



中國鎳資源
CHINA NICKEL RESOURCES

中國鎳資源控股有限公司
CHINA NICKEL RESOURCES
HOLDINGS COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock code 股份代號: 02889



資源者
責任無限

Interim
Report
中期報告

2014



- 1 Zhengzhou Office
- 2 Gongyi Plant
- 3 Gongyi Pilot Plant
- 4 New Plant in Lianyungang
- 5 Hong Kong Office
- 6 Singapore Office
- 7 Jakarta Office
- 8 Mine in South Kalimantan
(exclusive offtake right)

- 鄭州市辦事處
- 鞏義廠房
- 鞏義試驗廠房
- 連雲港新建廠房
- 香港辦事處
- 新加坡辦事處
- 雅加達辦事處
- 印尼南加里曼丹省礦場（獨家採購權）

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CORPORATE INFORMATION 公司資料

BOARD OF DIRECTORS

Executive Directors

Mr. Dong Shutong
(Chairman and Chief Executive Officer)

Mr. Chiang Shyh-yi
(Deputy Chief Executive Officer)
(Resigned on 1 June 2014)

Mr. Dong Chengzhe
(Deputy Chief Executive Officer)

Mr. Song Wenzhou

Mr. Yang Fei

Non-executive Director

Mr. Yang Tianjun

Independent Non-executive Directors

Mr. Bai Baohua

Mr. Huang Changhuai

Mr. Wong Chi Keung

Mr. Fahmi Idris

AUDIT COMMITTEE

Mr. Wong Chi Keung (Committee Chairman)

Mr. Huang Changhuai

Mr. Bai Baohua

REMUNERATION COMMITTEE

Mr. Huang Changhuai (Committee Chairman)

Mr. Dong Shutong

Mr. Bai Baohua

Mr. Wong Chi Keung

NOMINATION COMMITTEE

Mr. Dong Shutong (Committee Chairman)

Mr. Bai Baohua

Mr. Huang Changhuai

Mr. Wong Chi Keung

董事會

執行董事

董書通先生
(主席兼總裁)

蔣士宜先生
(副總裁)
(於二零一四年六月一日辭任)

董鍼喆先生
(副總裁)

宋文州先生

楊飛先生

非執行董事

楊天鈞先生

獨立非執行董事

白葆華先生

黃昌淮先生

黃之強先生

法米先生

審核委員會

黃之強先生(委員會主席)

黃昌淮先生

白葆華先生

薪酬委員會

黃昌淮先生(委員會主席)

董書通先生

白葆華先生

黃之強先生

提名委員會

董書通先生(委員會主席)

白葆華先生

黃昌淮先生

黃之強先生

CORPORATE INFORMATION 公司資料

COMPANY SECRETARY

Mr. Chan Yee Lok

(Resigned on 26 April 2014)

Mr. Choi Kwok Keung Sanvic

(Appointed on 3 June 2014)

公司秘書

陳貽恪先生

(於二零一四年四月二十六日辭任)

蔡國強先生

(於二零一四年六月三日獲委任)

AUTHORISED REPRESENTATIVES

Mr. Dong Shutong

Mr. Yang Fei

授權代表

董書通先生

楊飛先生

REGISTERED OFFICE

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

註冊辦事處

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China Merchants Tower

Shun Tak Centre

168-200 Connaught Road Central

Sheung Wan

Hong Kong

香港總辦事處

香港

上環

干諾道中 168-200 號

信德中心

招商局大廈

35樓 3501室

PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 7, Block F

Runhua Business Garden

No. 24 Jinshui Road, Jinshui District

Zhengzhou City, Henan Province

The PRC 450012

中國主要營業地點

中國河南省

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潤華商務花園 F 座 7 號

郵編 450012

AUDITOR

PricewaterhouseCoopers

核數師

羅兵咸永道會計師事務所

CORPORATE INFORMATION 公司資料

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada
Trust Company (Cayman) Limited
4th Floor
Royal Bank House
24 Shedden Road
George Town
Grand Cayman KY1-1110
Cayman Islands

股份過戶登記總處

Royal Bank of Canada
Trust Company (Cayman) Limited
4th Floor
Royal Bank House
24 Shedden Road
George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

股份過戶登記處香港分處

香港中央證券登記有限公司
香港
灣仔
皇后大道東 183 號
合和中心 17M 樓

PRINCIPAL BANKERS

Hong Kong:

China CITIC Bank International Limited
Shanghai Commercial Bank Ltd.
Pudong Development Bank Co. Ltd.
The Hongkong and Shanghai Banking
Corporation Limited

主要往來銀行

香港：

中信銀行(國際)有限公司
上海商業銀行有限公司
上海浦東發展銀行股份有限公司
香港上海滙豐銀行有限公司

The PRC:

China CITIC Bank Corporation Limited
Pudong Development Bank Co. Ltd.
China Guangfa Bank Co., Ltd.
Bank of Jiangsu Co., Ltd.

中國：

中信銀行股份有限公司
上海浦東發展銀行股份有限公司
廣發銀行股份有限公司
江蘇銀行股份有限公司

CORPORATE INFORMATION
公司資料

Singapore:

Citibank Singapore Limited
The Hongkong and Shanghai Banking
Corporation Limited
Malayan Banking Berhad
DBS Bank Limited
China CITIC Bank International Limited

WEBSITE

ir.cnrholdings.com

STOCK CODE

02889

新加坡：

花旗銀行新加坡有限公司
香港上海滙豐銀行有限公司
馬來亞銀行
星展銀行有限公司
中信銀行股份有限公司

網站

ir.cnrholdings.com

股份代號

02889

FINANCIAL HIGHLIGHTS

財務摘要

		Six months ended 30 June 截至六月三十日止六個月	
		2014 二零一四年 HK\$'000 千港元 (Unaudited) (未經審核)	2013 二零一三年 HK\$'000 千港元 (Unaudited) (未經審核)
Revenue/Turnover	收益／營業額	201,405	973,613
Gross Profit	毛利	3,133	129,787
Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") [#]	除利息、稅項、 折舊及攤銷前之 盈利(「EBITDA」) [#]	113,639	204,065
Loss before Tax	除稅前虧損	(70,085)	(72,399)
Loss Attributable to Equity Holders of the Company	本公司股權持有人 應佔虧損	(70,685)	(101,831)
Gross Profit Margin	毛利率	1.6%	13.3%
EBITDA Margin	EBITDA 率	56.4%	21.0%
Net Loss Margin	淨虧損率	(35.4%)	(10.3%)

[#] Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") for the period ended 30 June 2014 included a gain on restructure of senior bonds and convertible bonds of HK\$123,884,000 (2013: Nil).

[#] 截至二零一四年六月三十日止期間，除利息、稅項、折舊及攤銷前盈利(「EBITDA」)包括重組優先債券及可換股債券之收益123,884,000港元(二零一三年：無)。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論與分析

OPERATING ENVIRONMENT ANALYSIS

In the first half of 2014, the steel market of the People's Republic of China (the "PRC") continued to be negatively affected by over-supply and the structural reform of the PRC's economy. As a result, price and demand of steel products remained low which narrowed profit margins for most steel products.

Pursuant to the Export Ban in Indonesia, unprocessed iron ore export from PT. Yiwang Mining to our Group has been suspended from 12 January 2014 onwards. The ores trading business of the Group has been interrupted substantially and it is anticipated such significant negative impact on the financial and operating results of the Group will continue in the whole year of 2014. It is possible that the relevant mining regulations in Indonesia may be amended but there is no guarantee that the Export Ban will be lifted in near future.

In addition, as a result of the weak demand and intense market competition in the PRC, both the sales volume and profit margins of our steel products remained low during the period.

經營環境分析

於二零一四年上半年，供過於求問題及中華人民共和國（「中國」）經濟結構改革持續對中國鋼材市場造成負面影響。因此，鋼產品價格及需求維持在低水平，導致大多鋼產品溢利率收窄。

根據印尼的出口禁令，PT. Yiwang Mining 自二零一四年一月十二日起暫停出口未加工鐵礦石予本集團。本集團的礦石貿易業務嚴重受阻，並預期對本集團的財務及經營業績構成的重大負面影響將於二零一四年全年持續。印尼的相關開採規例或會作出修訂，惟概無保證出口禁令將於不久將來撤銷。

另外，由於中國需求疲弱且競爭激烈，我們鋼產品之銷量及溢利率於期內維持在低水平。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論與分析

We remain pessimistic about the steel market in the PRC in the short-term due to the continuation of the over-supply and the structural reform of the PRC economy. We expect the price of the steel products and iron ores will not have significant rebound in the near future. However, in the long-term, we expect the global economy will gradually recover and the economy of the PRC will maintain its healthy growth trend under the new leadership. Going forward, domestic market in the PRC will become quality-oriented, which will impose higher requirements on products in terms of environmental-friendliness, safety and durability, sustainability and recycling. We expect that quantitative demand for high quality steel products will increase significantly in the long run, and product development will incline to the high-end market.

To capture these business opportunities, our Group has shifted to the production of high quality iron and steel products through the application of more environmental-friendly production method. The Directors believe that the demand of our special steel, alloy steel and stainless steel products will increase in the future.

我們短期內仍然對中國鋼材市場不表樂觀，原因為供過於求問題及中國經濟結構改革持續。我們預期鋼產品及鐵礦石之價格於短期內不會顯著回升。然而，長遠而言，我們預期全球經濟將逐漸復甦，而中國經濟於新領導層帶領下將維持其健康增長趨勢。向前展望，中國國內市場會以質素為主導，在環保、安全耐用、可持續及可回收方面對產品有更高要求。我們預期對高質素鋼產品數量之需求長期會顯著上升，而產品開發會傾向高檔市場。

為緊握此業務機遇，本集團已改為以利用更環保之生產方式生產高質素鋼鐵產品。董事相信我們特鋼、合金鋼以及不銹鋼產品之需求在未來將會增加。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論與分析

BUSINESS REVIEW

Project Progress

In the PRC

Lianyungang City East Harvest Mining Company Limited (“East Harvest Mining”), a subsidiary of the Company, has constructed a production plant to produce nickel fine powder. The first production line of the production plant had started trial production in the second half year of 2012. The nickel fine powder can be treated as finished product for direct sales; alternatively, it can be treated in a blast furnace and possessed into nickel-iron alloy fluid, which becomes a high-quality raw material for the production of stainless steel. The Lianyungang project applies low carbon metallurgical technology developed by the Group. Ordinary coal, rather than coke used in traditional process, is used in the reduction purification process, under which the consumption of carbon may decrease by up to 40%. In addition, the plant can utilise low grade nickel ore for production, the cost of which is much lower than that used in traditional production process. The project is highly recognised by the local government. Moreover, the plant is situated at the Lianyungang port and benefits from geographical advantages. Ores and other raw materials from overseas can be conveniently transported to the plant, largely reducing the inland transportation costs and logistics pressure.

Although the Lianyungang plant is ready for commercial production, it would not be profitable in the short term due to depression in nickel price. Therefore, management has decided to suspend the production plan to a later period when the nickel price rebound. Due to the suspension of production together with the Export Ban, the operations of East Harvest Mining were affected substantially.

業務回顧

項目進展

在中國

本公司附屬公司連雲港市東茂礦業有限公司(「東茂礦業」)已興建生產廠房以生產鎳精粉。該生產廠房的首條生產線已於二零一二年下半年開始試生產。鎳精粉既可作完成品直接出售，亦可作為爐填料加工成鎳鐵合金液，成為生產不銹鋼的上乘原材料。連雲港項目採用由本集團研發的低碳冶金技術。傳統提純還原工藝採用焦煤，但新技術下則採用普通煤從而可減少碳消耗量達40%。此外，該廠可利用低品位鎳礦石進行生產，成本遠低於傳統生產工藝所用之原料。該項目備受地方政府認同。再者，該廠位於連雲港港口，佔盡地利，來自海外的礦石及其他原材料運入廠時相當便捷，大大減低經內陸運輸的成本及物流壓力。

儘管連雲港廠房已預備好投產，但由於鎳價偏軟，短期內將無利可圖。因此，管理層決定將生產計劃押後，直至鎳價反彈。基於暫停生產以及出口禁令，東茂礦業之營運受到重大影響。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

In Indonesia

PT. Mandan Steel, our wholly-owned subsidiary incorporated in Indonesia, is our future processing and manufacturing arm in overseas. PT. Mandan Steel is also recognised as a key iron and steel mill construction project of Indonesia with strong support from the Indonesian central government, and offers manufacturing capability that is valuable considering the new mining regulations in Indonesia. The steel mill project will produce steel bar for concrete reinforcement to capture the market opportunities in Indonesia. This processing facility can save shipping fee, loading and unloading charges and inland port charges. The Stage I development is facilitated and based on the overall relocation of the equipment from Luoyang Yongan Special Steel Co., Ltd., a former wholly-owned subsidiary of the Company. To ensure high quality, environmental protection, energy efficiency and low production cost, new equipment will be added to existing equipment and some existing equipment will be modified. Due to the Export Ban together with the delay in disposal of 30% equity interest of S.E.A. Mineral Limited ("SEAM"), a wholly owned subsidiary of the Company, the Group is seeking other financing sources to facilitate the development of the project. The Directors expect that Stage 1 of the project can be completed within 18 months after the funding from other financing sources is available.

在印尼

本公司在印尼註冊成立的全資附屬公司PT. Mandan Steel將為本集團的海外加工及生產線。PT. Mandan Steel亦獲認為印尼重點鋼鐵廠建設項目，得到印尼中央政府鼎力支持，且在印尼的新採礦規定下提供寶貴的產能。鋼鐵廠項目將生產鋼筋作加強混凝土之用，以抓緊印尼的市場機遇。此加工設施可節省船運成本、裝卸費用及內陸港口費用。第一階段發展會得助及建基於本公司前全資附屬公司洛陽永安特鋼有限公司整體設備的重新安置。為保證高質素、環保、能源效益及低生產成本，現有設備上會添置新設備，部分現有設施亦會修改。因為出口禁令以及於本公司全資附屬公司南洋礦業有限公司（「南洋礦業」）30%股權之出售延遲，本集團正尋求其他融資來源以推動該項目之發展。待獲得其他融資來源之資金後，董事預期項目第一階段能於18個月內完成。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Business Development

Ore trading business

The Group purchases ores from Indonesia through the Exclusive Offtake Agreement at fixed price for self-use or for sales, and has started selling ores to third parties since the end of 2009. The ore trading business had a remarkable contribution to our profitability and cash flows in the past few years due to strong demand from the PRC customers.

However, pursuant to the relevant regulations promulgated in Indonesia, unprocessed ore export by mining business license holders in Indonesia ("IUP Holders") was banned from 12 January 2014 onwards unless the IUP Holders have carried out processing and refining domestically according to Government Regulation No. 23 of 2010 regarding implementation of activities of business of minerals and coal mining and have conducted refining and smelting in accordance with Law No. 4 of 2009 regarding minerals and coal mining ("Export Ban"). Due to the Export Ban, the ore trading business of the Group has been interrupted and it is anticipated that such significant negative impact on the financial and operating results of the Group will continue in the whole year of 2014. It is possible that the relevant mining regulations in Indonesia may be amended but there is no guarantee that the Export Ban will be lifted in near future.

業務發展

礦石貿易業務

本集團透過獨家採購協議以固定價格由印尼購入礦石以供自用或銷售，並且已於二零零九年年末開始向第三方銷售礦石。礦石貿易業務於過往數年對我們的利潤及現金流量帶來顯著貢獻，因為中國客戶的需求強勁。

然而，根據於印尼頒布的相關條例，於印尼的採礦業務許可證持有人（「許可證持有人」）將自二零一四年一月十二日起被禁止出口未加工礦石，除非許可證持有人已根據關於進行礦產及煤礦開採業務的政府規例二零一零年第23號在當地進行加工及提煉，並根據關於礦產及煤礦開採的法例二零零九年第4號進行提煉及冶煉則除外（「出口禁令」）。由於出口禁令，本公司的礦石貿易業務受阻，並預期對本集團的財務及經營業績構成的重大負面影響將於二零一四年全年持續。印尼的相關開採規例或會作出修訂，惟概無保證出口禁令將於不久將來撤銷。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Steel-making operations

For the steel-making operations of the Group, both the sales volume and profit margins of stainless steel base materials and Ni-Cr alloy steel ingot shrunk continuously as a result of the weak demand and intense competition in the PRC. In addition, the Export Ban also affected our production plan in steel-making operations leading the production suspended during January to April 2014. This also led to low production and sales volume in the first half of 2014. Since early of May 2014, the Group's steel-making operations has resumed its production gradually.

While we expect the keen competition in the PRC will continue in the whole year of 2014, the demand for steel products will gradually pick up. The Group is actively developing new high value-added steel products and identifying overseas markets with growth potentials to strengthen our product portfolio and reduce market concentration risk.

Financing Arrangement

As at 30 June 2014, the Group had net current liabilities of approximately HK\$1,611.6 million. The Group has been actively negotiating with PRC and overseas banks and institutional investors for new borrowings and the renewal of existing borrowings when those borrowings fall due. During the period and up to the date of this announcement, the Group has successfully renewed its short-term bank borrowings of RMB152.6 million from PRC banks for another twelve months. Based on our management's past experience, the Group did not encounter any significant difficulties in renewing the borrowings.

造鋼業務

就本集團的造鋼業務而言，不銹鋼基料及鎳鉻合金鋼錠的銷量及溢利率均持續下跌，原因是中國需求疲弱且競爭激烈。另外，出口禁令亦影響我們造鋼業務的生產計劃，導致生產於二零一四年一月至四月暫停。這亦導致二零一四年上半年之生產及銷量處於低水平。自二零一四年五月初開始，本集團造鋼業務逐步恢復生產。

儘管我們預期中國競爭激烈的情況於二零一四年全年仍會持續，鋼產品的需求將會逐步回復。本集團現正積極發展新的高增值鋼產品，並物色具增長潛力的海外市場，以鞏固我們的產品組合，減低市場集中的風險。

融資安排

於二零一四年六月三十日，本集團的流動負債淨值約為1,611.6百萬港元。本集團已與中國境內及海外銀行以及機構投資者積極磋商新借款及將到期的現有借款展期。期內及截至本公告日期止，本集團已順利獲得中國境內銀行額外重續十二個月人民幣152.6百萬元之短期銀行借款。根據我們管理層的過往經驗，本集團在借款展期方面未遇到任何重大困難。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論與分析

On 13 June 2014, the Company successfully obtained approval from the Holders to defer the repayment schedule and revised the existing terms of the Senior Bonds with an outstanding aggregate principal of HK\$390.9 million and the Convertible Bonds with an outstanding aggregate principal of HK\$181.6 million. The repayment schedule of Senior Bonds has been deferred till 12 March 2017 to 12 December 2018 by eight instalments of HK\$48.9 million each and have been amended accordingly its terms. The repayment schedule of Convertible Bonds has been deferred till 12 March 2018 and have been amended accordingly its terms.

In addition, on 21 January 2013, the Group has entered into a framework agreement with a potential investor for the disposal of 30% equity interests of SEAM, a wholly-owned subsidiary of the Group, for an aggregate consideration of approximately RMB900 million. The transaction is still in progress due to the potential investor need more time for conducting their due diligence work. The Directors expect the transaction will be completed by the end of year 2014 believes that the above financing arrangements can improve the liquidity and financial position of the Group.

