January 2013 (unaudited) HK\$'000</b>	<b>Six months ended 30 June 2012 (unaudited) HK\$'000</b>
Profit for the period	–	2
Loss on disposal	<b>(446)</b>	–
	<b>(446)</b>	<b>2</b>

The results of SXHL for the current and preceding interim periods are as follows:

	<b>One month ended 31 January 2013 (unaudited) HK\$'000</b>	<b>Six months ended 30 June 2012 (unaudited) HK\$'000</b>
Other income	–	2
Administrative expenses	–	–
	–	<b>2</b>

The net assets of SXHL at the date of disposal are as follows:

	<b>One month ended 31 January 2013 (unaudited) HK\$'000</b>
Net assets disposed of	8,568
Loss on disposal	<b>(446)</b>
Total consideration	<b>8,122</b>
Satisfied by:	
Cash	122
Bills receivable	8,000
	<b>8,122</b>

# Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 5. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold after allowances for trade discounts, the value of services rendered and gain on sales of marketable securities during the period.

An analysis of revenue, other income and gains is as follows:

	Six months ended 30 June	
	2013 (unaudited) HK\$'000	2012 (unaudited) HK\$'000
<b>Revenue</b>		
Sales of goods	1,567,546	1,214,649

	Six months ended 30 June	
	2013 (unaudited) HK\$'000	2012 (unaudited) HK\$'000
<b>Other income</b>		
Exchange gain	–	1,469
Subsidy income	6,908	7,028
Bank interest income	2,688	3,618
Others	107	25
	9,703	12,140

# Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 6. PROFIT BEFORE TAX

The Group's profit before tax for the period is arrived at after charging the followings:

	Six months ended 30 June	
	2013	2012
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold	1,130,180	850,291
Staff costs (including Directors' remuneration)	27,189	23,905
Depreciation	60,113	60,439
Mortgage loan interest	126	129
Amortization of prepaid land premiums	1,176	984
Promissory note interest expenses	1,105	1,715
Loss on disposal of a subsidiary	446	–
Bank charges	22,504	10,456

## 7. INCOME TAX EXPENSE

### Income Tax

No Hong Kong profits tax has been provided as the Group had no assessable profits generated in Hong Kong during the period (2012: Nil). Taxes on profits assessable in the PRC have been calculated at the rate of tax applicable to the subsidiaries operating therein, based on existing legislation, interpretations and practices in respect thereof.

The major components of income expense for the period are as follows:

	For the six months ended 30 June	
	2013	2012
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Group:		
Current – Hong Kong		
Charge for the period	–	–
Current – PRC	149,581	43,510
Total tax charge for the year	149,581	43,510

# Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 7. INCOME TAX EXPENSE (CONTINUED)

### Income Tax (Continued)

A reconciliation of the tax expenses applicable to profit before tax using the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e. the statutory rates) to the effective tax rates, are as follows:

For the period ended June 2013

	Hong Kong (unaudited)		Mainland China (unaudited)		Total (unaudited)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
(Loss)/profit before tax	(6,453)		215,398		208,945	
Tax at the statutory tax rate	(1,065)	16.5	53,850	25.0	52,967	25.3
Income not subject to tax	(10)	0.2	(1,727)	(0.8)	(1,737)	(0.8)
Expenses not deductible for tax	1,061	(16.4)	93,759	43.5	94,638	45.3
Others	–	–	3,713	1.7	3,713	1.8
Tax charge at effective tax rate	(14)	0.3	149,595	69.4	149,581	71.6

For the period ended June 2012

	Hong Kong (unaudited)		Mainland China (unaudited)		Total (unaudited)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
(Loss)/profit before tax	(9,450)		161,426		151,976	
Tax at the statutory tax rate	(1,559)	16.5	40,357	25.0	38,798	25.5
Income not subject to tax	–	–	(913)	(0.5)	(913)	(0.6)
Expenses not deductible for tax	1,545	(16.3)	4,080	2.5	5,625	3.7
Tax charge at effective tax rate	(14)	0.2	43,524	27.0	43,510	28.6

## 8. DIVIDENDS

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
2013 interim – Nil (2012: Nil):	–	–

# Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 9. EARNINGS PER SHARE

The calculation of basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares of 2,389,222,000 (2012: 2,354,374,000) in issue during the year.