於二零一四年六月十三日，本公司已成功取得持有人之批准，延遲其還款時間表，並修訂尚未行使本金總額為390.9百萬港元之優先債券及尚未行使本金總額為181.6百萬港元之可換股債券之現有條款。優先債券之還款時間表延遲到二零一七年三月十二日至二零一八年十二月十二日，分八期攤還，每期攤付48.9百萬港元，並其條款已相應修訂。可換股債券之還款時間表延遲到二零一八年三月十二日，並其條款已相應修訂。

另外，於二零一三年一月二十一日，本集團亦與準投資者就以代價總額約人民幣900百萬元出售本集團全資附屬公司南洋礦業30%權益訂立框架協議。該交易仍在進行中，原因為準投資者需要更多時間進行其盡職審查工作。董事預期該交易將於二零一四年底完成，並相信上述融資安排能改善本集團的流動資金及財務狀況。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

FINANCIAL REVIEW

Turnover and sales volume

Major products of the Group were limonitic ores, stainless steel base materials, ferro-nickel alloys and Ni-Cr alloy steel ingots. The table below sets out the turnover and sales volume of our products for the periods indicated:

財務回顧

營業額及銷量

本集團之主要產品為褐鐵礦、不銹鋼基料、鎳鐵合金及鎳鉻合金鋼錠。下表載列本集團產品於所示期間之營業額及銷量：

Turnover

營業額

		2014 二零一四年 First Half 上半年		2013 二零一三年 First Half 上半年	
		HKS'000 千港元	%	HKS'000 千港元	%
Mineral Resources:	礦物資源：				
Limonitic ores	褐鐵礦	22,755	12%	849,536	87%
Iron and Steel Products:	鋼鐵製品：				
Stainless steel base materials	不銹鋼基料	82,497	41%	36,143	4%
Ferro-nickel alloys and others	鎳鐵合金及其他	57,197	28%	38,977	4%
Ni-Cr alloy steel ingots	鎳鉻合金鋼錠	38,956	19%	48,654	5%
Service income	服務收入	—	0%	303	0%
Total	總計	201,405	100%	973,613	100%

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論與分析

Sales volume

銷量

		2014 二零一四年 First Half 上半年		2013 二零一三年 First Half 上半年	
		Tonnes 公噸	%	Tonnes 公噸	%
Mineral Resources:	礦物資源：				
Limonic ores (dry tonnes)	褐鐵礦(乾公噸)	55,448	63%	1,889,135	99%
Iron and Steel Products:	鋼鐵製品：				
Stainless steel base materials	不銹鋼基料	11,750	14%	5,088	0%
Ferro-nickel alloys and others	鎳鐵合金及其他	15,176	18%	7,064	1%
Ni-Cr alloy steel ingots	鎳鉻合金鋼錠	3,913	5%	5,123	0%
Total	總計	86,287	100%	1,906,410	100%

The Group's turnover for the first half year of 2014 was HK\$201.4 million (2013: HK\$973.6 million), a decrease of 79.3% as compared with the corresponding period of last year. The decrease in turnover was mainly attributable to the fact that unprocessed iron ore supply from our major supplier, PT. Yiwang Mining, was suspended since 12 January 2014 due to the Export Ban imposed by the Indonesian Government. The ore trading business of the Group was hence adversely affected.

本集團於二零一四年上半年之營業額為201.4百萬港元(二零一三年：973.6百萬港元)，較上年同期減少79.3%。營業額減少的原因主要為我們的主要供應商PT. Yiwang Mining由於印尼政府實施之出口禁令，自二零一四年一月十二日起暫停供應未加工鐵礦石。本集團之礦石貿易業務因此受到負面影響。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

During the six months ended 30 June 2014, the turnover of our ore trading business was HK\$22.8 million (2013: HK\$849.5 million), representing 12% (2013: 87%) to the total turnover. The sales volume of ore was 55,448 dry tonnes, decreased by 97.1% as compared to 1,889,135 dry tonnes in the corresponding period of last year. The average unit selling price per ton decreased by 8.8% compared to the corresponding period of last year due to decrease in commodity market price of iron ore in the first half of 2014. Due to the Export Ban, the Group believes that the ore trading business will not generate turnover for the Group in the second half year of 2014.

Cost of sales

The cost of sales for the first half year of 2014 decreased by HK\$645.5 million, or 76.5%, to HK\$198.3 million (2013: HK\$843.8 million), the decrease in cost of sales was in line with decrease in turnover. The table below shows the breakdown of our total production costs for the periods indicated:

截至二零一四年六月三十日止六個月，本集團礦石貿易之營業額為22.8百萬港元(二零一三年：849.5百萬港元)，佔總營業額之12%(二零一三年：87%)。礦石銷量為55,448乾公噸，較上年同期1,889,135乾公噸減少97.1%。每公噸平均單位售價較上年同期下降8.8%，原因在於二零一四年上半年鐵礦石的商品市場價格下降。由於出口禁令，本集團相信礦石貿易業務不會於二零一四年下半年為本集團產生營業額。

銷售成本

二零一四年上半年之銷售成本減少645.5百萬港元或76.5%至198.3百萬港元(二零一三年：843.8百萬港元)。銷售成本減少與營業額減少一致。下表載列本集團於所
示期內之總生產成本之明細：

		2014 二零一四年 First Half 上半年		2013 二零一三年 First Half 上半年	
		HK\$'000 千港元	%	HK\$'000 千港元	%
Raw materials	原材料	145,706	73%	775,070	92%
Fuel and utilities	燃料及水電費	14,888	8%	17,066	2%
Depreciation	折舊	24,917	13%	34,484	4%
Staff costs	員工成本	7,316	4%	8,957	1%
Others	其他	5,445	2%	8,249	1%
Total	總計	198,272	100%	843,826	100%

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Gross profit

The Group's total gross profit for the first half of 2014 was HK\$3.1 million (2013: HK\$129.8 million), and the gross profit margin was 1.6% (2013: 13.3%). The decrease in gross profit margin was mainly due to decrease in the average gross profit margin of limonitic ores from 30.9% in 2013 to 6.6% in 2014. During the first half year of 2014, profit margin of our iron and steel products remained thin due to the continuous sluggishness in the iron and steel market of the PRC.

Other gains, net

Other gains, net for the first half year of 2014 was HK\$145.8 million (2013: HK\$54.4 million), which is significantly higher than that of the corresponding period in 2013. Such increase was mainly attributable to the gain on restructuring of the 10% Coupon Senior Bonds and 6% Coupon Convertible Bonds in June 2014.

Selling and distribution costs

Selling and distribution costs for the first half year of 2014 increased by HK\$3.2 million, or 116.7%, to HK\$5.9 million (2013: HK\$2.7 million), representing 2.9% of the turnover (2013: 0.3%). The increase in selling and distribution costs was mainly due to increased logistic costs in line with increase in sales volume of iron and steel products.

Administrative expenses

Administrative expenses for the first half of 2014 remained stable and slightly decreased by HK\$4.7 million or 4.4%, to HK\$101.3 million (2013: HK\$106.0 million), representing 50.3% of the turnover (2013: 10.9%).

毛利

於二零一四年上半年，本集團之毛利總額為3.1百萬港元(二零一三年：129.8百萬港元)，毛利率為1.6%(二零一三年：13.3%)。毛利率減少之主要原因為褐鐵礦平均毛利率由二零一三年之30.9%減少至二零一四年之6.6%。於二零一四年上半年，本集團的鋼鐵製品的毛利率依然微薄，原因是中國鋼鐵市場持續不景。

其他盈利淨額

二零一四年上半年之其他盈利淨額為145.8百萬港元(二零一三年：54.4百萬港元)，顯著高於二零一三年同期。有關上升之主要原因為二零一四年六月重組10厘息優先債券及6厘息可換股債券的盈利所致。

銷售及分銷成本

二零一四年上半年之銷售及分銷成本增加3.2百萬港元或116.7%至5.9百萬港元(二零一三年：2.7百萬港元)，相當於營業額之2.9%(二零一三年：0.3%)。銷售及分銷成本增加主要由於與鋼鐵製品銷量增加相符的較高物流成本所致。

行政開支

二零一四年上半年之行政開支維持穩定，輕微減少4.7百萬港元或4.4%至101.3百萬港元(二零一三年：106.0百萬港元)，相當於營業額之50.3%(二零一三年：10.9%)。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論與分析

Finance costs

Finance costs mainly included interest expenses of bank borrowings, senior bonds and convertible bonds. Finance costs for the first half year of 2014 was HK\$113.9 million (2013: HK\$141.9 million). Decrease in the finance costs was mainly due to repayment of senior bond's partial principal according to the repayment schedule during 2013.

Other expenses

Other expenses for the first half of 2014 decreased by HK\$8.5 million to HK\$1.0 million (2013: HK\$9.5 million).

Loss before tax

The loss before tax for the first half year of 2014 was HK\$70.1 million (2013: HK\$72.4 million). Loss before tax margin was 34.8% (2013: 7.4%). The earnings before interest, tax, depreciation and amortisation ("EBITDA") margin was 56.4% (2013: 21.0%).

Income tax expense

The tax expense in the six months ended 30 June 2013 was mainly due to the tax expense in connection with the ore trading business. Income tax expense for the six months ended 30 June 2014 decreased as the ore trading business decreased substantially in the six months ended 30 June 2014.

Loss attributable to equity holders of the Company

The loss attributable to equity holders of the Company for the first half year of 2014 was HK\$70.7 million (2013: HK\$101.8 million).

融資成本

融資成本主要包括銀行借貸、優先債券及可換股債券的利息開支。二零一四年上半年之融資成本為113.9百萬港元(二零一三年：141.9百萬港元)。融資成本減少主要由於於二零一三年根據還款計劃已償還部份優先債券本金。

其他開支

於二零一四年上半年的其他開支減少8.5百萬港元至1.0百萬港元(二零一三年：9.5百萬港元)。

除稅前虧損

於二零一四年上半年之除稅前虧損為70.1百萬港元(二零一三年：72.4百萬港元)。除稅前虧損率為34.8%(二零一三年：7.4%)。除利息、稅項、折舊及攤銷前盈利("EBITDA")率為56.4%(二零一三年：21.0%)。

所得稅開支

截至二零一三年六月三十日止六個月之稅項開支主要為礦石貿易業務之稅項開支。截至二零一四年六月三十日止六個月礦石貿易業務大幅下滑，故截至二零一四年六月三十日止六個月的所得稅開支減少。

本公司股權持有人應佔虧損

二零一四年上半年之本公司股權持有人應佔虧損為70.7百萬港元(二零一三年：101.8百萬港元)。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Key financial ratios

主要財務比率

		Notes	Six months ended 30 June 2014 截至二零一四年 六月三十日 止六個月	Year ended 31 December 2013 截至二零一三年 十二月三十一日 止年度
Current ratio	流動比率	1	40%	49%
Inventories turnover days	存貨週轉日數	2	368 days 日	104 days 日
Debtor turnover days	應收賬款週轉日數	3	52 days 日	24 days 日
Creditor turnover days	應付賬款週轉日數	4	609 days 日	169 days 日
Interest cover	盈利對利息倍數	5	0.4 times 倍	-4.1 times 倍
Interest-bearing gearing ratio	計息資本負債比率	6	79%	79%
Debt to EBITDA ratio	負債與EBITDA比率	7	19 times 倍	-27.6 times 倍
Net debt/Capital and net debt ratio	淨負債/資本與淨負債比率	8	47%	47%

Notes:

- Current assets/current liabilities X 100%
- Inventories/cost of sales X 181 days or 365 days
- Trade and notes receivables/turnover X 181 days or 365 days
- Trade and notes payables/cost of sales X 181 days or 365 days
- Profit before interest and tax/net interest expense
- Interest-bearing loans and other borrowings (including convertible bonds)/equity attributable to equity holders of the Company X 100%
- Interest-bearing loans and other borrowings (including convertible bonds)/EBITDA
- Net debt/Capital and net debt X 100%

附註:

- 流動資產/流動負債 X 100%
- 存貨/銷售成本 X 181 日或 365 日
- 應收賬款及應收票據/營業額 X 181 日或 365 日
- 應付賬款及應付票據/銷售成本 X 181 日或 365 日
- 除利息及稅項前溢利/利息開支淨額
- 計息貸款及其他借貸(包括可換股債券)/本公司股權持有人應佔權益 X 100%
- 計息貸款及其他借貸(包括可換股債券)/EBITDA
- 負債淨額/股本及負債淨額 X 100%

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Property, plant and equipment

Property, plant and equipment as at 30 June 2014 mainly comprised plant and machinery, buildings and construction in progress. The decrease in balance to HK\$1,864.1 million (2013: HK\$1,928.1 million) was mainly due to the depreciation charges for the period offset by the addition.

Intangible asset

The intangible asset solely represents the unamortised amount of the exclusive offtake right from PT. Yiwon Mining secured by the Group in May 2007. The decrease in the balance during the period was due to amortisation for the period based on the unit of purchase method.

Inventories

The inventory turnover days increased from 104 days in 2013 to 368 days in the six months ended 30 June 2014 which is mainly a result of the significant decrease in ore trading business. As at 30 June 2014, inventories balance decreased by HK\$71.3 million, or 15.0%, to HK\$403.3 million (2013: HK\$474.6 million). The drop in inventory level was mainly due to the management's continuous effort and determination to control inventory level during the period.

Trade and notes receivables

The debtor turnover days increased from 24 days in 2013 to 52 days in the six months ended 30 June 2014. As at 30 June 2014, trade and notes receivables balance decreased by HK\$51.0 million, or 47.1%, to HK\$57.3 million (2013: HK\$108.4 million). The decrease in trade and notes receivables was mainly contributed by the decrease in trading of limonitic ores.

物業、廠房及設備

於二零一四年六月三十日之物業、廠房及設備主要包括廠房及機器、樓宇及在建工程。有關結餘減至1,864.1百萬港元(二零一三年: 1,928.1百萬港元)乃主要歸因期內折舊費用, 惟部份被新添置抵銷。

無形資產

無形資產僅指本集團於二零零七年五月從PT. Yiwon Mining獲得之獨家採購權之未攤銷款項。期內結餘減少乃由於期內根據單位購買法攤銷所致。

存貨

存貨週轉日數由二零一三年之104日增至截至二零一四年六月三十日止六個月之368日, 主要由於礦石貿易業務大幅下滑。於二零一四年六月三十日, 存貨結餘減少71.3百萬港元至403.3百萬港元(二零一三年: 474.6百萬港元), 減幅為15.0%。存貨量下降主要是由於期內管理層持續努力及銳意控制存貨數量所致。

應收賬款及應收票據

應收賬款週轉日數由二零一三年之24日增至截至二零一四年六月三十日止六個月之52日。於二零一四年六月三十日, 應收賬款及應收票據結餘減少51.0百萬港元或47.1%至57.3百萬港元(二零一三年: 108.4百萬港元), 主要是由於褐鐵礦貿易減少所致。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論與分析

Prepayments, deposits and other receivables

The prepayments, deposits and other receivables mainly comprised of prepayment to limonitic ore suppliers. Increase in the prepayments, deposits and other receivables were mainly because increase in prepayment to PT. Yiwon Mining.

Cash and cash equivalents and pledged time deposits

The cash and bank balances decreased by approximately HK\$64.8 million, or 7.1%, to approximately HK\$848.2 million (2013: HK\$913.0 million) as at 30 June 2014 when compared to that as at 31 December 2013. It was mainly due to the net cash used in operating activities of approximately HK\$123.1 million and the interest payment of HK\$111.3 million, offset by the cash inflow from bank and other borrowings of HK\$170.0 million.

Trade and notes payables

The creditor turnover days increased from 169 days in 2013 to 609 days in the six months ended 30 June 2014. As at 30 June 2014, trade and notes payables balance decreased by HK\$104.7 million, or 13.6%, to HK\$667.5 million (2013: HK\$772.2 million). The decrease was mainly due to decrease in purchase of raw materials in line with decrease in turnover in the first half of 2014.

Convertible bonds

Decrease in the convertible bonds during the six months ended 30 June 2014 was a result from convertible bonds restructuring in June 2014 which deferred its principal repayment schedule. The remaining nominal value of the convertible bonds was due for repayment in 2018.

預付款項、按金及其他應收款項

預付款項、按金及其他應收款項主要包括預付褐鐵礦供貨商之款項。預付款項、按金及其他應收款項增加主要是由於預付PT. Yiwon Mining之款項增加所致。

現金及現金等值物與已抵押定期存款

相較二零一三年十二月三十一日，現金及銀行結餘減少約64.8百萬港元或7.1%至二零一四年六月三十日之約848.2百萬港元(二零一三年：913.0百萬港元)，主要是由於經營活動所用之現金淨額約123.1百萬港元及利息付款111.3百萬港元，並由銀行及其他借款170.0百萬港元的現金流入抵銷。

應付賬款及應付票據

應付賬款週轉日數由二零一三年之169日增至截至二零一四年六月三十日止六個月之609日。於二零一四年六月三十日，應付賬款及應付票據結餘減少104.7百萬港元或13.6%至667.5百萬港元(二零一三年：772.2百萬港元)，主要是由於與二零一四年上半年營業額下跌相符的採購原材料減少所致。

可換股債券

截至二零一四年六月三十日止六個月可換股債券減少主要由二零一四年六月間可換股債券重組而延遲了其本金還款時間表所致。可換股債券之餘下面值於二零一八年到期償還。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Bank and other borrowings

As at 30 June 2014, total bank and other borrowings balance decreased by HK\$8.7 million, or 0.4%, to HK\$2,072.9 million (2013: HK\$2,081.6 million).

Share capital

During the six months ended 30 June 2014, share capital remained at HK\$255.3 million (2013: HK\$255.3 million).

Liquidity and capital resources

Our working capital has been principally sourced from cash generated from operations and from long-term and short-term borrowings. We also utilise advances received from our customers to finance part of our working capital requirements. As at 30 June 2014, we had current liabilities of HK\$2,701.8 million, of which HK\$1,553.5 million were bank and other borrowings repayable within one year and HK\$667.5 million were trade and notes payables in respect of purchase of raw materials.

銀行及其他借貸

於二零一四年六月三十日，總銀行及其他借貸結餘減少8.7百萬港元或0.4%至2,072.9百萬港元(二零一三年：2,081.6百萬港元)。

股本

截至二零一四年六月三十日止六個月，股本仍為255.3百萬港元(二零一三年：255.3百萬港元)。

流動資金及資本資源

本集團之營運資金主要來自經營活動所得現金以及長期及短期借貸。本集團亦使用客戶墊款撥付部分所需營運資金。於二零一四年六月三十日，我們之流動負債為2,701.8百萬港元，其中包括須於一年內償還之銀行貸款及其他借貸1,553.5百萬港元，及購買原材料之應付賬款及應付票據667.5百萬港元。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論與分析

Foreign currency risk

Since 2004, the Group has begun the purchase of iron ore from overseas suppliers. The Group's purchase and sales contracts of ore trading business are principally denominated in USD and purchase and sales in connection with iron and steel products are mainly denominated in RMB. As at 30 June 2014, the assets and liabilities of our PRC operations are primarily denominated in RMB, while the assets and liabilities for operations outside PRC are mainly denominated in HKD and USD. Since RMB against HKD was in a favorable trend in recent years, there is no significant foreign exchange exposure for the Group's net assets of PRC operations. Furthermore, HKD is pegged to USD that management does not expect there will be significant foreign exchange exposure for the Group's net assets of non-PRC operations. Therefore, no hedging of foreign currency risk is considered necessary at the moment. However, management will closely monitor the foreign currency exposure and consider using necessary financial instruments for hedging purposes.

As at 30 June 2014, the Group did not enter into any hedging transactions to manage the potential fluctuation in foreign currency as the Directors considered the Group had no significant foreign currency risk.