The calculation of diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, 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 earnings per share are based on:

	For the six months ended 30 June	
	2013	2012
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the Company	55,731	102,052

	Number of shares Six months ended 30 June	
	2013	2012
	'000	'000
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	2,389,222	2,329,222
Effect of dilutive – weighted average number of ordinary shares: Share options	–	–
Weighted average number of ordinary shares for the purpose of calculating diluted earning per share	2,389,222	2,329,222

No adjustment has been made to the basic earnings per share amounts presented for the year ended 30 June 2013 and 2012 by the effect of share options as it is reasonably presumed that no option holder will exercise the option when the market price per share is lower than the exercise price per share of the share option. Therefore, no dilution effect occurred for the year.



# Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 10. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired items of property, plant and equipment with a cost of approximately HK\$99,471,000 (for the six months ended 30 June 2012: approximately HK\$6,971,000). Depreciation for items of property, plant and equipment was approximately HK\$60,113,000 during the period (for the six months ended 30 June 2012: approximately HK\$60,439,000).

During the period, the Group did not disposed of any plant and machinery (for the six months period ended 30 June 2011: nil).

## 11. TRADE AND BILLS RECEIVABLES

	30 June 2013 (unaudited) HK\$'000	31 December 2012 (audited) HK\$'000
Trade receivables	748,461	595,854
Bills receivables	487,263	118,868
Impairment	(31,634)	(29,851)
	<b>1,204,090</b>	684,871

The Group's trading terms with its customers are mainly on credit, except for new customers where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers and mainly concentrated in steel making industry, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the date of invoice, is as follows:

# Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 11. TRADE AND BILLS RECEIVABLES (CONTINUED)

	30 June 2013 (unaudited) HK\$'000	31 December 2012 (audited) HK\$'000
Current	321,906	191,701
31-60 days	198,298	26,064
61-90 days	36,648	267,545
91-365 days	159,835	81,928
over 1 year	31,774	28,616
	<b>748,461</b>	<b>595,854</b>

## 12. TRADE AND BILLS PAYABLES

	30 June 2013 (unaudited) HK\$'000	31 December 2012 (audited) HK\$'000
Trade payable	106,217	119,173
Bills payable	1,199,050	746,310
	<b>1,305,267</b>	<b>865,483</b>

An aged analysis of the trade payables as at the end of the reporting period, based on the date of invoice, is as follows:

	30 June 2013 (unaudited) HK\$'000	31 December 2012 (audited) HK\$'000
Current	29,174	29,568
31-60 days	9,297	15,684
61-90 days	1,850	12,686
91-365 days	53,838	37,895
over 1 year	12,058	23,340
	<b>106,217</b>	<b>119,173</b>

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

# Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 13. SHARE CAPITAL

	Number of ordinary shares of HK\$0.01 each	Issued Capital HK\$
<i>Authorised</i>		
At 31 December 2012 and 30 June 2013	200,000,000,000	2,000,000,000
<i>Issued and fully paid</i>		
At 31 December 2012 and 30 June 2013	2,389,222,370	23,892,224

## 14. EVENTS AFTER THE END OF THE INTERIM PERIOD

- a. Pursuant to the supplemental agreement dated 25 May 2010, Hing Lou Resources Limited agreed to accept a promissory note in the principal sum of HK\$60,000,000 by the Company for settlement of part of the consideration for acquisition of 39.9% equity interests of Shanxi Loudong-General Nice Coking & Gas Co., Ltd ("Shanxi-Loudong"). The promissory note should be repaid on 26 July 2013 (the "Maturity Date"). The Company has redeemed HK\$30,000,000 prior to the Maturity Date. On 26 July 2013, the Company and Hing Lou Resources Limited entered into an amendment and restatement agreement to extend the Maturity Date of the remaining portion of the principal sum under the promissory note to 26 July 2016, details of which had been disclosed in the Company's announcement dated 26 July 2013.
- b. On 29 July 2013, the local government of Xiaoyi City, Shanxi Province issued a notice approving Shanxi Loudong to construct new coking facilities with production capacity of 1.2 million tons per annum. The Group intends to construct new coking facilities on the leased lands at Tianjia Gou Village of Wutong Town in Xiaoyi City, Shanxi Province and at No. 15 Jingxiao Road of the Daxiaobao Village of Daxiaobao Town in Xiaoyi City, Shanxi Province, details of which had been disclosed in the Company's announcement dated 30 July 2013.

# Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 15. CAPITAL COMMITMENTS

	30 June 2013 (unaudited) HK\$'000	31 December 2012 (audited) HK\$'000
Contracted, but not provided for, in respect of:		
Acquisition of 30% equity interest in Linxian Taiye (Note (i))	408,884	403,008
Capital contribution for interest in Guo Xin Loujun (Note (ii))	12,367	12,190
Contribution for capital expenditure of Guo Xin Loujun relating to construction of production facilities (Note (ii))	–	8,707
Capital expenditure in respect to the construction in progress	45,656	56,246
	<b>466,907</b>	<b>480,151</b>

Notes:

- (i) On 16 September 2009, Shanxi Loudong entered into a memorandum of understanding with independent third parties to acquire 49% equity interest in Shanxi Loujun Group Taiye Coal Mining Company Limited (formerly known as Shanxi Linxian Taiye Coal Mining Company Limited, "Linxian Taiye"). A deposit of RMB176 million was paid upon signing of the memorandum of understanding. On 4 May 2010, Shanxi Loudong entered into an agreement with one of the independent third parties to revise the acquisition to 30% equity interest in Linxian Taiye at a total consideration of RMB700 million (equivalent to HK\$824,066,000). During the year ended 31 December 2010, an additional amount of RMB200 million was paid by the Group. As at 30 June 2013, the aggregate amount paid by the Group reached RMB376 million. Accordingly, Shanxi Loudong had capital commitment of RMB324 million (equivalent to approximately HK\$408,884,000). As additional time is required for the valuation report and the competent person's report of the coal mine and the financial statements of Linxian Taiye, the acquisition has not been completed at the date of approval of these consolidated financial statements.
- (ii) On 24 May 2011, Shanxi Loudong and Shanxi Guo Xin Resources Development Group Limited ("Guo Xin Resources"), an independent third party, entered into a cooperation agreement (the "Cooperation Agreement"), pursuant to which, Shanxi Loudong and Guo Xin Resources would establish a joint venture namely Shanxi Guo Xin Loujun New Resources Limited ("Guo Xin Loujun") with registered capital of RMB50 million to engage in the provision of coke oven gas compression, purification, methanation and separation process, and synthesizing coke oven gas into natural gas. Pursuant to the Cooperation Agreement, Guo Xin Loujun is owned as to 51% by Guo Xin Resources and as to 49% by Shanxi Loudong. Accordingly, Shanxi Loudong should contribute RMB24.5 million to Guo Xin Loujun as equity capital. Up to 30 June 2013, Shanxi Loudong had contributed RMB14.7 million. Accordingly, Shanxi Loudong had capital commitment of RMB9.8 million (equivalent to HK\$12,367,000).

Apart from the equity capital contribution, pursuant to the Cooperation Agreement, Shanxi Loudong should contribute RMB147 million to Guo Xin Loujun for the construction of production facilities. Up to 30 June 2013, Shanxi Loudong had outstanding shareholders' loan of RMB45 million after the repayment from the associate through the re-assessing of the required investment for the project (equivalent to approximately HK\$57,373,000 (2012: equivalent to approximately HK\$174,633,000)) and no further capital commitment is required (2012: equivalent to RMB7 million or approximately HK\$8,707,000).

# Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 16. RELATED PARTY TRANSACTIONS

### Transactions with related party

The Group had the following material transaction with related party during the period:

	For the six months ended 30 June	
	2013	2012
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Rental expenses paid to a director	–	107

### Outstanding balances with shareholders and related parties

The balances with shareholders and related parties are unsecured, interest-free and have no fixed terms of repayment. The non-current balances represented cash advances to or from those related parties and were non-trade in nature. The detailed breakdown of amounts with related parties and shareholders is as follows:

#### Outstanding balances with related parties:

- (i) Current portion

	30 June		31 December	
	2013	2012	2012	2011
	(unaudited)	(audited)	(audited)	(audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Due from related companies				
General Nice Resources (Hong Kong) Limited ("GNR")	449	387		
General Nice (Tianjin) Industry Co., Ltd. ("GNT")	29,564	29,564		
General Nice (Shanxi) Economic & Trade Co., Ltd.	–	1,428		
Xiaoyi Loudong Industry & Trading Group Company	26,659	9,951		
	<b>56,672</b>	<b>41,330</b>		
Due to related companies				
GNR	16,656	16,656		
General Nice Development Limited ("GND")	584	584		
Hing Lou Resources Limited	2,125	2,125		
Tianjin General Nice Coke of Chemicals Co. Limited	997	997		
Xiaoyi Loudong Industry & Trading Group Company	–	248		
	<b>20,362</b>	<b>20,610</b>		

# Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

## 16. RELATED PARTY TRANSACTIONS (CONTINUED)

### Outstanding balances with shareholders and related parties (Continued)

*Outstanding balances with related parties: (Continued)*

(ii) Non-current portion

	30 June 2013 (unaudited) HK\$'000	31 December 2012 (audited) HK\$'000
Due from an associate		
Guo Xin Loujun	57,536	174,633
Loans from related companies		
GND	140,155	138,189
GNT	87,820	86,433
GNR	925	911
	228,900	225,533

### Compensation of key management personnel of the Group

*The remuneration of directors and other members of key management during the period was as follow:*

	For the six months ended 30 June 2013 (unaudited) HK\$'000	2012 (unaudited) HK\$'000
Short term employee benefits	2,760	2,684
Post-employment benefits	45	38
Total compensation paid to key management personnel	2,805	2,722

The remuneration of Directors and key executives is recommended by the remuneration committee of the Company and determined by the Board having regard to the performance of individuals and market trends.

# General Information

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Results

During the six months ended 30 June 2013, the total revenue of the Group increased to approximately HK\$1,568 million from about HK\$1,215 million for the corresponding period in 2012, representing a 29.0% increase on a year-on-year basis.

Profit attributable to owners of the Company for the six months ended 30 June 2013 was approximately HK\$56 million, compared with a profit attributable to owners of the Company of approximately HK\$102 million for the corresponding period in 2012. The profit slide was primarily attributable to the drop in selling price of metallurgical coke and high cost of key raw material, coking coal, amidst a slowing global economy and a tepid domestic market in China.

Basic earnings per share for the six months ended 30 June 2013 decreased to HK\$2.334 cents from HK\$4.381 cents for the corresponding period in 2012. As at 30 June 2013, the net assets value per share recorded an increase of 3.7% to HK\$1.7 from HK\$1.64 as at 30 June 2012.

### Business Review

The metallurgical coke industry in China was depressed in the first half of 2013 with selling price of metallurgical coke dropped consecutively for the first six months of the year. Slowing demand growth from steel manufacturers in China, coupled with the continued overproduction of coking plants, have contributed to the market downturn and thus negatively impacted on our performance.

To alleviate the adverse challenges, the Group extended its coke production to coke trading business in this period. It started to trade by direct procurement of the metallurgical coke from other manufacturers and sold them subsequently. This exposure aims in defending the downturn and developing a potential business when the atmosphere is turnaround in future.

The increase in income tax expense was largely due to higher revenue and profits generated from the coke trading activities. In addition, when the suppliers do not provide valued-added tax invoices ("VAT") for the purchases by the Group, it is not allowed to set off the sales to calculate the income tax expense. This issue regarding the trading activities contributed another element for the increase in income tax expense and the decrease in the profit attributable to the owners of the Company for the 2013 interim period.

The Company consists of two main divisions, which composed of a coke manufacturing plant and an electricity-generating plant. The electricity generated will principally provide for self-utilization in coke manufacturing, with surplus power generated sold to third parties and local county government.

Consistent with prior years, advances to suppliers is an essential part of our business operation to guarantee the stable supply of coking coal for the production.

The Group's profit for the period decreased to approximately HK\$59 million for the six months ended 30 June 2013 from approximately HK\$108 million recorded in June 2012.

## General Information

As of 30 June 2013, the Group's total equity increased by about 6.3% to approximately HK\$4,056 million from approximately HK\$3,815 million recorded on 30 June 2012.

The debtor's turnover day of the Group in June 2013 was 110 days compared with 67 days in June 2012. In order to maintain long-term business relationship with some of the key customers, the Company has extended the credit period for those credit-worthy customers to cope with their trade cycle during a slowing economy and lukewarm downstream demand of the steel industry. In general, the management of the Group adopts a prudent credit policy to its customers by closely monitoring their repayment status and consistently reviews their credit terms. If there are any irregularities in repayment, credit terms granted to debtors will be adjusted accordingly. If the balance due from debtors becomes doubtful, appropriate doubtful debt provision will be provided for.