外匯風險

自二零零四年起，本集團開始自海外供應商採購鐵礦石。礦石貿易業務之買賣合約主要以美元計值，而本集團有關鋼鐵製品之買賣主要以人民幣計值。於二零一四年六月三十日，本集團中國業務之資產及負債主要以人民幣計值，而中國境外業務之資產及負債主要以港元及美元計值。由於近年人民幣兌港元處於利好趨勢，故本集團中國業務之淨資產並無重大外匯風險。此外，港元與美元掛鈎，故管理層預期本集團中國境外業務之淨資產亦無重大外匯風險。因此，目前毋須就外匯風險作出對沖。然而，管理層將密切監控外匯風險，並考慮利用必要的金融工具進行對沖。

於二零一四年六月三十日，由於董事認為本集團並無重大外匯風險，故本集團並沒有為管理潛在在外匯波動而進行任何對沖交易。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Security

As at 30 June 2014, the Group had the following assets being pledged: (1) time deposits of HK\$814.1 million (2013: HK\$845.7 million), certain parcels of the Group's leasehold land situated in the PRC with the carrying amounts of HK\$197.0 million (2013: HK\$206.6 million) and building and plant and machinery with net carry amounts of HK\$36.9 million (2013: HK\$44.0 million) were secured for notes payables of HK\$541.3 million (2013: HK\$587.6 million) and bank loans granted to the Company and certain Group's subsidiaries of HK\$669.7 million (2013: HK\$632.0 million); and (2) the Exclusive Offtake Agreement with PT. Yiwan Mining and a USD bank deposit of HK\$0.01 million (2013: HK\$13.3 million) were secured for the convertible bonds and senior bonds issued by the Company.

Capital commitment

As at 30 June 2014, the Group had capital commitments in the amount of approximately HK\$36.8 million.

CONCLUSION AND PROSPECTS

In the first half of 2014 was full of challenges both for the market and the Group. Our steel-making business continued to be hindered by over-supply and the structural reform of the PRC's economy. The implementation of the Export Ban by the relevant governmental authorities of Indonesia has casted significant doubt on the Group's financial performance and cash flows in 2014.

We expect the economy of the PRC will continue its healthy growth trend under a novel general thinking of the new leadership and the demand and profitability of our steel products will rebound in future.

抵押品

於二零一四年六月三十日，本集團已抵押以下資產：(1) 應付票據541.3百萬港元(二零一三年：587.6百萬港元)及本公司以及本集團若干附屬公司的獲授銀行貸款669.7百萬港元(二零一三年：632.0百萬港元)以本集團定期存款814.1百萬港元(二零一三年：845.7百萬港元)、位於中國賬面值為197.0百萬港元(二零一三年：206.6百萬港元)的若干幅租賃土地及賬面淨值為36.9百萬港元(二零一三年：44.0百萬港元)的樓宇、廠房及機器作為抵押；及(2)本公司發行的可換股債券及優先債券，以與PT. Yiwan Mining訂立的獨家採購協議及0.01百萬港元(二零一三年：13.3百萬港元)的美元銀行存款作抵押。

資本承擔

於二零一四年六月三十日，本集團之資本承擔約為36.8百萬港元。

總結與展望

二零一四年上半年，市場及本集團充滿挑戰。本集團的造鋼業務受供過於求問題及中國經濟結構改革阻礙。印尼有關政府機關實施的出口禁令對本集團於二零一四年的財務業績及現金流量構成重大隱憂。

我們預期中國經濟在中國新領導層的新常態思維帶領下將繼續其健康增長趨勢及我們鋼產品之需求及利潤將於未來回升。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論與分析

In a longer term, we expect the PRC will continue its modernisation and urbanisation that the demand of high quality steel products for public infrastructure and equipment manufacturing will increase steadily. This definitely will bring enormous business opportunities for our Group.

In the short and medium term, the Group has made certain progress in new financing and will strike to complete the overseas steel mill projects as planned.

We believe that after the technology industrialization and modernisation of steel products, the Group will have a stronger competitive advantage in the industry.

更長遠而言，我們預期中國將繼續其現代化及城鎮化，公共基建及設備生產對高質量鋼產品的需求將穩步上升，必會為本集團帶來龐大的業務機遇。

中短期內，本集團的新融資已取得進展，並將致力按計劃完成海外鋼鐵廠項目。

我們相信，技術產業化及鋼鐵產品現代化後，本集團於業內的競爭優勢將更為強大。

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

中期簡明綜合收益表

For the six months ended 30 June 2014
截至二零一四年六月三十日止六個月

		Six months ended 30 June		
		截至六月三十日止六個月		
		2014	2013	
		二零一四年	二零一三年	
		HK\$'000	HK\$'000	
		千港元	千港元	
		(Unaudited)	(Unaudited)	
		(未經審核)	(未經審核)	
Revenue	收益	5	201,405	973,613
Cost of sales	銷售成本		(198,272)	(843,826)
Gross profit	毛利		3,133	129,787
Other gains, net	其他盈利淨額	5	145,801	54,434
Selling and distribution costs	銷售及分銷成本		(5,855)	(2,702)
Administrative expenses	行政開支		(101,320)	(106,030)
Finance income	融資收入	7	3,322	3,097
Finance costs	融資成本	7	(113,926)	(141,873)
Other expenses	其他開支		(992)	(9,464)
Share of (loss)/profit of an associate	應佔一間聯營公司(虧損)/溢利		(248)	352
Loss before tax	除稅前虧損	6	(70,085)	(72,399)
Income tax expenses	所得稅開支	8	(1,273)	(27,901)
Loss for the period	期內虧損		(71,358)	(100,300)
Attributable to:	屬於：			
Equity holders of the Company	本公司股權持有人		(70,685)	(101,831)
Non-controlling interests	非控股權益		(673)	1,531
			(71,358)	(100,300)
Loss per share attributable to equity holders of the Company	本公司股權持有人應佔每股虧損			
— Basic (HK dollar)	— 基本(港元)	10	(0.028)	(0.041)
— Diluted (HK dollar)	— 攤薄(港元)	10	(0.028)	(0.045)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 中期簡明綜合全面收益表

For the six months ended 30 June 2014
 截至二零一四年六月三十日止六個月

		Six months ended 30 June	
		截至六月三十日止六個月	
		2014	2013
		二零一四年	二零一三年
		HK\$'000	HK\$'000
		千港元	千港元
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
Loss for the period	期內虧損	(71,358)	(100,300)
Other comprehensive (loss)/ income	其他全面(虧損)/收益		
<i>Items that may be subsequently reclassified to profit or loss</i>	可能於其後重新分類至 損益之項目		
Exchange differences on translation of foreign operations	境外經營報表折算滙兌 差額	(12,978)	46,281
Other comprehensive (loss)/income for the period, net of tax	期內稅後其他全面 (虧損)/收益	(12,978)	46,281
Total comprehensive loss for the period	期內全面虧損合計	(84,336)	(54,019)
Total comprehensive loss for the period attributable to:	期內全面虧損合計屬於：		
Equity holders of the Company	本公司股權持有人	(83,657)	(57,405)
Non-controlling interests	非控股權益	(679)	3,386
		(84,336)	(54,019)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

中期簡明綜合財務狀況表

As at 30 June 2014
於二零一四年六月三十日

			30 June 2014 二零一四年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	31 December 2013 二零一三年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
ASSETS	資產			
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	11	1,864,076	1,928,122
Prepaid land lease payments	預付土地租賃款項		197,041	202,093
Intangible asset	無形資產	12	2,384,543	2,387,786
Interest in an associate	於一間聯營公司之權益		83,647	83,449
Pledged time deposits	已抵押定期存款		531,746	495,021
Deferred tax assets	遞延稅項資產		673	1,932
Other non-current assets	其他非流動資產		1,135	3,987
			5,062,861	5,102,390
Current assets	流動資產			
Inventories	存貨	13	403,330	474,600
Trade and notes receivables	應收賬款及應收票據	14	57,342	108,388
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	15	313,154	213,546
Pledged time deposits	已抵押定期存款	16	282,328	363,929
Cash and cash equivalents	現金及現金等值物	16	34,114	54,065
			1,090,268	1,214,528
Total assets	總資產		6,153,129	6,316,918
EQUITY	權益			
Capital and reserves attributable to equity holders of the Company	本公司股權持有人應佔資本及儲備			
Share capital	股本	20	255,304	255,304
Reserves	儲備		2,469,002	2,553,223
			2,724,306	2,808,527
Non-controlling interests	非控股權益		8,771	9,450
Total equity	權益總額		2,733,077	2,817,977

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
中期簡明綜合財務狀況表

As at 30 June 2014
於二零一四年六月三十日

			30 June	31 December
			2014	2013
			二零一四年	二零一三年
			六月三十日	十二月三十一日
	Notes		HK\$'000	HK\$'000
	附註		千港元	千港元
			(Unaudited)	(Audited)
			(未經審核)	(經審核)
LIABILITIES		負債		
Non-current liabilities		非流動負債		
Bank and other borrowings		銀行貸款及其他借貸	17 519,435	880,221
Convertible bonds		可換股債券	18 83,102	129,182
Derivative financial instruments		衍生金融工具	18 106,247	21,652
Other long term payables		其他長期應付款項	8,078	8,751
Deferred tax liabilities		遞延稅項負債	1,356	1,369
			718,218	1,041,175
Current liabilities		流動負債		
Trade payables		應付賬款	19 126,202	184,566
Notes payable		應付票據	19 541,320	587,614
Other payables and accruals		其他應付款項及應計 負債	441,942	445,081
Bank and other borrowings		銀行貸款及其他借貸	17 1,553,511	1,201,404
Tax payable		應付稅項	38,859	39,101
			2,701,834	2,457,766
Total liabilities		總負債	3,420,052	3,498,941
Total equity and liabilities		權益及負債總額	6,153,129	6,316,918
Net current liabilities		流動負債淨值	(1,611,566)	(1,243,238)
Total assets less current liabilities		總資產減流動負債	3,451,295	3,859,152

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

中期簡明綜合權益變動表

For the six months ended 30 June 2014
截至二零一四年六月三十日止六個月

Attributable to equity holders of the Company
本公司股東持有人應佔

		Share capital	Share premium	Contributed surplus	Capital reserve	Statutory reserves	Share option reserve	Exchange reserve	Retained Profits/ (Accumulated losses)		Non-controlling interests	Total
									Sub-total			
		股本	股份溢價	實收盈餘	資本儲備	法定儲備	購股權儲備	匯兌儲備	保留溢利/ (累計虧損)	小計	非控股權益	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
(Unaudited)	(未經審核)											
For the six months ended 30 June 2014	截至二零一四年六月三十日止六個月											
At 1 January 2014	於二零一四年一月一日	255,304	3,124,945	47,514	115,807	89,774	36,651	452,777	(1,314,245)	2,808,527	9,450	2,817,977
Loss for the period	期內虧損	-	-	-	-	-	-	-	(70,685)	(70,685)	(679)	(71,364)
Other comprehensive loss for the period:	期內其他全面虧損:											
Exchange differences on translation of foreign operations	境外經營等表折算匯兌差額	-	-	-	-	-	-	(12,972)	-	(12,972)	(6)	(12,978)
Total comprehensive loss for the period	期內全面虧損總額	-	-	-	-	-	-	(12,972)	(70,685)	(83,657)	(679)	(84,336)
Equity-settled share-based compensation	以股權結算之股本補償	-	-	-	-	-	(564)	-	-	(564)	-	(564)
Total transaction with owners	與擁有人之交易總額	-	-	-	-	-	(564)	-	-	(564)	-	(564)
At 30 June 2014	於二零一四年六月三十日	255,304	3,124,945	47,514	115,807	89,774	36,087	439,805	(1,384,930)	2,724,306	8,771	2,733,077
For the six months ended 30 June 2013	截至二零一三年六月三十日止六個月											
At 1 January 2013	於二零一三年一月一日	230,606	3,036,939	47,514	115,807	89,774	33,567	367,535	63,949	3,985,691	18,905	4,004,596
(Loss)/profit for the period	期內(虧損)/溢利	-	-	-	-	-	-	-	(101,831)	(101,831)	1,531	(100,300)
Other comprehensive income for the period:	期內其他全面收益:											
Exchange differences on translation of foreign operations	境外經營等表折算匯兌差額	-	-	-	-	-	-	44,426	-	44,426	1,855	46,281
Total comprehensive income/(loss) for the period	期內全面收益/(虧損)總額	-	-	-	-	-	-	44,426	(101,831)	(57,405)	3,386	(54,019)
Equity-settled share-based compensation	以股權結算之股本補償	-	-	-	-	-	1,513	-	-	1,513	-	1,513
Conversion of convertible bonds (Note 18)	轉換可換取債券(附註18)	23,577	86,833	-	-	-	-	-	-	110,410	-	110,410
Acquisition of additional interest in a subsidiary	收購一家附屬公司之額外權益	-	-	-	-	-	-	-	4,095	4,095	(10,370)	(6,275)
Total transaction with owners	與擁有人之交易總額	23,577	86,833	-	-	-	1,513	-	4,095	116,018	(10,370)	105,648
At 30 June 2013	於二零一三年六月三十日	254,183	3,123,772	47,514	115,807	89,774	35,080	411,961	(33,787)	4,044,304	11,921	4,056,225

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 中期簡明綜合現金流量表

For the six months ended 30 June 2014
 截至二零一四年六月三十日止六個月

		Six months ended 30 June	
		截至六月三十日止六個月	
		2014	2013
		二零一四年	二零一三年
		HK\$'000	HK\$'000
		千港元	千港元
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
Net cash (used in)/generated from operating activities	經營活動(所用)/產生之現金淨額	(123,115)	100,184
Net cash inflow from investing activities	投資活動之現金流入淨額	26,781	16,826
Net cash inflow/(outflow) from financing activities	融資活動之現金流入/(流出)淨額	76,525	(7,909)
Net (decrease)/increase in cash and cash equivalents	現金及現金等值物之(減少)/增加淨額	(19,809)	109,101
Cash and cash equivalents at beginning of period	期初之現金及現金等值物	54,065	141,610
Effect of foreign exchange rate changes, net	滙兌變動影響淨額	(142)	6,169
Cash and cash equivalents at end of period	期末之現金及現金等值物	34,114	256,880

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION 簡明綜合中期財務資料附註

1 GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 11 March 2004 under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company and its subsidiaries (collectively referred as “the Group”) is located at No.7, Block F, Runhua Business Garden, No. 24 Jinshui Road, Jinshui District, Zhengzhou City, Henan Province, the People’s Republic of China (the “PRC”), 450012. The principal place of business of the Company is Room 3501, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong.

The principal activities of the Company are investment holding and the trading of ore. The Group is principally engaged in the manufacture and sale of iron and steel products in the PRC and the trading of ore. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

In the opinion of the directors of the Company (the “Directors”), Easyman Assets Management Limited (“Easyman”), a company incorporated in the British Virgin Islands and wholly owned by Mr. Dong Shutong (“Mr. Dong”), an Executive Director, is the ultimate holding company of the Group. Mr. Dong is regarded as ultimate controlling party.

1 一般資料

本公司於二零零四年三月十一日根據開曼群島法律第22章公司法（一九六一年第三號法例，經綜合及修訂）在開曼群島註冊成立為獲豁免有限公司。本公司註冊辦事處位於Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands。本公司及其附屬公司（統稱「本集團」）主要營業地點位於中華人民共和國（「中國」）河南省鄭州市金水區金水路24號潤華商務花園F座7號（郵編450012號）。本公司主要營業地點位於香港干諾道中168–200號信德中心招商局大廈3501室。

本公司之主要業務為投資控股及礦石貿易。本集團主要於中國從事鋼鐵製品生產和銷售及礦石貿易業務。本公司的股份於香港聯合交易所有限公司（「聯交所」）主板上市。

根據本公司董事（「董事」）之意見，於英屬處女群島註冊成立並由本公司執行董事董書通先生（「董先生」）全資擁有之Easyman Assets Management Limited（「Easyman」）為本集團之最終控股公司。

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION 簡明綜合中期財務資料附註

1 GENERAL INFORMATION (continued)

This condensed consolidated interim financial information for the six months ended 30 June 2014 is unaudited and has been reviewed by the audit committee of the Company. This condensed consolidated interim financial information was approved and authorised for issue by the board of directors on 7 October 2014.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2014 have been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim financial reporting” and the disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange.

This condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

1 一般資料(續)

截至二零一四年六月三十日止六個月之簡明綜合中期財務資料未經審核但已經由本公司審核委員會審閱。該等簡明綜合中期財務資料已於二零一四年十月七日由董事會批准授權發行。

2 編製基準

截至二零一四年六月三十日止六個月簡明綜合中期財務資料乃根據國際會計準則(「國際會計準則」)第34號「中期財務報告」及聯交所證券上市規則之披露規定而編製。

該等簡明綜合中期財務資料並未包括年度財務報表所要求之所有資料及披露事項，故應連同本公司截至二零一三年十二月三十一日止年度根據國際財務報告準則(「國際財務報告準則」)編製的年度財務報表一併閱讀。

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註**2 BASIS OF PREPARATION
(continued)****2.1 Going concern**

In preparing this condensed consolidated interim financial information for the six months ended 30 June 2014, the directors have considered the future liquidity of the Group. During the six months ended 30 June 2014, the Group incurred a loss of approximately HK\$71,358,000 and had a net operating cash outflow of approximately HK\$123,115,000 due to the market downturn and significant change in operating and regulatory environment of the Group's subsidiaries. As at 30 June 2014, the Group had net current liabilities of HK\$1,611,566,000 and the Group's total borrowings amounted to HK\$2,072,946,000, out of which HK\$1,553,511,000 will be due within 12 months as at 30 June 2014. The current borrowings mainly included certain bank and other borrowings of HK\$1,529,637,000. The cash and cash equivalents of the Group amounted to HK\$34,114,000 as at 30 June 2014. In addition, the Company and certain of its subsidiaries are parties to various legal claims as detailed in Note 23 to the condensed consolidated interim financial information.

These conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern and therefore it may not be able to realise its assets and discharge its liabilities in the normal course of business.

2 編製基準(續)**2.1 持續經營**

董事在編制截至二零一四年六月三十日止六個月簡明綜合中期財務資料時，已考慮本集團未來流動資金的狀況。截至二零一四年六月三十日止六個月，基於市場低迷以及本集團附屬公司的經營和監管環境有重大變動，本集團錄得虧損約71,358,000港元，並有經營現金淨流出約123,115,000港元。於二零一四年六月三十日，本集團的流動負債淨額為1,611,566,000港元，而本集團總借貸為2,072,946,000港元，其中截至二零一四年六月三十日1,553,511,000港元將於十二個月內到期。即期借貸主要包括若干銀行貸款及其他借貸1,529,637,000港元。本集團於二零一四年六月三十日之現金及現金等值物為34,114,000港元。此外，本公司及其若干附屬公司涉及多項法律索償事件（詳情載於簡明綜合中期財務資料附註23）。

此等狀況顯示存有重大不明朗因素，或會令本集團持續經營的能力產生重大疑慮，導致本集團或無法在日常業務過程中將其資產變現及償還其負債。

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

簡明綜合中期財務資料附註

2 BASIS OF PREPARATION (continued)

2.1 Going concern (continued)

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve its financial position which include, but not limited to, the following:

- (1) On 21 January 2013, the Group entered into a non-binding framework agreement with Beijing Wincapital Management Co., Ltd. ("Beijing Wincapital") in relation to the disposal of a 30% equity interest in S.E.A. Mineral Limited ("SEAM"), a wholly-owned subsidiary of the Group. The aggregate disposal consideration is expected to be approximately RMB900 million (approximately HK\$1.1 billion). The proposed transaction is at the finalisation stage and no formal sales and purchase agreement has been entered into up to the date of approval of this condensed consolidated interim financial information. Longer than expected time was spent on negotiation of the detailed terms and conditions because of the rapid change in operating and regulatory environment of SEAM since the framework agreement was signed. In connection with

2 編製基準(續)

2.1 持續經營(續)

鑒於該等狀況，本公司董事在評核本集團是否有充足的財務資源持續經營時，已審慎考慮本集團未來流動資金及表現以及其可行融資來源。本集團已採取若干措施以減輕流動資金的壓力並改善其財務狀況，包括但不限於以下各項：

- (1) 於二零一三年一月二十一日，本集團與北京匯贏創業投資有限公司(「北京匯贏」)訂立有關出售本集團全資附屬公司南洋礦業有限公司(「南洋礦業」)30%權益的無約束力框架協議。總出售代價預計約為人民幣900百萬元(約11億港元)。截至本簡明綜合中期財務資料批准日期，建議交易仍處於定稿階段，尚未訂立任何正式買賣協議。自框架協議簽署後，由於南洋礦業的經營及規管環境急速轉變，故此商討條款及條件細節所耗時間較預期長。就建議出售事項而言，截至二零一四年六月三十日，北京匯贏為本集團安排貸款融資人民幣449百萬元(相等於

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註**2 BASIS OF PREPARATION
(continued)****2.1 Going concern (continued)**

(1) (continued)

the proposed disposal, Beijing Wincapital arranged certain loan finances to the Group in the amount of RMB449 million (equivalent to approximately HK\$566 million) as at 30 June 2014, details of which have been disclosed in Note 17. These borrowings can be used to offset the disposal consideration should the proposed disposal be completed. Subsequent to the period end, Beijing Wincapital arranged further loan finance to the Group totaling RMB251 million (equivalent to approximately HK\$316 million) which can also be used to offset the disposal consideration should the proposed disposal be completed. These RMB251 million borrowings are unsecured, bearing interest at commercial terms and are mainly for period of six months. Currently, management expects that all the details and terms of the proposed disposal can be finalised before the end of year 2014; and the Group will be able to offset all these borrowings and collect the remaining disposal consideration in full immediately upon completion of the disposal. The directors believe that the disposal can significantly strengthen the cash flow position of the Group as a whole in the near future.

2 編製基準(續)**2.1 持續經營(續)**

(1) (續)

約566百萬港元)(詳情於附註17披露)。建議出售事項一旦完成，該等借貸可用作抵銷出售代價。期末後，北京匯贏進一步為本集團安排貸款融資合共人民幣251百萬元(相等於約316百萬港元)，同樣，建議出售事項一旦完成，借貸可以抵銷出售代價方式償還。人民幣251百萬元借貸為無抵押、按商業條款計息及償還期主要為六個月。目前，管理層預期可於二零一四年底前落實該建議出售事項的一切詳情及條款；而本集團於緊隨出售事項完成後將可抵銷所有該等借貸並全數獲取出售代價之餘額。董事相信該出售事項將於不久將來大大加強本集團的整體現金流量狀況。

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註

**2 BASIS OF PREPARATION
(continued)**

2.1 Going concern (continued)

- (2) Apart from the liabilities mentioned in point (1) above, the Group had total bank and other borrowings of HK\$2,072,946,000 as at 30 June 2014, out of which approximately HK\$1,553,511,000 will be due for repayment in the coming twelve months from the end of the reporting period. The Group has been actively negotiating with the lenders for the renewal of these borrowings as necessary when those borrowings fall due in 2014. Based on the past experience, the Group did not encounter any significant difficulties in renewing the borrowings and the directors are confident that all necessary borrowings can be renewed when necessary. During the six months ended 30 June 2014 and up to the date of approval of the condensed consolidated interim financial information, bank borrowings with aggregate principal amounts of HK\$152,627,000 were successfully renewed for another twelve months from their respective original due dates.

2 編製基準(續)

2.1 持續經營(續)

- (2) 除上文(1)項所述的負債外，本集團於二零一四年六月三十日的銀行貸款及其他借貸總額為2,072,946,000港元，其中1,553,511,000港元須於報告期末起未來十二個月內到期償還。本集團一直積極與放貸人就重續二零一四年到期的有關借貸續期進行磋商(如需要)。按本集團過往的經驗，本集團在續期借貸方面並無遇上任何重大困難，董事相信所有必需的借貸可在需要時獲得續期。截至二零一四年六月三十日止六個月及截至簡明綜合中期財務資料批准日期，本金總額152,627,000港元的銀行借貸成功延後其還款日期，從各自原到期日成功獲得續期十二個月。

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註

**2 BASIS OF PREPARATION
(continued)**

2.1 Going concern (continued)

- (3) The Group is also negotiating with various financial institutions and identifying various options for financing the Group's working capital and commitments in the foreseeable future.
- (4) The Group is also maximizing its sales effort, including speeding up of sales of its existing inventories and seeking new orders from overseas markets (including Taiwan) on developed new products, and implementing more stringent cost control measures with a view to improving operating cash flows.
- (5) The Group has engaged legal advisors to handle all major litigation matters as detailed in Note 23 to the condensed consolidated interim financial information. In preparing this condensed consolidated interim financial information, the directors have also obtained advice from legal advisors on these matters and, based upon which, are of the view that the Group will be able to resolve these matters with no significant cash outflow in the next twelve months.

2 編製基準(續)

2.1 持續經營(續)

- (3) 本集團亦正在與多間財務機構進行磋商，並物色本集團於可見將來為營運資金及承擔進行融資的不同方案。
- (4) 本集團同時致力提升銷售力度，包括加快銷售其現有存貨，對已開發新產品尋求海外市場(包括台灣)的新訂單，並實施更嚴謹的成本監控措施，以改善經營現金流量。
- (5) 本集團亦已聘請法律顧問處理所有主要訴訟事宜(詳見簡明綜合中期財務資料附註23)。董事在編制簡明綜合中期財務資料時，亦就有關事宜獲得法律顧問的意見，據此，董事認為本集團將能解決有關事宜，在未來十二個月不會產生重大的現金流出。

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

簡明綜合中期財務資料附註

2 BASIS OF PREPARATION (continued)

2.1 Going concern (continued)

The directors have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from the end of the reporting period. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period. Accordingly, the directors are satisfied that it is appropriate to prepare the condensed consolidated interim financial information on a going concern basis.

2.2 Accounting policies

The preparation of the condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2013.

2 編製基準(續)

2.1 持續經營(續)

董事已審閱由管理層編制的本集團現金流量預測。現金流量預測涵蓋自報告期末起不少於十二個月。他們認為，考慮到上述計劃及措施，本集團將有充足的營運資金應付報告期末起未來十二個月營運所需的資金以及履行到期的財務責任。因此，董事相信按持續經營基準編制簡明綜合中期財務資料屬恰當。

2.2 會計政策

編製此簡明綜合中期財務資料要求管理層作出影響會計政策應用及所報告資產及負債、收入及開支的數額作出判斷、估計及假設。實際結果或有別於有關估計。編製此簡明綜合中期財務資料時，由管理層對本集團在會計政策的應用及主要不確定數據的估計所作出的重要判斷與截至二零一三年十二月三十一日止年度的年度財務報表所採用者相同。

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

簡明綜合中期財務資料附註

2 BASIS OF PREPARATION (continued)

2.2 Accounting policies (continued)

The accounting policies used in the preparation of the condensed consolidated interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2013, except as mentioned below.

(a) Effect of adopting amendments and interpretation to existing standards

The following amendments and interpretation to standards are mandatory for accounting periods beginning on or after 1 January 2014. The adoption of these new standards, amendments and interpretation to standards does not have any significant impact to the results and financial position of the Group.

IFRS 10, IFRS 12 and IAS 27 (2011) (amendment)	Investment entities
IAS 32 (amendment)	Offsetting financial assets and financial liabilities
IAS 36 (amendment)	Recoverable amount disclosures for non-financial assets
IAS 39 (amendment)	Financial instruments: recognition and measurement
IFRIC Int 21	Levies

2 編製基準(續)

2.2 會計政策(續)

編製簡明綜合中期財務資料所採納之會計政策與編製截至二零一三年十二月三十一日止年度之年度財務報表所採用者一致，惟以下除外。

(a) 採納現有準則的修訂及詮釋的影響

以下準則的修訂及詮釋須自二零一四年一月一日或之後開始的會計期間強制生效。採納該等新訂準則、現有準則的修訂及詮釋對本集團的業績及財務狀況並無任何重大影響。

國際財務報告準則第10號、國際財務報告準則第12號及國際會計準則第27號(二零一一年)(修訂本)	投資實體
國際會計準則第32號(修訂本)	金融資產與金融負債抵銷
國際會計準則第36號(修訂本)	非金融資產之可收回金額披露
國際會計準則第39號(修訂本)	金融工具：確認及計量
國際財務報告詮釋委員會詮釋第21號	徵稅

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註

**2 BASIS OF PREPARATION
(continued)**

2.2 Accounting policies (continued)

(b) New standards and amendments to standards that have been issued but are not effective

IFRS 9 (2014)	Financial instruments ⁽⁴⁾
IFRS 11	Accounting for acquisitions of interests in Joint Operations ⁽²⁾
(amendment)	
IFRS 14	Regulatory deferred accounts ⁽³⁾
IFRS 15	Revenue from Contracts with Customers ⁽³⁾
IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation ⁽²⁾
(amendment)	
IAS 19 (amendment)	Defined benefit plans: employee contribution ⁽²⁾
IAS 27 (amendment)	Equity method in separate financial statements ⁽²⁾
IFRSs (amendment)	Improvements to IFRS 2010–2012 cycle and 2011–2013 cycle ⁽¹⁾
IFRSs (amendment)	Improvements to IFRS 2012–2014 cycle ⁽³⁾
(1)	Effective for the Group for annual period beginning on 1 January 2015
(2)	Effective for the Group for annual period beginning on 1 January 2016
(3)	Effective for the Group for annual period beginning on 1 January 2017
(4)	Effective for the Group for annual period beginning on 1 January 2018

2 編製基準 (續)

2.2 會計政策 (續)

(b) 已頒布但尚未生效之新準則及準則之修訂

國際財務報告準則第9號(二零一四年)	金融工具 ⁽⁴⁾
國際財務報告準則第11號(修訂本)	取得共同經營中權益的會計處理 ⁽²⁾
國際財務報告準則第14號	監管遞延賬戶 ⁽³⁾
國際財務報告準則第15號	源於客戶合約的收入 ⁽³⁾
國際會計準則第16號及國際會計準則第38號(修訂本)	對可接受的折舊和攤銷方法的澄清 ⁽²⁾
國際會計準則第19號(修訂本)	定額福利計劃：僱員供款 ⁽²⁾
國際會計準則第27號(修訂本)	單獨財務報表之權益法 ⁽²⁾
國際財務報告準則(修訂本)	二零一零年至二零一二年週期及二零一一年至二零一三年週期國際財務報告準則的改進 ⁽¹⁾
國際財務報告準則(修訂本)	二零一二年至二零一四年週期國際財務報告準則的改進 ⁽³⁾
(1)	於二零一五年一月一日開始之年度期間於本集團生效
(2)	於二零一六年一月一日開始之年度期間於本集團生效
(3)	於二零一七年一月一日開始之年度期間於本集團生效
(4)	於二零一八年一月一日開始之年度期間於本集團生效

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION 簡明綜合中期財務資料附註

2 BASIS OF PREPARATION (continued)

2.2 Accounting policies (continued)

(b) *New standards and amendments to standards that have been issued but are not effective (continued)*

The directors are in the process of assessing the impact of the adoption of these new standards and amendments to standards on the results and financial position of the Group.

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: interest rate risk, credit risk, foreign currency risk and liquidity risk. There have been no change in the risk management policies since 31 December 2013.

4 OPERATING SEGMENT INFORMATION

For management purpose, the Group has one reportable operating segment: the trading of ore and the manufacturing and sale of iron and steel products. Management monitors the operating results of the Group's business units as a whole for the purpose of making decisions about resource allocation and performance assessment.

2 編製基準(續)

2.2 會計政策(續)

(b) *已頒布但尚未生效之新準則及準則之修訂(續)*

董事現正評估就採納此等新準則及準則之修訂對本集團的業績及財務狀況的影響。

3 金融風險管理

本集團的活動使其面臨各種各樣的金融風險：利率風險、信用風險、外匯風險及流動資金風險。風險管理政策自二零一三年十二月三十一日起並無變動。

4 經營分部資料

根據管理目的，本集團僅有一個可呈報經營分部：礦石貿易以及生產和銷售鋼鐵製品。管理層出於資源配置及績效考評之決策目的，將其各業務單元之經營成果作為一個整體來進行管理。

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註

5 REVENUE AND OTHER GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, net of value-added tax.

5 收益及其他盈利

收益亦即本集團之營業額，指所售貨品之發票淨值（經扣除增值稅）。

		Six months ended 30 June 截至六月三十日止六個月	
		2014	2013
		二零一四年	二零一三年
		HK\$'000	HK\$'000
		千港元	千港元
Revenue	收益		
Sale of goods:	銷貨：		
Stainless steel base materials	不銹鋼基料	82,497	36,143
Ni-Cr alloy steel ingot	鎳鉻合金鋼錠	38,956	48,654
Ferro-nickel alloys and others	鎳鐵合金及其他	57,197	38,977
Limonitic ores (note)	褐鐵礦(附註)	22,755	849,536
Service income	服務收入	-	303
Total revenue	收益總額	201,405	973,613
Other gains, net	其他盈利淨額		
Change in fair value of derivative financial instruments	衍生金融工具公允價值變動	19,991	45,581
Gain on restructure of senior bonds and convertible bonds, net (Notes 17 and 18)	重組優先債券及可換股債券盈利淨額(附註17及18)	123,884	-
Government grants	政府補助	-	100
Foreign exchange (loss)/gain, net	滙兌(虧損)/盈利淨額	(2,180)	4,448
Gain on disposal of property, plant and equipment	出售物業、廠房及設備之盈利	1,053	103
Others	其他	3,053	4,202
Other gains, net	其他盈利淨額	145,801	54,434

Note: The relevant Indonesian governmental authorities has promulgated that unprocessed ore export by mining business licence holders in Indonesia ("IUP Holders") would be banned from 12 January 2014 onwards unless the IUP Holders have carried out processing and refining domestically according to the relevant regulations regarding implementation of activities of business of minerals and coal mining and have conducted refining and smelting in accordance with those relevant laws. Consequently, PT. Yiwun Mining ceased to export unprocessed iron ores to the Group and the Group's iron ores trading business also suspended with effect from 12 January 2014.

附註：相關印尼政府機關已宣佈，於印尼的採礦業務許可證持有人(「許可證持有人」)自二零一四年一月十二日起被禁止出口未加工礦石，除非許可證持有人已根據關於進行礦產及煤礦開採業務的相關法規在當地進行加工及提煉，並根據該等相關法律進行提煉及冶煉則除外。因此，PT. Yiwun Mining自二零一四年一月十二日起停止向本集團出口未加工鐵礦石，而本集團亦暫停其鐵礦石貿易業務。

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註**6 LOSS BEFORE TAX**

The Group's loss before tax is arrived at after charging/(crediting):

6 除稅前虧損

本集團除稅前虧損已扣除/(計入)下列各項：

		Six months ended 30 June	
		截至六月三十日止六個月	
		2014	2013
		二零一四年	二零一三年
		HK\$'000	HK\$'000
		千港元	千港元
Staff costs (including Directors' remuneration):	員工成本(包括董事酬金)：		
Salaries	薪金	29,150	36,188
Retirement benefit scheme contributions and other costs	退休福利計劃供款及其他成本	871	4,171
Equity-settled share-based compensation (credit)/expense	以股權結算之股本補償(回撥)/開支	(564)	1,513
Total staff costs	總員工成本	29,457	41,872
Cost of inventories sold	已售存貨成本	166,039	800,385
Research expenses	研究開支	2,745	-
Depreciation (Note 11)	折舊(附註11)	66,923	70,977
Reversal of provision for impairment losses of inventories	存貨減值虧損撥備撥回	-	(38,341)
Amortisation of intangible asset (Note 12)	無形資產攤銷(附註12)	3,243	60,701
Amortisation of prepaid land lease payment	預付土地租賃款項攤銷	2,954	2,913
Reversal of impairment losses of trade receivables	應收賬款減值虧損撥回	-	(1,416)
Minimum lease payments under operating leases in respect of buildings and equipment	有關樓宇及設備之經營租賃之最低租賃付款	1,318	2,862
		1,318	2,862

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註

7 FINANCE COSTS, NET

7 融資成本淨額

Six months ended 30 June
截至六月三十日止六個月

	2014 二零一四年 HK\$'000 千港元	2013 二零一三年 HK\$'000 千港元
Finance income	融資收入：	
Interest income on time deposits	定期存款利息收入	
	3,322	3,097
Finance costs	融資成本：	
Interest on bank loans and other borrowings	銀行貸款及其他借貸利息	
Interest on convertible bonds	可換股債券利息	
	(90,328)	(121,957)
	(23,598)	(19,916)
	(113,926)	(141,873)
Finance costs, net	融資成本淨額	
	(110,604)	(138,776)

8 INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

The applicable Hong Kong profits tax rate of the Company and its subsidiaries, which operate in Hong Kong was 16.5% (2013: 16.5%) based on existing legislation.

8 所得稅

本集團須按實體基準就產生或源於本集團成員公司註冊及經營所在管轄權區域的溢利繳納所得稅。

根據開曼群島及英屬處女群島法規及規例，本集團於開曼群島及英屬處女群島無須繳納任何所得稅。

根據現行法例，於香港經營之本公司及其附屬公司適用香港利得稅稅率為 16.5% (二零一三年：16.5%)。

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註**8 INCOME TAX (continued)**

The applicable income tax rate of the Group's Singapore subsidiary, the CNR Group Holdings Pte Ltd ("CNR Singapore") is 10% (2013: 17%). Effective from 1 July 2013, CNR Singapore has been granted to a tax concessionary rate of 10% as it was awarded Global Trader Programme Status by International Enterprise Singapore for a period of five and half years from 1 July 2013 to 31 December 2018.

The subsidiaries of the Group incorporated in Indonesia were subject to a single income tax rate of 25% (2013: 25%).

According to the PRC Corporate Income Tax Law, the applicable income tax rate of the PRC subsidiaries of the Group was 25% for the six months ended 30 June 2014 (2013: 25%).

8 所得稅(續)

本集團新加坡附屬公司CNR Group Holdings Pte Ltd(「CNR新加坡」)的適用所得稅稅率為10%(二零一三年: 17%)。自二零一三年七月一日起, CNR新加坡獲新加坡國際企業發展局授予的環球貿易商資格而可按優惠稅率10%納稅, 期限自二零一三年七月一日起至二零一八年十二月三十一日止為期五年半。

本集團於印尼註冊成立之附屬公司須按25%之單一所得稅稅率(二零一三年: 25%)繳稅。

根據中國企業所得稅法, 本集團中國附屬公司截至二零一四年六月三十日止六個月之適用所得稅稅率為25%(二零一三年: 25%)。

Six months ended 30 June

截至六月三十日止六個月

		2014	2013
		二零一四年	二零一三年
		HK\$'000	HK\$'000
		千港元	千港元
Current income tax	即期所得稅:		
— Mainland China	— 中國大陸	29	(128)
— Singapore	— 新加坡	—	30,358
Deferred income tax	遞延所得稅	1,244	(2,329)
Income tax expense	所得稅開支	1,273	27,901

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION 簡明綜合中期財務資料附註

9 DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the year ending 31 December 2014 (2013: Nil).

10 LOSS PER SHARE

Basic

The calculation of basic loss per share is based on the loss for the period attributable to equity holders of the Company, and the weighted average number of ordinary shares of 2,553,040,200 (2013: 2,512,391,986) in issue during the period.