Shanxi Guo Xin Loujun New Resources Limited in which the Group owns 49% equity interests, has commenced, in early 2012, the preliminary works for the construction of the facilities for synthesizing coke oven gas into natural gas. Application for the environmental impact assessment approval from the relevant governmental authorities has been submitted and is awaiting for the approval.

### Outlook

The international economic situation remained complicated and full of challenges in the first half of 2013. China is at the stage of important strategic period in promoting industrialization, informationization, urbanization and agricultural modernization. The economic growth will remain at a progressive speed, which will spur the coal demand growth.

However, changes in both macroeconomic conditions and coal supply and demand within and outside China had resulted in falls in domestic coal demand and negative impacts on coal prices, thus putting the operation of the Company under great pressure. In order to meet the needs of the clients, the Company took measures to lower manufacturing costs by making adjustments to our products and taking advantages of our business. On one hand, the manufacturing cost has been lowered. On the other hand, the Company succeeded in consolidating our client base. Therefore, our business has been developing with a steady pace during different economic cycles.

After a consecutively price reduction for seven months starting from the start of 2013, the price of metallurgical coke starts to become steady and trend to rebound. In addition, after a series of strategies targeting on corruption, the PRC Government proposes a subsequent plan to speed up the development of railway investment and urbanization. These policies will stimulate the demand of steel, thus benefits our business eventually.

The acquisition of 30% equity interests of Shanxi Loujun Group Taiye Coal Mining Company Limited (formerly known as Shanxi Linxian Taiye Coal Mining Company Limited) is proceeding. The Group will continue to identify quality coal investment projects to achieve its target of become fully integrated coal and coke enterprises.

Amidst the highly variable situations of global economic recovery, the Company will continue to strengthen overall management and adopt effective countermeasures to respond flexibly to market changes, striving to benefit from China's sustainable economic growth in return to our shareholders.



# General Information

## Capital Structure, Liquidity, Financial Resources and Debt Maturity Profile

As at 30 June 2013, the Group had total bank borrowings in the amount of HK\$1,104,758,000 (as at 31 December 2012: HK\$1,096,278,000), representing an increase of HK\$8,480,000. The maturity profile of the Group's bank borrowings of HK\$1,104,758,000 was spread with HK\$889,910,000 repayable within 1 year and HK\$214,848,000 repayable in the second year.

The Group's total bank borrowings of HK\$1,104,758,000 were 99% denominated in Renminbi ("RMB") with fixed interest rate and 1% denominated in Hong Kong dollars ("HK\$") with floating interest rate. The Group's cash and bank balances of HK\$56,457,000 were 86% denominated in RMB, 1% in USD and 12% in HK\$.

## Treasury Policy

The Group adopts a conservative approach towards its treasury policy. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluation of the financial condition of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

## Material Acquisition or Disposal of Subsidiaries and Affiliated Companies

During the period under review, there was no material acquisition or disposal of subsidiaries and affiliated companies.

## Employees

As at 30 June 2013, the total number of employees of the Group was approximately 1,437 (30 June 2012: 1,514). Apart from the basic remuneration, discretionary bonus may be granted to eligible employees by reference to the Group's performance as well as the individual's performance. The Group also has adopted a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operation. As at 30 June 2013, there were 4,486,245 (30 June 2012: 4,622,192) outstanding share options granted under such scheme.

## Charge of Group Assets

As at 30 June 2013, the Group pledged bank deposits of approximately HK\$1,216,996,000 (30 June 2012: HK\$1,268,042,000) and a property with a carrying value of approximately HK\$14,565,000 (30 June 2012: HK\$14,891,000) as securities for the Group's banking facilities.

# General Information

## Gearing Ratio

As at 30 June 2013, the gearing ratio of the Group (being the ratio of net debt divided by total capital plus net debt) was approximately 24% (30 June 2012: approximately 26%). Net debt represents the aggregate amount of the Group's interest-bearing bank and other borrowings, the non-current portion of the amount due to related parties and promissory note less cash and cash equivalents of the Group. Total capital represents total equity of the Company.

## Exposure to Fluctuations in Exchange Rates and Any Related Hedges

The Group's reporting currency is denominated in HK\$. The Group's monetary assets, loans and transactions were principally denominated in RMB, USD and HK\$. The Group had a net exchange exposure to RMB as the Group's assets were principally located in China and the revenues were in RMB.

The Group does not have any derivative financial instruments or hedging instruments. The Group will constantly review the economic situation and its foreign currency risk profile, and will consider appropriate hedging measures in future as may be necessary.

## Contingent Liabilities

The Group had no material contingent liabilities as at 30 June 2013 (2012: Nil).

## DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2013 (2012: Nil).

## PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 30 June 2013, the following Directors and chief executive of the Company were interested, or were deemed to be interested in the following long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of the Securities and Futures Ordinance (the "SFO")) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein (the "Register"); or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange:

# General Information

## Long positions in the shares and underlying shares of the Company

Name of Director	Number of ordinary shares		Number of underlying shares subject to the outstanding share options	Total	Approximate percentage of the issued share capital
	Personal interests	Corporate interests			
Mr. Cai Sui Xin	7,205,545	334,051,660 (Note)	–	341,257,205	14.28%
Mr. Zhao Cheng Shu	5,438,150	–	–	5,438,150	0.23%
Mr. Lau Yu	21,448,550	–	–	21,448,550	0.90%
Mr. Ng Tze For	–	–	3,942,457	3,942,457	0.17%
Ms. Li Xiao Juan	5,514,380	–	–	5,514,380	0.23%
Mr. Li Xiao Long	–	–	271,894	271,894	0.01%
Ms. Choy So Yuk	271,908	–	–	271,908	0.01%
Mr. Leung Yuen Wing	224,213	–	–	224,213	0.01%

Note: These shares are beneficially owned by General Nice Resources (Hong Kong) Limited (“GNR”) and Mr. Cai Sui Xin is deemed to be interested in such shares under the SFO by virtue of the fact that each of General Nice Development Limited (“GND”) and General Nice Investment (China) Limited (“GNI”) holds 40% equity interests in GNR while General Nice Group Holdings Limited (“GNG”) and Mr. Cai Sui Xin hold 50% and 5% equity interests in each of GND and GNI respectively, GNG is in turn wholly owned by Mr. Cai Sui Xin.

Save as disclosed above, as at 30 June 2013, none of the Directors and chief executive of the Company was interested, or was deemed to be interested in the long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation which were required to be notified to the Company and the Stock Exchange or recorded in the Register as aforesaid.

## DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed “Interests of Directors and Chief Executive”, and “Share Option” in this report, at no time during the period under review, was the Company or any of its subsidiaries a party to any arrangement to enable a director of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

# General Information

## SHARE OPTION

The Company adopted a share option scheme on 25 June 2007. As at 30 June 2013, there were 4,486,245 share options outstanding. The movements in the share options of the Company during the period were set out as follows:–

Name or category of participants	Outstanding at 01/01/2013	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period	Outstanding at 30/06/2013	Exercise period of the outstanding share options
<b>Director</b>						
Ng Tze For	3,942,457	–	–	–	3,942,457	09/01/2010 to 24/06/2017
Li Xiao Long	271,894	–	–	–	271,894	09/07/2010 to 24/06/2017
<b>Sub-total</b>	<b>4,214,351</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>4,214,351</b>	
<b>Other employee</b>	<b>271,894</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>271,894</b>	<b>09/01/2010 to 24/06/2017</b>
<b>Total</b>	<b>4,486,245</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>4,486,245</b>	

### Notes:

1. These share options were granted on 9 July 2009 at an exercise price of HK\$0.886 per share. The vesting period of these share options is from the date of grant until the commencement of the exercise period. As a result of completion of the open offer by the Company in July 2009, the exercise price of the share options was adjusted from HK\$0.886 to HK\$0.782 per share and the number of share options was adjusted accordingly.
2. Subsequent to completion of the bonus issue on 29 June 2012, the exercise price of the share options was further adjusted from HK\$0.782 per share to HK\$0.6517 per share and the number of outstanding share options was further adjusted.

# General Information

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

Save as disclosed under the section headed "Interests of Directors and Chief Executive" above, as at 30 June 2013, the following persons had an interest in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

### Long positions in the shares/underlying shares of the Company

Name	Capacity	Nature of Interest	No. of shares/ underlying shares	Approximate percentage of the issued share capital
GNR	Beneficial owner	Corporate interests	334,051,660	13.98%
GND	Interest of controlled corporation	Corporate interests	334,051,660 (Note 1)	13.98%
GNI	Interest of controlled corporation	Corporate interests	334,051,660 (Note 1)	13.98%
GNG	Interest of controlled corporation	Corporate interests	334,051,660 (Note 1)	13.98%
Tsoi Ming Chi	Interest of controlled corporation	Corporate interests	334,051,660 (Note 1)	13.98%
Hing Lou Resources Limited ("Hing Lou")	Beneficial owner	Corporate interests	321,858,177	13.47%
Xiaoyi Loudong Industry & Trading Group Company	Interest of controlled corporation	Corporate interests	321,858,177 (Note 2)	13.47%
Ng Ching Mui	Beneficial owner and interest of controlled corporation	Personal and corporate interests	132,010,798 (Note 3)	5.53%