Diluted

The calculation of diluted loss per share for the six months ended 30 June 2014 and 30 June 2013 is based on the loss attributable to equity holders of the Company, adjusted to reflect the interest on, and change in fair value of the derivative component of the 8% Coupon Convertible Bonds and 6% Coupon Convertible Bonds and equity-settled share-based compensation. The weighted average number of ordinary shares used in the calculation is the weighted average number of the ordinary shares in issue during the period, as used in the basic loss 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.

Diluted loss per share is the same as basic loss per share for the six months ended 30 June 2014 because the impact of dilution of the 6% Coupon Convertible Bonds, 8% Coupon Convertible Bonds and share options is anti-dilutive.

9 股息

董事不建議宣派截至二零一四年十二月三十一日止年度之中期股息（二零一三年：無）。

10 每股虧損

基本

每股基本虧損乃根據本公司股權持有人應佔期內虧損及期內已發行普通股之加權平均股數2,553,040,200股（二零一三年：2,512,391,986股）計算。

攤薄

截至二零一四年六月三十日及二零一三年六月三十日止六個月之每股攤薄虧損乃根據本公司股權持有人應佔虧損計算，並作出調整以反映8厘息可換股債券及6厘息可換股債券之利息及衍生工具部分之公允價值變動及以股權結算之股本補償。用作計算之普通股加權平均股數，為期內已發行普通股之加權平均股數（與計算每股基本虧損所使用者相同），以及假設所有潛在攤薄普通股被視為行使或兌換為普通股時按無償方式發行之普通股加權平均股數。

每股攤薄虧損及與截至二零一四年六月三十日止六個月的每股基本虧損相同，原因為6厘息可換股債券及8厘息可換股債券的攤薄影響及購股權屬反攤薄所致。

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註**10 LOSS PER SHARE (continued)**
Diluted (continued)

The calculation of diluted loss per share for the six months ended 30 June 2013 is based on:

10 每股虧損(續)
攤薄(續)

截至二零一三年六月三十日止六個月每股攤薄虧損乃根據下列基準計算：

		HK\$'000 千港元
Loss attributable to equity holders of the Company, used in the basic loss per share calculation	用於計算每股基本虧損之本公司股權持有人應佔虧損	(101,831)
Interest on the 6% Coupon Convertible Bonds	6厘息可換股債券利息	19,916
Change in fair value of the derivative component of the 6% Coupon Convertible Bonds	6厘息可換股債券衍生部分之公允價值變動 可換股債券	(45,581)
		<u>(127,496)</u>
		Number of shares 股份數目
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	用以計算每股基本虧損之期內已發行普通股加權平均股數	2,512,391,986
Effect of dilution — weighted average number of ordinary shares:	攤薄影響 — 普通股加權平均股數：	
— The 6% Coupon Convertible Bonds	— 6厘息可換股債券	353,708,563
		<u>2,866,100,549</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註

11 PROPERTY, PLANT AND EQUIPMENT

11 物業、廠房及設備

		HK\$'000 千港元
As at 1 January 2014	於二零一四年一月一日	1,928,122
Additions	添置	22,094
Depreciation charge for the period	期內折舊	(66,923)
Foreign exchange realignment	外幣折算差額	(19,217)
As at 30 June 2014	於二零一四年六月三十日	<u>1,864,076</u>

12 INTANGIBLE ASSET

12 無形資產

		HK\$'000 千港元
Exclusive offtake right	獨家採購權	
As at 1 January 2014	於二零一四年一月一日	2,387,786
Amortisation provided during the period	期內攤銷	(3,243)
As at 30 June 2014	於二零一四年六月三十日	<u>2,384,543</u>

13 INVENTORIES

13 存貨

		30 June 2014 二零一四年 六月三十日 HK\$'000 千港元	31 December 2013 二零一三年 十二月三十一日 HK\$'000 千港元
Raw materials	原材料	162,038	190,498
Work in progress	在製品	262,841	345,753
Finished goods	製成品	3,062	3,643
Spare parts and consumables	備件及易耗品	42,646	24,756
		<u>470,587</u>	564,650
Less: Provision for impairment	減：減值撥備	(67,257)	(90,050)
		<u>403,330</u>	474,600

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註**14 TRADE AND NOTES RECEIVABLES**

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

		30 June 2014	31 December 2013
		二零一四年 六月三十日	二零一三年 十二月三十一日
		HK\$'000	HK\$'000
		千港元	千港元
Within 90 days	90日內	52,767	52,801
91 to 180 days	91至180日	2,367	10,989
181 to 365 days	181至365日	2,208	37,181
Over 1 year	超過1年	23,092	30,731
		80,434	131,702
Less: Provision for impairment	減：減值撥備	(23,092)	(23,314)
		57,342	108,388

15 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Prepayment to PT. Yiwun Mining
Yiwun Mining
Prepayments to other suppliers
Other prepayments
Other receivables
Value-added tax recoverable
Current portion of land lease payments

預付PT. Yiwun Mining
之款項

預付其他供應商之款項

其他預付款項

其他應收款項

可收回增值稅

土地租賃款項之即期部份

14 應收賬款及應收票據

於報告期末，按發票日期計算之應收賬款及應收票據之賬齡分析如下：

	30 June 2014	31 December 2013
	二零一四年 六月三十日	二零一三年 十二月三十一日
	HK\$'000	HK\$'000
	千港元	千港元
Within 90 days	52,767	52,801
91 to 180 days	2,367	10,989
181 to 365 days	2,208	37,181
Over 1 year	23,092	30,731
	80,434	131,702
Less: Provision for impairment	(23,092)	(23,314)
	57,342	108,388

15 預付款項、按金及其他應收款項

	30 June 2014	31 December 2013
	二零一四年 六月三十日	二零一三年 十二月三十一日
	HK\$'000	HK\$'000
	千港元	千港元
Prepayment to PT. Yiwun Mining Yiwun Mining	92,867	85,828
Prepayments to other suppliers	111,751	25,237
Other prepayments	2,939	4,813
Other receivables	37,634	36,287
Value-added tax recoverable	63,440	56,916
Current portion of land lease payments	4,523	4,465
	313,154	213,546

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註**16 CASH AND CASH EQUIVALENTS
AND PLEDGED TIME DEPOSITS****16 現金及現金等值物與已抵押定期存款**

		30 June 2014	31 December 2013
		二零一四年 六月三十日	二零一三年 十二月三十一日
		HK\$'000	HK\$'000
		千港元	千港元
Cash and bank balances	現金及銀行結餘	34,114	54,065
Time deposits	定期存款	814,074	858,950
		848,188	913,015
Less: Pledged time deposits for bank borrowings (Note 17(a))	減：為銀行貸款之已抵押 定期存款 (附註 17(a))	(531,746)	(495,021)
Pledged time deposits for issuing bank acceptance notes	為取得銀行承兌票據 之已抵押定期存款	(282,315)	(350,644)
Pledged time deposits for senior bonds and convertible bonds	為優先債券及可換股 債券之已抵押定期 存款	(13)	(13,285)
Cash and cash equivalents	現金及現金等值物	34,114	54,065

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註

17 BANK AND OTHER BORROWINGS

17 銀行貸款及其他借貸

	Notes 附註	30 June 2014 二零一四年六月三十日			31 December 2013 二零一三年十二月三十一日			
		Contractual interest rate (%) 合同利率	Maturity 到期日	HK\$'000 千港元	Contractual interest rate (%) 合同利率	Maturity 到期日	HK\$'000 千港元	
		(%)			(%)			
Current								
		流動						
Bank loans — unsecured		銀行貸款 — 無抵押	6.0-10.0	2015	184,202	5.6-10.0	2014	274,930
Bank loans — secured	(a)	銀行貸款 — 有抵押	5.6-10.0	2015	436,345	6.9-10.0	2014	165,346
Other borrowings — unsecured	(b)	其他借貸 — 無抵押	8.0-21.6	2015	595,157	8.0-43.2	2014	338,370
Other borrowings — secured	(e)	其他借貸 — 有抵押	10.0-11.4	2015	313,933	-	-	-
The 10% Coupon Senior Bonds	(d)	10厘息優先債券	-	-	-	10.0	2014	422,758
The Modified 10% Coupon Bonds	(f)	經修訂10厘息債券	10.0	2015	23,874	-	-	-
					<u>1,553,511</u>			<u>1,201,404</u>
Non-current								
		非流動						
Bank loan — unsecured		銀行貸款 — 無抵押	7.23	2016	62,989	7.2	2016	63,596
Bank loans — secured	(a)	銀行貸款 — 有抵押	2.2-3.25	2016	233,308	2.3-3.3	2015	466,665
Other borrowings — unsecured	(b)	其他借貸 — 無抵押	-	-	-	8.0	2015	19,375
Other borrowings — secured	(e)	其他借貸 — 有抵押	-	-	-	10.0	2015	254,378
The 12% Coupon Senior Bonds	(c)	12厘息優先債券	10	2018	223,138	-	-	-
The 10% Coupon Senior Bonds	(d)	10厘息優先債券	-	-	-	10.0	2015	55,011
The Modified 10% Coupon Bonds	(f)	經修訂10厘息債券	-	-	-	10.0	2015	21,196
					<u>519,435</u>			<u>880,221</u>
					<u>2,072,946</u>			<u>2,081,625</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註**17 BANK AND OTHER BORROWINGS
(continued)**

Notes:

(a) Bank loans — secured

At 30 June 2014, the secured bank loans comprised of: (i) a bank loan of HK\$62,988,000 (31 December 2013: HK\$63,595,000) secured by certain leasehold land in Mainland China with a net carrying amount of HK\$160,316,000 (31 December 2013: HK\$161,062,000); (ii) a bank loan of HK\$62,988,000 (31 December 2013: HK\$63,595,000) secured by a parcel of leasehold land in Mainland China and buildings and plant and machinery with net carrying amounts of HK\$Nil (31 December 2013: HK\$Nil) and HK\$36,905,000 (31 December 2013: HK\$43,987,000), respectively, and the loan was guaranteed by Mr. Dong; and (iii) a bank loan of HK\$37,793,000 (31 December 2013: HK\$38,156,000) secured by a parcel of leasehold land in Mainland China with a net carrying amount of HK\$38,114,000 (31 December 2013: HK\$41,948,000); (iv) eight bank loans in a total of HK\$505,884,000 (31 December 2013: HK\$466,665,000) secured by bank deposits of HK\$531,746,000 (31 December 2013: HK\$495,021,000) (Note 16).

17 銀行貸款及其他借貸(續)

附註：

(a) 銀行貸款一有抵押

於二零一四年六月三十日，有抵押的銀行貸款包括：(i) 以若干位於中國大陸，賬面淨值為160,316,000港元(二零一三年十二月三十一日：161,062,000港元)的租賃土地作為抵押的銀行貸款62,988,000港元(二零一三年十二月三十一日：63,595,000港元)；(ii) 以一幅位於中國大陸，賬面淨值為零港元(二零一三年十二月三十一日：零港元)的租賃土地以及賬面淨值為36,905,000港元(二零一三年十二月三十一日：43,987,000港元)的樓宇、廠房及機械作為抵押的銀行貸款62,988,000港元(二零一三年十二月三十一日：63,595,000港元)，該貸款由董先生作擔保；及(iii) 以一幅位於中國大陸，賬面淨值為38,114,000港元(二零一三年十二月三十一日：41,948,000港元)的租賃土地作為抵押的銀行貸款37,793,000港元(二零一三年十二月三十一日：38,156,000港元)；(iv) 以531,746,000港元(二零一三年十二月三十一日：495,021,000港元)的銀行存款作為抵押的八筆銀行貸款合共505,884,000港元(二零一三年十二月三十一日：466,665,000港元)(附註16)。

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註**17 BANK AND OTHER BORROWINGS
(continued)**

Notes: (continued)

(b) Other borrowings — unsecured

At 30 June 2014, the unsecured other borrowings included: (i) a loan from an independent third party of US\$2,500,000 (equivalent to HK\$19,375,000) (31 December 2013: HK\$19,375,000), which bears interest at a rate of 8% per annum; (ii) loans from the ultimate holding company of the Group consisting of amounts of SG\$1,800,000, US\$2,130,000 and HK\$32,022,000 (equivalent to HK\$61,799,000 in aggregate) (31 December 2013: \$51,940,000), which bear interest at 8% per annum except for an amount of US\$2,841,000, which is interest free; and (iii) a loan of RMB148,000,000 (equivalent to HK\$186,445,000) (31 December 2013: HK\$220,037,000) from an independent third party, which bears interest at a rate of 12% per annum; (iv) a loan of RMB\$16,000,000 (equivalent to HK\$20,156,000) (31 December 2013: HK\$15,517,000) from Mr. Dong's relatives, which bear interest at a rate of 46% per annum, respectively; (v) 3 loans of RMB\$15,000,000 (equivalent to HK\$18,896,000) (31 December 2013: HK\$50,876,000) from independent third parties, which bears interest at rates of 12–18% per annum; (vi) 5 loans of RMB229,000,000 (equivalent to HK\$288,486,000) (31 December 2013: Nil) from independent third parties, which bears interest at rates of 18% to 21.6% per annum.

17 銀行貸款及其他借貸(續)

附註：(續)

(b) 其他借貸 — 無抵押

於二零一四年六月三十日，無抵押其他借貸包括：(i) 從獨立第三方借入的貸款2,500,000美元(相當於19,375,000港元)(二零一三年十二月三十一日：19,375,000港元)，按年利率8厘計息；(ii) 向本集團最終控股公司借入貸款，該貸款包括1,800,000坡元、2,130,000美元及32,022,000港元(相當於合共61,799,000港元)(二零一三年十二月三十一日：51,940,000港元)，除了貸款2,841,000美元為免息外，其他貸款按年利率8厘計息；及(iii) 向獨立第三方借入貸款人民幣148,000,000元(相當於186,445,000港元)(二零一三年十二月三十一日：220,037,000港元)，按年利率12厘計息；(iv) 向董先生之親戚借入貸款人民幣16,000,000元(相當於20,156,000港元)(二零一三年十二月三十一日：15,517,000港元)，按年利率46厘計息；(v) 向獨立第三方借入三筆貸款人民幣15,000,000元(相當於18,896,000港元)(二零一三年十二月三十一日：50,876,000港元)，按年利率12厘至18厘計息；(vi) 向獨立第三方借入五筆貸款人民幣229,000,000元(相當於288,486,000港元)(二零一三年十二月三十一日：零港元)，按年利率18厘至21.6厘計息。

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註

**17 BANK AND OTHER BORROWINGS
(continued)**

Notes: (continued)

(c) The 12% Coupon Senior Bonds

On 13 June 2014, the Company has completed the restructuring of its 10% Coupon Senior Bonds with aggregate nominal amount of HK\$390,990,000 and the 6% Coupon Convertible Bonds with aggregate nominal amount of HK\$181,575,000 such that the maturity of these bonds will be extended for three years to 2018 ("Debt Restructuring"). The key terms of the 10% Coupon Senior Bonds have been amended as follows:

- (i) Interest rate: 12% per annum, which is payable quarterly in arrears;
- (ii) Final maturity date: 12 December 2018;
- (iii) Repayment: The Company shall redeem the bonds at 100% of the remaining principal of HK\$390,990,000 in 8 quarterly instalments commencing 12 March 2017 to and including the Final Maturity Date;
- (iv) Redeemable in cash at the option of the Company at their early redemption amount calculated by using the bond principal with an interest rate of 12% payable on a quarterly basis, at any time prior to the final maturity date, providing that early redemption may not be exercised by the Company within 30 days of the end of a specific close period.

17 銀行貸款及其他借貸(續)

附註：(續)

(c) 12厘息優先債券

於二零一四年六月十三日，本公司完成重組其面值合共390,990,000港元之10厘息優先債券及面值合共181,575,000港元之6厘息可換股債券，致使該等債券的還款期將延長三年至二零一八年（「債務重組」）。10厘息優先債券之主要條款修訂如下：

- (i) 年利率：12厘，每季度支付前期的利息；
- (ii) 最終到期日：二零一八年十二月十二日；
- (iii) 償還：本公司須於二零一七年三月十二日起至最終到期日（包括該日）分8期按季付款贖回債券100%餘下本金額390,990,000港元；
- (iv) 於最終到期日前任何時間，本公司可選擇以現金支付提早贖回額贖回債券，提早贖回額按債券本金額及利率12厘作季度支付，惟本公司於指定關閉期間結束後起計30日內不得提早贖回債券。

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註

**17 BANK AND OTHER BORROWINGS
(continued)**

Notes: (continued)

(c) The 12% Coupon Senior Bonds (Continued)

The 10% Coupon Senior Bonds and the 6% Coupon Convertible Bonds have been accounted for as extinguishment of financial liabilities and the amended Senior Bonds ("12% Coupon Senior Bonds") and amended convertible bonds ("8% Coupon Convertible Bonds") have been recognised upon the completion of the Debt Restructuring.

The 12% Coupon Senior Bonds with the embedded redemption options, were initially recognised as a debt host contract, which was measured using an equivalent market interest rate for a similar bond without a redemption option, and are subsequently carried at amortised cost. The embedded redemption options, were initially recognised as an embedded derivative, which was measured using valuation technique. At its initial recognition on 13 June 2014 and at the end of the reporting period, the fair value of the embedded redemption options was insignificant. The fair value of the 12% Coupon Senior Bonds was valued by Greater China Appraisal Limited.

17 銀行貸款及其他借貸(續)

附註：(續)

(c) 12厘息優先債券(續)

10厘息優先債券及6厘息可換股債券已列賬為金融負債之抵銷，而已修訂的優先債券(「12厘息優先債券」)及已修訂的可換股債券(「8厘息可換股債券」)已於完成債務重組後確認。

12厘息優先債券連同內含之贖回權初步確認為債務主合同，按類似但不含贖回權的債券的相同市場利率計量，其後以攤餘成本列值。內含之贖回權初步確認為內含衍生工具，利用估值法計算。於二零一四年六月十三日初步確認時及報告期末，內含之贖回權的公允價值並不重大。12厘息優先債券之公允價值乃為漢華評值有限公司作出的估值。

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註

**17 BANK AND OTHER BORROWINGS
(continued)**

Notes: (continued)

(c) The 12% Coupon Senior Bonds (Continued)

The movements of the liability and derivative components of the 12% Coupon Senior Bonds for the six months ended 30 June 2014 are as follows:

At 13 June 2014 (initially recognised)	於二零一四年六月十三日 (初步確認)	219,351	–	219,351
Interest expense	利息開支	3,787	–	3,787
At 30 June 2014, non-current	於二零一四年六月三十日， 非即期	223,138	–	223,138

(d) The 10% Coupon Senior Bonds

On 12 December 2007, the Company issued 20,000 zero coupon convertible bonds due 2012 at HK\$100,000 each with an aggregate nominal value of HK\$2,000,000,000 (the "Zero Coupon Convertible Bonds") which were subsequently traded on the Stock Exchange.

On 10 November 2010, the Company exchanged 97.85% of the Zero Coupon Convertible Bonds with: (1) a cash payment of HK\$20,000 for each HK\$100,000 in principal amount of the Zero Coupon Convertible Bonds; and (2) 13,748 10% coupon convertible bonds due 2012 at HK\$100,000 each with an aggregate nominal value of HK\$1,374,800,000 (the "10% Coupon Convertible Bonds").

17 銀行貸款及其他借貸(續)

附註：(續)

(c) 12厘息優先債券(續)

截至二零一四年六月三十日止六個月，12厘息優先債券之負債及衍生工具部分之變動如下：

Liability component	Embedded derivatives	Total
負債部分	內含衍生工具	總計
HK\$'000	HK\$'000	HK\$'000
千港元	千港元	千港元
At 13 June 2014 (initially recognised)	–	219,351
Interest expense	–	3,787
At 30 June 2014, non-current	–	223,138

(d) 10厘息優先債券

於二零零七年十二月十二日，本公司已發行20,000份零息可換股債券，於二零一二年到期，每份代價100,000港元，總面值2,000,000,000港元(「零息可換股債券」)，其後有關債券於聯交所買賣。

於二零一零年十一月十日，本公司以下列各項交換零息可換股債券之97.85%：(1)每100,000港元本金額零息可換股債券現金付款20,000港元；及(2)本公司以每份100,000港元發行的13,748份於二零一二年到期之10厘息可換股債券，總面值為1,374,800,000港元(「10厘息可換股債券」)。

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註**17 BANK AND OTHER BORROWINGS
(continued)**

Notes: (continued)

(d) The 10% Coupon Senior Bonds (Continued)

On 12 June 2012, the Company further exchanged 97.87% of the 10% Coupon Convertible Bonds with: (1) 39,099 10% coupon senior bonds due 2015 at a principal amount of HK\$25,000 for the 10% Coupon Convertible Bond of principal amount of HK\$100,000 with an aggregate nominal amount of HK\$977,475,000 (the "10% Coupon Senior Bonds"); and (2) 13,033 6% coupon convertible bonds due 2015 at a principal amount of HK\$25,000 for the 10% Coupon Convertible Bonds of principal amount of HK\$100,000 with an aggregate nominal amount of HK\$325,825,000 (the "6% Coupon Convertible Bonds").

Some of the key terms of the 10% Coupon Senior Bonds are as follows:

- (i) Interest rate: 10% per annum, which is payable quarterly in arrears;
- (ii) Final maturity date: 12 March 2015;
- (iii) Repayment: The Company shall redeem the bonds at 100% of the principal amounts in 9 specific instalments on the dates falling 9, 12, 15, 18, 21, 24, 27, 30 and 33 months after the issue date;
- (iv) Premium: on 12 December 2012, the Company will pay a premium of HK\$7,792.50 per HK\$25,000 in principal amount of the 10% Coupon Senior Bonds to each bondholder;

17 銀行貸款及其他借貸(續)

附註：(續)

(d) 10厘息優先債券(續)

於二零一二年六月十二日，本公司進一步以下列各項交換10厘息可換股債券之97.87%：(1)以100,000港元本金額10厘息可換股債券，交換本金額25,000港元於二零一五年到期之10厘息優先債券，共39,099份，總面值為977,475,000港元(「10厘息優先債券」)；及(2)以100,000港元本金額10厘息可換股債券，交換本金額25,000港元於二零一五年到期之6厘息可換股債券，共13,033份，總面值為325,825,000港元(「6厘息可換股債券」)。

10厘息優先債券部分主要條款如下：

- (i) 年利率：10厘，每季度支付前期的利息；
- (ii) 最終到期日：二零一五年三月十二日；
- (iii) 償還：本公司須於發行日期後第9、12、15、18、21、24、27、30及33個月，分9期指定分期付款贖回債券100%本金額；
- (iv) 溢價：於二零一二年十二月十二日，本公司將向10厘息優先債券的各名持有人每本金額25,000港元支付7,792.50港元的溢價；

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註

**17 BANK AND OTHER BORROWINGS
(continued)**

Notes: (continued)

(d) The 10% Coupon Senior Bonds (Continued)

- (v) Redeemable in cash at the option of the Company at their early redemption amount calculated by using the bond principal with an interest rate of 10% on a quarterly basis, at any time on or after 12 December 2013 and prior to the final maturity date, providing that early redemption may not be exercised by the Company within 30 days of the end of a specific close period.

The 10% Coupon Senior Bonds with the embedded redemption options as a whole, were initially recognised as a debt host contract at its fair value, which was measured using an equivalent market interest rate for a similar bond without a redemption option, and are subsequently carried at amortised cost.

The movements of the liability and derivative components of the 10% Coupon Senior Bonds for the six months ended 30 June 2014 are as follows:

17 銀行貸款及其他借貸(續)

附註：(續)

(d) 10厘息優先債券(續)

- (v) 於二零一三年十二月十二日或之後及在最終到期日前任何時間，本公司可選擇以現金支付提早贖回額贖回債券，提早贖回額按債券本金額及利率10厘作季度計算，惟本公司於指定關閉期間結束後起計30日內不得提早贖回債券。

10厘息優先債券連同內含之贖回權整體按公允價值初步確認為債務主合同，按類似但不含贖回權的債券的相同市場利率計量，其後以攤銷成本列值。

截至二零一四年六月三十日止六個月，10厘息優先債券之負債及衍生工具部分之變動如下：

		Liability component	Embedded derivatives	Total
		負債部分	內含衍生工具	總計
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
At 1 January 2014	於二零一四年一月一日	477,769	-	477,769
Interest expense	利息開支	25,628	-	25,628
Repayment	還款	(119,653)	-	(119,653)
Extinguishment	抵銷	(383,744)	-	(383,744)
At 30 June 2014	於二零一四年六月三十日	-	-	-

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註**17 BANK AND OTHER BORROWINGS
(continued)**

Notes: (continued)

(e) Other borrowings — secured

As at 30 June 2014, other secured borrowings comprised of: (i) RMB200,000,000 (approximately equivalent to HK\$251,953,000) (31 December 2013: RMB200,000,000 (approximately equivalent to HK\$254,378,000)) was under a secured financing provided by China Fortune International Trust Co., Ltd., a company established in the PRC with limited liability and is an independent third party to the Group (“China Fortune Trust”) for a term of two years; and (ii) RMB49,200,000 (approximately equivalent to HK\$61,980,000) (31 December 2013: Nil) under a secured financing provided by Gongyi Jiahui Technology Promotion Service Centre LLP (“Gongyi Jiahui”), a company established in the PRC with limited liability and is an independent third party to the Group.

In consideration of the financing provided by China Fortune Trust, (i) Zhengzhou Yongtong Special Steel Company Limited (“Zhengzhou Yongtong”), an indirect wholly-owned subsidiary of the Company has assigned to China Fortune Trust certain rights and entitlements to all the income generated or otherwise receivable, if any, from the equity interest of its wholly-owned subsidiary, Henan Yongtong Nickel Co., Ltd., and (ii) Mr. Dong has provided a personal guarantee in favour of China Fortune Trust, for such period so long as the financing remains outstanding.

In consideration of the financing provided by Gongyi Jiahui, (i) Easyman has agreed to charge over a total of 1,307,786,705 ordinary shares in the par value of HK\$0.10 each in the share capital of the Company held by Easyman to Gongyi Jiahui, representing approximately 51.22% of the issued share capital of the Company, as security for the obligations of Zhengzhou Yongtong.

17 銀行貸款及其他借貸(續)

附註：(續)

(e) 其他借貸 — 有抵押

於二零一四年六月三十日，其他有抵押借貸包括：(i) 人民幣200,000,000元(約相等於251,953,000港元)(二零一三年十二月三十一日：人民幣200,000,000元(約相等於254,378,000港元))為華鑫國際信託有限公司(在中國成立的有限公司，為本集團的獨立第三方)(「華鑫信託」)提供為期兩年的有抵押融資；及(ii) 人民幣49,200,000元(約相等於61,980,000港元)(二零一三年十二月三十一日：零港元)為鞏義市佳匯技術推廣服務中心(有限合夥)(「鞏義市佳匯」)(在中國成立的有限公司，為本集團的獨立第三方)提供的有抵押融資。

作為華鑫信託提供融資的代價，(i) 鄭州永通特鋼有限公司(「鄭州永通」)(本公司的間接全資附屬公司)已向華鑫信託轉讓自其全資附屬公司河南永通鍊業有限公司的股權所產生或應收的所有收入的若干權利及利益(如有)，及(ii) 董先生以華鑫信託為受益人於融資仍未償還之期間提供個人擔保。

作為鞏義市佳匯提供融資的代價，(i) Easyman同意質押其所持有本公司股本中合共1,307,786,705股每股面值0.10港元之普通股予鞏義市佳匯，佔本公司已發行股本約51.22%，作為鄭州永通負債之抵押品。

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註

**17 BANK AND OTHER BORROWINGS
(continued)**

Notes: (continued)

(f) The Modified 10% Coupon Bonds

According to an extraordinary resolution dated 31 May 2012, amendments to the terms and conditions governing the 10% Coupon Convertible Bonds for the remaining 284 10% Coupon Convertible Bonds with an aggregate nominal amount of HK\$28,400,000 (the "Modified 10% Coupon Bonds") are as follows:

- (i) delete the conversion right attached to the 10% Coupon Convertible Bonds and delete the terms in relation to the adjustment to the conversion price;
- (ii) extend the maturity date of the 10% Coupon Convertible Bonds from 12 December 2012 to 12 March 2015;
- (iii) amend the maturity repayment in respect of each 10% Coupon Convertible Bonds from 131.1699% of the principal amount to 100% of the principal amount;
- (iv) delete the pre-agreed share price ceiling as an event triggering the redemption option of the Company, and remove the capital event and the delisting of the Company as a relevant event triggering the redemption option of the bondholders;
- (v) amend the early redemption amount to 100% of the principal amount together with any unpaid interest accrued thereto on the redemption date.

The Group determined the fair value of the Modified 10% Coupon Bonds based on the valuation performed by Great China Appraisal Limited using an equivalent market interest rate for a similar bond without a conversion option.

17 銀行貸款及其他借貸(續)

附註：(續)

(f) 經修訂 10 厘息債券

根據日期為二零一二年五月三十一日的特別決議案，餘下 284 份總面值 28,400,000 港元的 10 厘息可換股債券(「經修訂 10 厘息債券」)之條款及條件修訂如下：

- (i) 刪除 10 厘息可換股債券附帶的兌換權，並刪除有關調整兌換價之條文；
- (ii) 將 10 厘息可換股債券到期日由二零一二年十二月十二日延至二零一五年三月十二日；
- (iii) 將每份 10 厘息可換股債券之到期還款額由本金額之 131.1699% 改為本金額之 100%；
- (iv) 將預先協定股份價格上限從觸發本公司贖回選擇權事件清單中剔除，並將資本事件及本公司除牌從觸發債券持有人贖回選擇權有關事件清單中剔除；
- (v) 修訂提早贖回額至本金額之 100% 連同於贖回日期任何累計未付利息。

本集團乃根據漢華評值有限公司利用同類債券(並無兌換權)之相等市場利率作出之估值釐定經修訂 10 厘息債券之公允價值。

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註

18 CONVERTIBLE BONDS

18 可換股債券

		30 June	31 December
		2014	2013
		二零一四年	二零一三年
		六月三十日	十二月三十一日
		HK\$'000	HK\$'000
		千港元	千港元
The 8% Coupon Convertible Bonds	8厘息可換股債券	83,102	-
The 6% Coupon Convertible Bonds	6厘息可換股債券	-	129,182
		83,102	129,182

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註

18 CONVERTIBLE BONDS (continued)

Some of the key terms of the 6% Coupon Convertible Bonds are as follows:

- (i) Convertible at the option of the bondholders into fully paid ordinary shares at any time from 12 June 2012 to 2 March 2015 at a conversion price of HK\$0.7834 per share (the “Initial Conversion Price”). If on 12 December 2012 (the “Reset Date”), the volume weighted average price of the shares for the period of 15 consecutive trading days on the Stock Exchange immediately prior to the Reset Date (the “Prevailing Market Price”) is less than the then prevailing conversion price, the conversion price shall be adjusted to a price that is equal to such Prevailing Market Price, provided always that the conversion price as so adjusted shall not be less than 75% of the Initial Conversion Price (the “Floor Price”). In the event that the Prevailing Market Price is less than the Floor Price, the conversion price shall be adjusted to a price equal to the Floor Price. Accordingly, the initial conversion price of HK\$0.7834 was adjusted to HK\$0.58 with effect from 12 December 2012 (the “Adjustment”). Apart from the Adjustment, there is no change in terms of the 6% Coupon Convertible Bonds;

18 可換股債券(續)

6厘息可換股債券部分主要條款如下：

- (i) 債券持有人可選擇於二零一二年六月十二日至二零一五年三月二日期間隨時以兌換價每股0.7834港元(「初步兌換價」)兌換為已繳足普通股。倘股份緊接二零一二年十二月十二日(「重設日期」)前連續15個交易日期間在聯交所的交易量加權平均價(「當時市價」)低於當時兌換價，兌換價須調整至相等於當時市價的價格，前提是兌換價不得調整至低於初步兌換價的75%(「最低價格」)。倘若當時市價低於最低價格，兌換價須調整至相等於最低價格的價格。因此，初步兌換價0.7834港元已調整至0.58港元，自二零一二年十二月十二日生效(「有關調整」)。除有關調整外，6厘息可換股債券條款維持不變；

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註

18 CONVERTIBLE BONDS (continued)

- (ii) Redeemable in cash at the option of the Company at their early redemption amount calculated by using the bond principal with an interest rate of 6% on a quarterly basis, at any time on or after 12 December 2013 and prior to the final maturity date, providing that early redemption may not be exercised by the Company within 30 days of the end of a specific close period;
- (iii) Redeemable in cash at the option of the Company at their early redemption amount calculated by using the bond principal with an interest rate of 6% on a quarterly basis, if at any time after the first anniversary of the issue date the volume weighted average price of the shares over period of 30 consecutive trading days on the Stock Exchange, the last of which occurs not more than 5 days prior to the date upon which notice of such redemption is published, is greater than or equal to 125% of the then prevailing conversion price;
- (iv) Premium: on 12 December 2012, the Company will pay a premium of HK\$7,792.50 per HK\$25,000 in principal amount of the 6% Coupon Convertible Bonds to each bondholder; and
- (v) To be redeemed at 100% of its principal amount on 12 March 2015. The 6% Coupon Convertible Bonds carry interest at a rate of 6% per annum, which is payable quarterly in arrears.

18 可換股債券(續)

- (ii) 於二零一三年十二月十二日或之後及在最終到期日前任何時間，本公司可選擇以現金支付提早贖回額贖回債券，提早贖回額按債券本金額及利率6厘作季度計算，惟本公司於指定關閉期間結束後起計30日內不得提早贖回債券；
- (iii) 倘若股份於發行日期滿一週年後任何時間在聯交所連續30個交易日(最後一日在刊發贖回通知日期前5日內)期間的成交量加權平均價高於或相等於當時兌換價的125%，本公司可選擇以現金支付提早贖回額贖回債券，提早贖回額按債券本金額及利率6厘作季度計算；
- (iv) 溢價：於二零一二年十二月十二日，本公司將向各6厘息可換股債券持有人本金額每25,000港元支付溢價7,792.50港元；及
- (v) 於二零一五年三月十二日按本金額之100%予以贖回。6厘息可換股債券的年利率為6厘，每季度支付前期的利息。

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註

18 CONVERTIBLE BONDS (continued)

The Company determined the fair value of the liability component of the 6% Coupon Convertible Bonds based on the valuation performed by Greater China Appraisal Limited using an equivalent market interest rate for a similar bond without a conversion option.

The Company also recognised a number of derivatives, the values of which comprise:

- (i) The fair value of the option of the bondholders to convert the 6% Coupon Convertible Bonds into ordinary shares of the Company at the conversion price; and
- (ii) The fair value of the option of the Company to redeem the 6% Coupon Convertible Bonds.

These options are interdependent as only one of these options can be exercised. Therefore, they are not able to be accounted for separately and a single compound derivative financial instrument was recognised.

The fair values of the derivatives were valued by Greater China Appraisal Limited using the trinomial model.

18 可換股債券(續)

本公司乃根據漢華評值有限公司利用同類債券(並無兌換權)之相等市場利率作出之估值釐定6厘息可換股債券負債部分之公允價值。

本公司亦確認數項衍生工具，其價值包括以下各項：

- (i) 債券持有人按兌換價將6厘息可換股債券兌換為本公司普通股的選擇權的公允價值；及
- (ii) 本公司贖回6厘息可換股債券的選擇權的公允價值。

由於僅可行使此等選擇權之其中一項，故此等選擇權為互相關連。因此，有關選擇權不可獨立入帳，並確認單一綜合衍生金融工具。

衍生工具之公允價值乃漢華評值有限公司使用三項式模式而作出的估值。

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註**18 CONVERTIBLE BONDS (continued)**

On 13 June 2014, the Company has completed Debt Restructuring, the terms and conditions governing the 6% Coupon Convertible Bonds have been amended as follows:

- (i) Amend the interest rate payable from 6% per annum to 8% per annum (the "8% Coupon Convertible Bonds");
- (ii) extend the final maturity date of the 8% Coupon Convertible Bonds from 12 March 2015 to 12 March 2018;
- (iii) the price at which Shares will be issued upon conversion of the Convertible Bonds will be reduced from HK\$0.7834 to HK\$0.30 per Share from the Effective Date, subject to adjustment in the manner provided in the Convertible Bonds Trust Deed;
- (iv) amendment to the Conversion Price reset mechanics to provide a reduced Floor Price of HK\$0.18;
- (v) amend the definition of "Relevant Event" to ensure that the current suspension of trading of the Shares on the Stock Exchange will not constitute a Relevant Event unless it continues for a period of 120 consecutive calendar days following 12 June 2014;
- (vi) amend the Reserve Account arrangements to reduce the Required Minimum Balance from US\$10,000,000 to US\$1,000; and

18 可換股債券(續)

於二零一四年六月十三日，本公司已完成債務重組，6厘息可換股債券之條款及條件已修訂如下：

- (i) 將應付年利率由6%修訂為8% (「8厘息可換股債券」)；
- (ii) 將8厘息可換股債券之最終到期日由二零一五年三月十二日延至二零一八年三月十二日；
- (iii) 兌換可換股債券後，自生效日期起將發行股份之價格由每股股份0.7834港元修訂為0.30港元(可按有關可換股債券信託契據規定之方式調整)；
- (iv) 修訂兌換價重設機制，訂明0.18港元之下調最低價格；
- (v) 修訂「有關事件」之定義，確保目前本公司股份暫停於聯交所買賣將不會構成一項有關事件，除非其於二零一四年六月十二日後持續為期連續120個曆日；
- (vi) 修訂儲備賬安排，以將規定最低結餘由10,000,000美元減至1,000美元；及

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註

18 CONVERTIBLE BONDS (continued)

(vii) the addition of provisions which will require the Company to credit to the balance of the Reserve Account amounts calculated by reference to the volume of dry tonnes of ore exported to SEAM in the event that the current restrictions imposed on the export of ores under the Exclusive Offtake Agreement are lifted and which will require the Company to accelerate the amortisation schedule in such circumstances.

The 6% Coupon Convertible Bonds have been accounted for as extinguishment of financial liabilities and the amended convertible bonds ("8% Coupon Convertible Bonds") have been recognised upon the completion of the Debt Restructuring.

The Company determined the fair value of the liability component of the 8% Coupon Convertible Bonds based on the valuation performed by Greater China Appraisal Limited using an equivalent market interest rate for a similar bond without a conversion option.

18 可換股債券(續)

(vii) 加入額外條文，條文規定假如撤銷對獨家採購協議項下出口礦石的現有限制，本公司須將參照出口往南洋礦業的礦石乾噸數量計算的數額計入儲備賬結餘內。在此等情況下，本公司須縮短攤銷時間表。

6厘息可換股債券已列賬為金融負債之抵銷，而已修訂的可換股債券(「8厘息可換股債券」)已於完成債務重組後確認。

本公司8厘息可換股債券負債部分之公允值，乃為漢華評值有限公司按類似但不含換股權的債券的相同市場利率計量而作出的估值。

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION 簡明綜合中期財務資料附註

18 CONVERTIBLE BONDS (continued)

The Company also recognised a number of derivatives, the values of which comprise:

- (i) The fair value of the option of the bondholders to convert the 8% Coupon Convertible Bonds into ordinary shares of the Company at the conversion price; and
- (ii) The fair value of the option of the Company to redeem the 8% Coupon Convertible Bonds.