Notes:

1. These shares are beneficially owned by GNR. Each of GND and GNI holds 40% equity interests in GNR while GNG and Mr. Tsoi Ming Chi hold 50% and 35% equity interests in each of GND and GNI respectively. Accordingly each of GND, GNI, GNG and Mr. Tsoi Ming Chi is deemed to be interested in such shares held by GNR under the SFO.
2. Xiaoyi Loudong Industry & Trading Group Company is deemed to be interested in the shares held by Hing Lou by virtue of the fact that Hing Lou is its wholly owned subsidiary.
3. According to the records of the Company, Ng Ching Mui held 110,008,999 shares at 8 June 2012, being the record date of the bonus issue by the Company on basis of 2 bonus shares for every 10 shares held. Based on the shareholding of 110,008,999 shares, Ng Ching Mui entitled to 22,001,799 bonus shares, her aggregated shareholding in the Company increased to 132,010,798 shares representing 5.53% of the existing issued shares of the Company.

## General Information

Save as disclosed above, the Directors are not aware of any other persons who, at 30 June 2013, had interests or short positions in the shares or underlying shares of the Company which are recorded in the register and required to be kept under Section 336 of the SFO.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is committed to raising the standard of corporate governance within the Group in order to enhance the transparency in disclosure of material information. In the opinion of the Directors, the Company has complied with the code provisions of the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2013, except the following deviations:–

#### Code Provision A.4.1

Under code provision A.4.1, non-executive directors should be appointed for a specific term and be subject to re-election. None of the existing independent non-executive Directors was appointed for a specific term. However, all Directors are subject to the retirement provisions in the Bye-laws of the Company which provide that one-third of the Directors for the time being shall retire from office by rotation and every Director shall be subject to retirement at least once every three years.

#### Code Provisions A.6.7 and E.1.2

Under code provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings. The independent non-executive Directors, Mr. Li Xiao Long and Mr. Gao Wen Ping were not in Hong Kong and therefore had not attended the annual general meeting of the Company held on 28 May 2013 (“2013 AGM”).

Under code provision E.1.2, the chairman of the Board should attend the annual general meeting. Due to other commitments which must be attended to by Mr. Cai Sui Xin, the chairman of the Company (the “Chairman”), the Chairman was unable to attend the 2013 AGM. Mr. Lau Yu, an executive Director and the chief executive officer of the Company acted as the chairman of the 2013 AGM and answered questions from the shareholders of the Company.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors’ securities transactions set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules (the “Model Code”). Following specific enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2013.

# General Information

## CHANGE IN INFORMATION OF DIRECTORS

In April 2013, Mr. Cai Sui Xin, the Chairman, was appointed a non-executive director of IRC Limited, a company listed on the Stock Exchange.

In May 2013, Mr. Lau Yu, an executive Director and the chief executive officer of the Company, was appointed a non-executive director of Pluton Resources Limited, a company listed on the Australian Securities Exchange.

In June 2013, Mr. Leung Yuen Wing, an independent non-executive Director, retired as an independent non-executive director and ceased to act as the chairman of the audit committee and the remuneration committee and a member of the nomination committee of PME Group Limited, a company listed on the Stock Exchange.

In July 2013, Mr. Ng Tze For, an executive Director was appointed an alternate director to a non-executive, non-independent director of Palabora Mining Company Limited, a company listed on the Johannesburg Stock Exchange Limited.

## REVIEW BY THE AUDIT COMMITTEE

The Audit Committee comprises four members, namely, Mr. Leung Yuen Wing (chairman), Mr. Li Xiao Long, Ms. Choy So Yuk and Mr. Gao Wen Ping, all being independent non-executive Directors.

The Audit Committee has reviewed the unaudited consolidated interim results of the Group for the six months ended 30 June 2013.

On behalf of the Board

**Cai Sui Xin**

*Chairman*

Hong Kong, 27 August 2013