These options are interdependent as only one of these options can be exercised. Therefore, they are not able to be accounted for separately and a single compound derivative financial instrument was recognised.

The fair values of the derivatives were valued by Greater China Appraisal Limited using the trinomial model.

18 可換股債券(續)

本公司已確認若干衍生工具，其價值由以下各項組成：

- (i) 債券持有人選擇按換股價兌換8厘息可換股債券為本公司普通股之公允價值；及
- (ii) 本公司選擇贖回8厘息可換股債券之公允價值。

由於僅可行使此等選擇權之其中一項，故此等選擇權為互相關連。因此，有關選擇權不可獨立入帳，並確認單一綜合衍生金融工具。

衍生工具之公允價值乃漢華評值有限公司使用三項式模式而作出的估值。

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註

18 CONVERTIBLE BONDS (continued)

The movements of the liability and derivative components of the 6% Coupon Convertible Bonds and 8% Coupon Convertible Bonds for the six months ended 30 June 2014 are as follows:

18 可換股債券(續)

截至二零一四年六月三十日止六個月，6厘息可換股債券及8厘息可換股債券之負債及衍生部分之變動如下：

		Liability component of convertible bonds	Derivatives	Total
		可換股債券之 負債部分 HK\$'000 千港元	衍生工具 HK\$'000 千港元	總計 HK\$'000 千港元
6% Coupon Convertible Bonds	6厘息可換股債券			
At 1 January 2013	於二零一三年一月一日	177,660	101,592	279,252
Interest expense	利息開支	19,916	-	19,916
Conversion into ordinary shares	轉換成普通股	(74,917)	(35,517)	(110,434)
Changes in fair value	公允價值變動	-	(45,581)	(45,581)
Repayments	還款	(5,701)	-	(5,701)
At 30 June 2013, non-current portion	於二零一三年六月三十日，非即期部分	116,958	20,494	137,452
At 1 January 2014	於二零一四年一月一日	129,182	21,652	150,834
Interest expense	利息開支	22,020	-	22,020
Changes in fair value	公允價值變動	-	(20,575)	(20,575)
Repayments	還款	(5,432)	-	(5,432)
Extinguishment	抵銷	(145,770)	(1,077)	(146,847)
At 30 June 2014, non-current portion	於二零一四年六月三十日，非即期部分	-	-	-
8% Coupon Convertible Bonds	8厘息可換股債券			
At 13 June 2014 (Initial recognised)	於二零一四年六月十三日(初步確認)	81,691	105,663	187,354
Interest expense	利息開支	1,411	-	1,411
Changes in fair value	公允價值變動	-	584	584
At 30 June 2014, non-current portion	於二零一四年六月三十日，非即期部份	83,102	106,247	189,349

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註**18 CONVERTIBLE BONDS (continued)**

The 8% Coupon Convertible Bonds and 6% Coupon Convertible Bonds are secured by: (i) the pledge of the Company's time deposits amounting to HK\$13,000 (31 December 2013: HK\$13,285,000); (ii) all of the rights, interest, title and benefits of the exclusive offtake agreement; and (iii) all of the shares held by First Elite Development Limited in S.E.A. Mining Limited, a private company incorporated in Hong Kong with limited liability which is the sole legal and beneficial holder of HK\$46,500,000 and US\$3,000,000 in aggregate principal amount of convertible bonds issued by PT. Yiwon Mining which are convertible into ordinary shares in PT. Yiwon Mining.

19 TRADE AND NOTES PAYABLES

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

Within 90 days	90日內
91 to 180 days	91至180日
181 to 365 days	181至365日
1 to 2 years	1至2年
2 to 3 years	2至3年
Over 3 years	超過3年

18 可換股債券(續)

8厘息可換股債券及6厘息可換股債券由下列各項作抵押：(i) 質押本公司定期存款13,000港元(二零一三年十二月三十一日：13,285,000港元)；(ii) 獨家採購協議之所有權利、權益、所有權及利益；及(iii) 富誼發展有限公司持有於南洋礦產有限公司之所有股份。First Elite Development Limited乃一間於香港註冊成立的私人有限公司，為PT. Yiwon Mining所發行合共計本金為46,500,000港元及3,000,000美元之可換股債券(獲轉換為PT. Yiwon Mining的普通股)之唯一合法及實益持有人。

19 應付賬款及應付票據

於報告期末，按發票日期計算之應付賬款及應付票據之賬齡分析如下：

	30 June 2014 二零一四年 六月三十日 HK\$'000 千港元	31 December 2013 二零一三年 十二月三十一日 HK\$'000 千港元
Within 90 days	366,188	460,406
91 to 180 days	196,840	182,820
181 to 365 days	18,424	25,114
1 to 2 years	36,223	48,744
2 to 3 years	39,580	43,277
Over 3 years	10,267	11,819
	667,522	772,180

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
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**19 TRADE AND NOTES PAYABLES
(continued)**

At 30 June 2014, notes payables of HK\$541,320,000 (31 December 2013: HK\$587,614,000) were secured by a parcel of leasehold land in Mainland China with net carrying amounts of HK\$3,134,000 (31 December 2013: HK\$3,548,000) and time deposits amounting to HK\$282,315,000 (31 December 2013: HK\$350,644,000) (Note 16).

19 應付賬款及應付票據(續)

於二零一四年六月三十日，應付票據541,320,000港元(二零一三年十二月三十一日：587,614,000港元)以賬面值淨額為3,134,000港元(二零一三年十二月三十一日：3,548,000港元)的中國大陸一塊租賃土地及定期存款282,315,000港元(二零一三年十二月三十一日：350,644,000港元)作抵押(附註16)。

20 SHARE CAPITAL

20 股本

	Period ended 30 June 2014 截至二零一四年 六月三十日止期間		Year ended 31 December 2013 截至二零一三年 十二月三十一日止年度	
	Number of ordinary shares 普通股數	HK\$'000 千港元	Number of ordinary shares 普通股數	HK\$'000 千港元
Authorised (HK\$0.1 each): 法定(每股0.1港元):				
At beginning and end of the period/year 期初/年初及 期末/年末	5,000,000,000	500,000	5,000,000,000	500,000
Issued and fully paid (HK\$0.1 each): 已發行及繳足 (每股0.1港元):				
At beginning of the period/year 期初/年初	2,553,040,200	255,304	2,306,057,474	230,606
Conversion of convertible bonds 轉換可換股債券	-	-	246,982,726	24,698
At end of the period/year 期末/年末	2,553,040,200	255,304	2,553,040,200	255,304

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註**21 SHARE-BASED PAYMENT**

On 2 May 2005, the Company approved a share option scheme (the “Share Option Scheme”) under which the Directors may, at their discretion, grant options to the Directors and employees of the Group to subscribe for shares in the Company. The subscription price for shares under the Share Option Scheme will be determined by the Directors, which shall be calculated at the time of grant of the relevant option and shall not be less than the highest of (i) the nominal value of a share; (ii) the closing price of a share as stated in the Stock Exchange’s daily quotation sheet on the date of grant of the relevant option, which must be a business day; and (iii) the average closing price of the shares as stated in the Hong Kong Stock Exchange’s daily quotation sheets for the five business days immediately preceding the date of grant of the relevant option.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme must not exceed 10% of the share capital of the Company in issue and may not exceed in nominal value 30% of the issued share capital of the Company in issue for a period of 10 consecutive years. The Share Option Scheme will remain in force for the period of 10 years commencing on 2 May 2005. No option may be granted to any one person which, if exercised in full, would result in the total number of shares which were already issued and may fall to be issued to him under all the options previously granted to him pursuant to the Share Option Scheme in any 12-month period up to the date of grant, exceeding 1% of the maximum aggregate number of shares for the time being issued and which may fall to be issued under the Share Option Scheme.

21 股份支付

於二零零五年五月二日，本公司批准一項購股權計劃（「購股權計劃」），據此，董事可酌情授予本集團董事及僱員認購本公司股份之購股權。購股權計劃之股份認購價將由董事於授出有關購股權當時釐定，不得低於下列各項之最高者：(i) 股份面值；(ii) 於授出有關購股權當日（必須為營業日）聯交所每日報價表所列股份之收市價；及 (iii) 緊接授出有關購股權當日前五個營業日香港聯交所每日報價表所列之股份平均收市價。

根據購股權計劃可授出之購股權涉及之股份數目最多不得超過本公司已發行股本之10%，亦不得超過本公司已發行股本面值之30%，連續十年有效。購股權計劃自二零零五年五月二日起計十年有效。倘於截至授出日期止任何12個月期間全面行使過往根據購股權計劃授予一名人士之購股權將導致已經或將可向其發行之股份總數超過當時根據購股權計劃已經及將可發行之股份總數上限1%，則不得向其授出購股權。

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註

**21 SHARE-BASED PAYMENT
(continued)**

Share options granted to a Director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive Directors. In addition, any share options granted to a substantial shareholder or an independent non-executive Director, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

On 20 January 2013, a total of 50,000,000 share options were granted to the eligible participants under the Share Option Scheme in respect of their services to the Group in the forthcoming year. These share options have a certain vesting period and an exercise period consistent with the Share Option Scheme, with an exercise price of HK\$0.63, which was equal to the market price of the shares on the date of grant.

21 股份支付(續)

授予本公司董事、首席執行官或主要股東，或任何彼等之聯繫人之購股權須事先經獨立非執行董事准許。此外，倘授予本公司主要股東或獨立非執行董事，或任何彼等之聯繫人之任何購股權於任何時間超出本公司已發行股份0.1%或於任何12個月期間總值(根據本公司於授出日期之股份價格)超過5百萬港元，均須於股東大會得到股東預先批准。

於二零一三年一月二十日，合共50,000,000份購股權根據購股權計劃授予合資格參與者，以鼓勵彼等來年為本集團提供服務。該等購股權具有特定歸屬期且行使期與購股權計劃一致，行使價為0.63港元，相等於股份於授出日期的市價。

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註**21 SHARE-BASED PAYMENT
(continued)**

The fair value of options granted on 20 January 2012 was estimated on the date of grant using the following assumptions:

Dividend yield (%)	股息收益率 (%)	0.00
Expected volatility (%)	預期波幅 (%)	60.19
Historical volatility (%)	歷史波幅 (%)	60.19
Risk-free interest rate (%)	無風險利率 (%)	1.39
Expected life (years)	預期年期 (年)	10
Weighted average share price (HK\$)	加權平均股價 (港元)	0.63

No share options have been granted or exercised during the six months period ended 30 June 2014.

21 股份支付(續)

於二零一二年一月二十日授出的購股權的公允價值於授出日期採用以下假設估計：

截至二零一四年六月三十日止六個月期間，概無購股權獲授出或行使。

22 FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

- Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

22 公允價值層級

本集團根據下述層級參數來計量及披露金融工具之公允價值：

- 第一層級：公允價值基於相同資產或負債在活躍市場中的標價(未經調整)而計量
- 第二層級：公允價值基於估值技術計量，當中對公允價值有重大影響的變量為直接或間接可觀察
- 第三層級：公允價值基於估值技術計量，當中對公允價值有重大影響的變量並非基於可觀察市場的數據(不可觀察的變量)

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註

**22 FAIR VALUE HIERARCHY
(continued)**

As at 30 June 2014 and 31 December 2013, the Group did not have any financial instruments that are carried at fair value except for the derivative financial instrument.

As at 30 June 2014, the conversion rights of the Group's 8% Coupon Convertible Bonds (as at 31 December 2013: 6% Coupon Convertible Bonds), together with redemption rights (considered as a single derivative), classified as derivative financial instrument of HK\$106,247,000 (as at 31 December 2013: HK\$21,652,000) was measured under level 3 of fair value hierarchy. The fair value was valued by estimating the value of the whole bond with and without the embedded derivatives. Changes in level 3 financial instruments for the six months ended 30 June 2014 are detailed in Note 18.

During the six months period ended 30 June 2014, there were no transfers of fair value measurements between Level 1, Level 2 and Level 3 and no transfers into or out of Level 3 (six months ended 30 June 2013: Nil).

22 公允價值層級(續)

於二零一四年六月三十日及二零一三年十二月三十一日，除衍生金融工具外，本集團並無任何按公允價值計量的金融工具。

於二零一四年六月三十日，本集團8厘息可換股債券附帶的兌換權(於二零一三年十二月三十一日：6厘息可換股債券)，連同分類作衍生金融工具的贖回權(被視為一項單一衍生工具)106,247,000港元(於二零一三年十二月三十一日：21,652,000港元)，乃以公允價值層級的第3級別計量。公允價值乃透過估計全部債券包含及不包含嵌入式衍生工具的估價進行估值。有關截至二零一四年六月三十日止六個月第三層級工具之變動已載於附註18。

截至二零一四年六月三十日止六個月期間，第一層級、第二層級與第三層級公允價值計量之間無轉換，也沒有轉入或轉出第三層級(截至二零一三年六月三十日止六個月：無)。

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION 簡明綜合中期財務資料附註

23 CONTINGENT LIABILITIES

The Group follows the guidance of IAS37 “Provisions, Contingent Liabilities and Contingent Assets” to determine when contingent liabilities should be recognised, which requires significant judgement.

A contingent liability will be disclosed when a possible obligation has arisen, but its existence has to be confirmed by future events outside the Group's control, or when it is not possible to calculate the amount. Realisation of any contingent liabilities not currently recognised or disclosed could have a material impact on the Group's financial position.

The Group reviews significant outstanding litigations in order to assess the need for provisions. Among the factors considered are the nature of the litigation, legal processes and potential level of damages, the opinions and views of the legal counsels and advisors, and the management's intentions to respond to the litigations. To the extent the estimates and judgements do not reflect the actual outcome, this could materially affect the results for the period and the financial position.

23 或然負債

本集團遵從國際會計準則第37號「撥備、或然負債及或然資產」的指引，以斷定何時應確認或然負債，過程中需要作出重大的判斷。

當有可能產生責任，惟其存在與否須透過非本集團所能控制的未來事件確定，或當不可能計算責任所涉金額，則會披露為或然負債。任何目前未確認或披露的或然負債一旦實現，均有可能對本集團的財務狀況造成重大影響。

本集團會審閱重大的待決訴訟，以評估有否撥備的需要。所考慮的因素包括訴訟的性質、法律程序及損害賠償的潛在程度、法律顧問及諮詢人的意見及見解以及管理層對回應訴訟的意向。倘估計及判斷與實際結果不相符，則有可能影響期內業績及財務狀況。

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註**23 CONTINGENT LIABILITIES
(continued)****(i) Litigation with Rock Resource Limited (“RR”) and United Mineral Limited (“UM”) (collectively referred to as the “Buyers”)**

In March 2014, the Company received certain legal letters (the “Letters”) from the Buyers dated 20 March 2014, which purported to be statutory demands serviced pursuant to section 178(1) (a) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32) (“Statutory Demand”).

The Letters concern disputes between the Group and the Buyers relating to certain primary contracts for the sale and purchase of Indonesian iron ores, and contain claims for (i) an amount of US\$10,347,698 (equivalent to approximately HK\$80,242,000) which comprises the demand for return of an advance payment made by RR to the Group of US\$3,000,000 (equivalent to approximately HK\$23,264,000) and interest thereon to the extent of US\$7,347,698 (equivalent to approximately HK\$56,978,000) payable up to 20 March 2014; and (ii) an amount of RMB70,355,783 (equivalent to approximately HK\$89,485,000) which comprises the demand for return of an advance payment made by UM to the Group of RMB20,000,000 (equivalent to approximately HK\$25,438,000) and interest thereon to the extent of RMB50,355,783 (equivalent to approximately HK\$64,050,000) payable up to 20 March 2014. The Company as guarantor to the abovementioned primary contracts is therefore also a party to these litigations.

23 或然負債(續)**(i) 與 Rock Resource Limited (「RR」) 及 United Mineral Limited (「UM」) (統稱「買家」) 之訴訟**

於二零一四年三月，本公司接獲買家發出日期為二零一四年三月二十日的若干法律函件(「該等函件」)，其中聲稱為根據《公司(清盤及雜項條文)條例》(第32章)第178(1)(a)條向本公司呈遞之法定要求索償書(「法定要求索償書」)。

該等函件涉及本集團與買家就買賣印尼鐵礦石而簽訂的若干主要合約的糾紛，其中載有以下索償：(i) 一筆為數10,347,698美元(相等於約80,242,000港元)的款項，包含RR向本集團要求退還已付墊款3,000,000美元(相等於約23,264,000港元)連同其中利息，金額最多為截至二零一四年三月二十日止應付的7,347,698美元(相等於約56,978,000港元)；及(ii) 一筆為數人民幣70,355,783元(相等於約89,485,000港元)的款項，包含UM向本集團要求退還已付墊款人民幣20,000,000元(相等於約25,438,000港元)連同其中利息，金額最多為截至二零一四年三月二十日止應付的人民幣50,355,783元(相等於約64,050,000港元)。由於本公司為上述主要合約之擔保人，因此亦屬該等訴訟之一方。

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註

**23 CONTINGENT LIABILITIES
(continued)**

(i) Litigation with Rock Resource Limited (“RR”) and United Mineral Limited (“UM”) (collectively referred to as the “Buyers”) (continued)

On 4 April 2014, the Group issued a legal letter to the legal representative of the Buyers requesting them to withdraw the Statutory Demand as the Group considers that it has bona fide defences on substantial grounds to the claims asserted from the Buyers, and the Group also considers it has very substantial counterclaims against the Buyers as a result of their non-performance of the relevant contracts.

On 7 April 2014, the Group received another legal letter from the legal representative of the Buyers informing that the Buyers will not present their winding up petition against the Company without serving a 3-day notice.

23 或然負債(續)

(i) 與 Rock Resource Limited (「RR」) 及 United Mineral Limited (「UM」) (統稱「買家」) 之訴訟(續)

於二零一四年四月四日，本集團向買家的法律代表發出法律函件，要求他們撤回法定要求索償書，理由是本集團認為其就買家提出的索償有實質理據作出真誠抗辯，而本集團認為基於買家亦未有履行有關合約，可向買家提出非常重大的反索償。

於二零一四年四月七日，本集團接獲買家法律代表另一封法律函件，通知本集團買家不會在未有發出3天通知期的情況下，提請本公司清盤。

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註**23 CONTINGENT LIABILITIES
(continued)****(i) Litigation with Rock Resource Limited (“RR”) and United Mineral Limited (“UM”) (collectively referred to as the “Buyers”) (continued)**

On 11 April 2014, the Company received another statutory demand from the legal representative of UM to claim for certain interest charge (“Interest Charge”) on certain loans provided by UM to the Group (the principal of which had been fully repaid before the end of the reporting period) calculated up to 11 April 2014 (as supplemented by another legal letter dated 15 April 2014), together with the related penalty, to the extent of US\$3,839,000 (equivalent to approximately HK\$29,770,000). The Group has subsequently replied, through its legal representative, that most of the claimed Interest Charge are unenforceable at law but agreed to pay the relevant interest charge (after tax) calculated under normal contract terms in the amount of US\$345,000 (equivalent to approximately HK\$2,675,000) which has been provided for in this condensed consolidated interim financial information.

On 9 May 2014, the Group received another legal letter from the legal representative of UM informing that UM will not present its winding up petition against the Company without serving a 3-day notice.

23 或然負債(續)**(i) 與 Rock Resource Limited (「RR」) 及 United Mineral Limited (「UM」) (統稱「買家」) 之訴訟(續)**

於二零一四年四月十一日，本公司接獲UM法律代表另一項法定要求索償書(經日期為二零一四年四月十五日另一封法律函件補充)，申索有關UM向本集團提供若干貸款(本金額已於期末前全數償還)截至二零一四年四月十一日止之若干利息收費(「利息收費」)，連同有關罰金，金額最多為3,839,000美元(相等於約29,770,000港元)。本集團隨後透過其法律代表回覆，申索的大部分利息收費在法律上為不可強制執行，但同意支付，按正常合約條款計算的利息(稅後)345,000美元(相等於約2,675,000港元)；而有關金額已於簡明綜合中期財務資料內撥備。

二零一四年五月九日，本集團接獲UM法律代表另一封法律函件，本集團獲悉UM不會在未有發出3天通知期的情況下，提請本公司清盤。

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註**23 CONTINGENT LIABILITIES
(continued)****(i) Litigation with Rock Resource Limited (“RR”) and United Mineral Limited (“UM”) (collectively referred to as the “Buyers”) (continued)**

There has been no further correspondence between the Group and the Buyers since then and up to the date of this report. The directors, after seeking legal advice on the above claims, consider that the Group has bona fide defences on substantial grounds to the claims asserted from the Buyers such that (i) the aforementioned advance payments received to the extent of approximately HK\$48,702,000 in aggregate are presently not due for repayment by the Group; (ii) the resulting interest so calculated are therefore miscalculated and grossly inflated; and (iii) other than an amount of HK\$2,675,000 relating to the Interest Charge which has already been provided for by the Group, the remaining sums of the claims are without merit. The directors are also of the opinion that the Group has significant ground for very substantial counterclaims and cross-claims against each of the Buyers as a result of their non-performance of the relevant contracts as mentioned in the Letters. Consequently, no provision has been made for these claims on this condensed consolidated interim financial information as the directors consider that it is not probable that the above legal claims would result in any material outflow of economic benefits from the Group.

23 或然負債(續)**(i) 與 Rock Resource Limited (「RR」) 及 United Mineral Limited (「UM」) (統稱「買家」) 之訴訟(續)**

自此及截至本報告日期，本集團與買家並無任何其他通訊。董事就上述申索尋找法律意見後認為，本集團就買家提出的索償有實質理據作出真誠抗辯，因為(i)上述已收的墊款上限合共約48,702,000港元目前不需由本集團償還；(ii)其計算的利息因而是被錯誤計算且嚴重誇大；及(iii)除本集團已撥備與利息收費相關的2,675,000港元外，索償的餘額缺乏充份理據。董事亦認為，基於買家亦未有履行該等函件所述相關合約，本集團有實質的理據向每名買家提出相當重大的反索償及交叉索償。因此，由於董事認為上述法律申索不大可能使本集團流出重大的經濟利益，故此並無就有關申索於簡明綜合中期財務資料內作出撥備。

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註**23 CONTINGENT LIABILITIES
(continued)****(ii) Dispute on Contracts of
Affreightment (“COAs”)**

The Group entered into certain COAs with various marine vessel owners committing certain minimum number of cargoes per calendar month for exporting iron ores from Indonesia. As a result of the unfavourable economic environment and the various changes in rules and regulations stipulated by the Indonesian government authorities since year 2012, the Group's ores export was adversely affected and therefore unable to fulfil the minimum cargoes commitments as stipulated by some of these COAs.

During the period, the Group received various legal letters from TORM A/S (“TORM”), a marine vessel owner, to (i) claim for an outstanding freight charges payable by the Group to TORM of approximately US\$1,834,000 (equivalent to approximately HK\$14,268,000) (“Outstanding Freight Charges”); and (ii) notify the commencement of arbitration proceedings pursuant to the terms of the relevant COAs to claim for loss and damage suffered by TORM (“Other Losses”) with respect to approximately 51 unfulfilled cargoes under the terms of the relevant COAs which is estimated by TORM to be approximately US\$11,828,000 (equivalent to approximately HK\$91,721,000) up to 27 March 2014 (the amount stated in the latest claimed submissions from TORM).

23 或然負債(續)**(ii) 就租船貨運合約(「租船貨
運合約」)的爭議**

本集團與多名船主訂立若干租船貨運合約，承諾每個曆月要求若干最低數目的貨船從印尼出口鐵礦石。鑒於不利的經濟環境，再加上印尼政府部門頒佈的規則及規例自二零一二年起有不少的變動，本集團的礦石出口受到不利影響，因而無法達到若干租船貨運合約規定的貨船最低數目承諾。

期內，本集團接獲船主TORM A/S(「TORM」)的法律函件，內容為(i)申索本集團應付TORM的未支付運費約1,834,000美元(相等於約14,268,000港元)(「未支付運費」)；及(ii)通知根據有關租船貨運合約的條款展開仲裁程序，申索TORM根據有關租船貨運合約的條款就約51艘未履行的貨船蒙受的損失及損害(「其他損失」)，TORM估計截至二零一四年三月二十七日之金額約為11,828,000美元(相等於約91,721,000港元)，金額載於TORM提交最近期申索呈請書內。

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION 簡明綜合中期財務資料附註

23 CONTINGENT LIABILITIES (continued)

(ii) Dispute on Contracts of Affreightment (“COAs”) (continued)

The relevant freight charges payable by the Group to TORM up to 31 December 2013 have been fully accounted for in the consolidated financial statements of the Group for the year ended 31 December 2013. The dispute with TORM in respect of the Outstanding Freight Charges has been fully settled and discharged in June 2014.

In connection with the claims on Other Losses, the Group has engaged legal advisors to commence arbitration procedures with TORM in February 2014. The said arbitration procedures are still in progress as at the date of approval of this condensed consolidated interim financial information.

In preparing this condensed consolidated interim financial information, the directors have obtained legal advice in this respect and, based upon which, consider that as the arbitration is still at an early stage, they are not currently in a position to estimate the financial effect (if any) relating to the arbitration and it may take a substantial time to complete the arbitration process.

Accordingly, no provision in respect of such legal dispute was made in the condensed consolidated interim financial information.

23 或然負債(續)

(ii) 就租船貨運合約(「租船貨 運合約」)的爭議(續)

本集團截至二零一三年十二月三十一日止應付TORM的相關運費已全數計入截至二零一三年十二月三十一日止年度的綜合財務報表。與TORM爭議相關的未支付運費已於二零一四年六月全數清償及解除。

至於其他損失的申索，本集團於二零一四年二月委聘法律顧問與TORM展開仲裁程序。上述仲裁程序於簡明綜合中期財務資料批准日期仍在進行。

董事在編制簡明綜合中期財務資料時，已就仲裁獲取法律意見，據此認為仲裁仍屬初步階段，董事現時未能估計仲裁產生的財務影響(如有)，且仲裁程序可能仍需相當長時間才能完成。

因此，本公司並無就此等法律爭議於簡明綜合中期財務資料作出撥備。

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註

**23 CONTINGENT LIABILITIES
(continued)**

**(ii) Dispute on Contracts of
Affreightment (“COAs”)
(continued)**

As at 30 June 2014 and up to the date of approval of the condensed consolidated interim financial information, based on the best knowledge and information of the directors, there is no further claims in relation to any COAs that the Group has entered into.

Should the resolution of these legal claims and disputes turn out to be unfavourable to the Group, the Group may need to record additional losses in respect of these claims and disputes in future reporting periods.

**24 COMMITMENTS
Capital commitments**

Contracted, but not provided for:
Property, plant and equipment

已訂約但未撥備：
物業、廠房及設備

23 或然負債(續)

**(ii) 就租船貨運合約(「租船貨
運合約」)的爭議(續)**

於二零一四年六月三十日及截至簡明綜合中期財務資料批准日期，據董事深知及盡悉，本集團再無涉及其訂立任何有關租船貨運合約之其他申索。

如上述法律申索及爭議的最終結果不利於本集團，本集團可能需在未來報告期間就該等申索及爭議錄得額外的損失。

**24 承擔
資本承擔**

30 June 2014	31 December 2013
二零一四年 六月三十日	二零一三年 十二月三十一日
HK\$'000	HK\$'000
千港元	千港元

36,814

62,182

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註**24 COMMITMENTS (continued)**
Operating lease commitments — as lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from two to three years.

At 30 June 2014, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

Within one year	一年內
In the second to fifth years, inclusive	第二至第五年，包括首尾兩年
Over five years	五年以上

24 承擔(續)
經營租賃承擔 — 作為承租人

本集團根據經營租賃安排租用若干辦公室物業。經商定之物業租賃年期介乎兩至三年。

於二零一四年六月三十日，本集團於下列各段期間到期之不可撤銷經營租賃之未來最低租金付款總額如下：

30 June 2014 二零一四年 六月三十日 HK\$'000 千港元	31 December 2013 二零一三年 十二月三十一日 HK\$'000 千港元
5,608	5,770
438	3,047
—	518
6,046	9,335

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註

25 RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the condensed consolidated interim financial information, the Group had the following material transactions and outstanding balances with related parties during the six months ended and as at 30 June 2014:

Transactions with related parties

**Names of
related parties**
關聯方名稱

**Nature of
transactions**
交易性質

PT. Yiwang Mining (Note a)

Purchase of iron ores,
export tax exclusive
(note b)

PT. Yiwang Mining (附註 a)

購入鐵礦石，未計出口稅
(附註 b)

Easyman

Interest expense
(note c)

Easyman

利息開支(附註 c)

Ms. Sun Qiaodian ("Ms. Sun")
孫巧點女士(「孫女士」)

Interest expense
(note d)
利息開支(附註 d)

25 關聯方交易

除於簡明綜合中期財務資料其他地方詳述之交易外，本集團於截至二零一四年六月三十日止六個月及於二零一四年六月三十日與關聯方進行下列重大交易及與關聯方之未了結結餘：

與關連方之交易

Six months ended 30 June

截至六月三十日止六個月

	2014	2013
	二零一四年	二零一三年
	HK\$'000	HK\$'000
	千港元	千港元
	16,848	333,288
	1,194	675
	4,091	-

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註**25 RELATED PARTY TRANSACTIONS
(continued)****Outstanding balances with related parties****25 關聯方交易 (續)****與關聯方的未償還結餘**

		30 June 2014	31 December 2013
		二零一四年 六月三十日	二零一三年 十二月三十一日
		HK\$'000	HK\$'000
		千港元	千港元
Prepayment to PT. Yiwun Mining (note e)	預付PT. Yiwun Mining之款項(附註e)	92,867	85,828
Loan to Full Harvest Development Limited (note f)	貸款予豐盛發展有限公司(附註f)	56,975	56,975
Amounts due to Easyman (note c)	結欠Easyman款項(附註c)	61,799	51,940
Amount due to Ms. Sun (note d)	結欠孫女士之款項(附註d)	20,156	12,973
Amount due to a Director (note g)	結欠一名董事之款項(附註g)	2,560	2,417

Notes:

- (a) Easyman is a company wholly owned by Mr. Dong. The Directors consider that Mr. Dong through Easyman, as a lender of PT. Yiwun Mining, has an indirect economic interest in PT. Yiwun Mining.
- (b) The transactions were carried out based on the terms agreed by the parties under an exclusive offtake agreement and a second amending agreement entered into between PT. Yiwun Mining and the Group in March 2007 and September 2008, respectively.
- (c) Details of the terms of amounts due to Easyman is disclosed in Note 17(b).

附註：

- (a) Easyman乃一間由董先生全資擁有之公司。董事認為董先生通過Easyman作為PT. Yiwun Mining之放款人而於PT. Yiwun Mining擁有間接經濟利益。
- (b) 該等交易分別按照PT. Yiwun Mining與本集團於二零零七年三月簽訂之獨家採購協議及二零零八年九月簽訂之第二份修訂協議之條款進行。
- (c) 結欠Easyman款項的條款詳情於附註17(b)披露。

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
簡明綜合中期財務資料附註

**25 RELATED PARTY TRANSACTIONS
(continued)**

Outstanding balances with related parties (continued)

Notes: (continued)

- (d) Ms. Sun Qiaodian is the spouse of Mr. Dong. Interest expense was calculated at mutually agreed terms.
- (e) Prepayment is made to PT. Yiwon Mining for purchases of iron ores. The amount is unsecured and interest free and will be settled by offsetting the relevant purchases.
- (f) The shareholder's loan to Full Harvest Development Limited, an associate, is unsecured and interest-free.
- (g) Amount due to a director is unsecured, interest free and repayable on demand.
- (h) Details of compensation of key management personnel of the Group are as follows:

Fees	袍金
Salary, allowances and benefits	薪金、津貼及福利
Employee share option benefits	僱員購股權福利
Pension scheme contributions	退休計劃供款

25 關聯方交易 (續)

與關聯方的未償還結餘 (續)

附註：(續)

- (d) 孫巧點女士為董先生的配偶。利息是按互相同意條款計算。
- (e) 預付PT. Yiwon Mining之款項乃為購入鐵礦石。該款項為無抵押及免息，並將透過對銷相關購貨清償。
- (f) 對聯營公司豐盛發展有限公司提供的股東貸款為無抵押及免息。
- (g) 結欠一名董事的款項為無抵押、免息及應要求償還。
- (h) 本集團主要管理人員之報酬詳情如下：

Six months ended 30 June

截至六月三十日止六個月

	2014	2013
	二零一四年	二零一三年
	HK\$'000	HK\$'000
	千港元	千港元
	500	500
	2,756	6,735
	(71)	675
	16	37
	3,201	7,947

CORPORATE GOVERNANCE AND OTHER INFORMATION 企業管治及其他資料

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has applied the principles and complied with the code provisions of the CG Code throughout the six months ended 30 June 2014 except for code provisions A.2.1 and A.4.1, details of which are disclosed below. Save for deviation from code provisions A.2.1 and A.4.1, in the opinion of the Board, the Company has been in compliance with the CG Code in all material respects.

In respect of A.2.1, the roles of the chairman and the chief executive officer of the Company are now performed by Mr. Dong Shutong. Mr. Dong Shutong is responsible for over-seeing the Company's operations in respect of compliance with internal rules, and compliance with statutory requirements and promoting the corporate governance of the Company. This constitutes a deviation from code provision A.2.1. The Board believes that it is in the best interest of the Company and the shareholders as a whole since Mr. Dong Shutong is knowledgeable in the business of the Group and possesses the essential leadership skills to guide discussions of the Board. The significant decision-making and the day-to-day management of the Company are carried out by all of the executive directors. Therefore, the roles of the chairman and the chief executive of the Company are not segregated in the sense that two different individuals took up these roles, however, the functions of the chief executive were carried out by all of the executive directors.

遵守企業管治守則

截至二零一四年六月三十日止六個月，本公司一直應用企業管治守則之原則並遵守企業管治守則之守則條文，惟守則條文第A.2.1及A.4.1條除外，詳情如下。除偏離守則條文第A.2.1及A.4.1條之外，董事會認為，本公司在各重大方面一直遵守企業管治守則。

就A.2.1而言，本公司主席及總裁目前均由董書通先生擔任。董書通先生負責監督本公司營運遵守內部規則以及法定要求，以及加強本公司企業管治。此舉偏離守則條文第A.2.1條。董事會相信，董書通先生對本集團業務認識深厚及具備所需領導才能領導董事會進行討論，故符合本公司及股東之整體最佳利益。本公司之重要決策及日常管理由全體執行董事執行。因此，本公司之主席及總裁以非由兩名不同人士擔任來說並無分開，但總裁之職能由全體執行董事履行。

CORPORATE GOVERNANCE AND OTHER INFORMATION

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In respect of A.4.1, except for Mr. Fahmi Idris, Independent Non-executive Director, who was appointed for a term of three years, Mr. Yang Tianjun, Non-executive Director, and the remaining Independent Non-executive Directors including Mr. Bai Baohua, Mr. Huang Changhuai and Mr. Wong Chi Keung were not appointed for a specific term. This constitutes a deviation from Code Provision A.4.1. However, according to the articles of association of the Company, one third of the directors for the time being shall retire from office by rotation at each annual general meeting and the directors to retire by rotation shall be those who have been the longest in office since their last re-election or appointment. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practice in this respect is in line with that provided in the CG Code.

Going Concern and Mitigation Measures

During the six months ended 30 June 2014, the Group incurred a loss of approximately HK\$71,358,000 and had a net operating cash outflow of approximately HK\$123,115,000 due to the market downturn and significant change in operating and regulatory environment of the Group's subsidiaries. As at 30 June 2014, the Group had net current liabilities of HK\$1,611,566,000 and the Group's total borrowings amounted to HK\$2,072,946,000, out of which HK\$1,553,511,000 will be due within 12 months as at 30 June 2014. The current borrowings mainly included certain bank and other borrowings of HK\$1,529,637,000. The cash and cash equivalents of the Group amounted to HK\$34,114,000 as at 30 June 2014. In addition, the Company and certain of its subsidiaries are parties to various legal claims as detailed in Note 23 to the condensed consolidated interim financial information.

就A.4.1條而言，除獨立非執行董事法米先生任期為三年外，非執行董事楊天鈞先生及其餘獨立非執行董事包括白葆華先生、黃昌淮先生及黃之強先生均無特定任期。此舉偏離守則條文第A.4.1條。然而，根據本公司之章程細則，於每次股東週年大會，三分之一之當時董事須輪流退任，而須輪流退任之董事須為最近重選或委任後任期最長之董事。因此，本公司認為已採取足夠措施確保本公司之企業管治常規在此方面與企業管治守則所規定者一致。

持續經營及改善措施

截至二零一四年六月三十日止六個月，基於市場低迷以及本集團附屬公司的經營和監管環境有重大變動，本集團錄得虧損約71,358,000港元，並有經營現金淨流出約123,115,000港元。於二零一四年六月三十日，本集團的流動負債淨額為1,611,566,000港元，而本集團總借貸為2,072,946,000港元，其中截至二零一四年六月三十日1,553,511,000港元將於十二個月內到期。即期借貸主要包括若干銀行貸款及其他借貸1,529,637,000港元。本集團於二零一四年六月三十日之現金及現金等值物為34,114,000港元。此外，本公司及其若干附屬公司涉及多項法律索償事件（詳情載於簡明綜合中期財務資料附註23）。

CORPORATE GOVERNANCE AND OTHER INFORMATION 企業管治及其他資料

These conditions together with others described in Note 2.1(a) to the condensed consolidated interim financial information, have indicated the existence of material uncertainties which might cast significant doubt on the Group's ability to continue as a going concern and therefore it might not be able to realise its assets and discharge its liabilities in the normal course of business.

The Board had given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group would have sufficient financial resources to continue as a going concern. Certain measures had been taken to mitigate the liquidity pressure and to improve its financial position which include, but not limited to, the following:

(1) to finalise the proposed disposal of up to 30% equity interest SEAM. On 21 January 2013, the Group entered into a non-binding framework agreement with Beijing Wincapital Management Co., Ltd. ("Beijing Wincapital") in relation to the disposal of a 30% equity interest in SEAM, a wholly-owned subsidiary of the Group. The aggregate disposal consideration is expected to be approximately RMB900 million (approximately HK\$1.1 billion). The proposed transaction is at the finalisation stage and no formal sales and purchase agreement has been entered into up to the date of this report. Longer than expected time has been spent on negotiation of the detailed terms and conditions because of the rapid change in operating and regulatory environment of SEAM since the framework agreement was signed. The proposed transaction can significantly strengthen the cash flow position of the Group as a whole in the near future;

此等狀況連同簡明綜合中期財務資料附註 2.1(a)所述的其他事宜顯示存有重大不明朗因素，或會令本集團持續經營的能力產生重大疑慮，導致本集團或無法在日常業務過程中將其資產變現及償還其負債。

董事會在評核本集團有否充足的財務資源持續經營，已審慎考慮本集團未來流動資金及表現以及其可行之融資來源。本集團已採取若干措施以減輕流動資金的壓力並改善其財務狀況，包括但不限於以下各項：

(1) 為最後落實擬出售南洋礦業最多為30%的權益，於二零一三年一月二十一日，本集團與北京匯贏創業投資有限公司（「北京匯贏」）訂立有關出售本集團全資附屬公司南洋礦業30%權益的無約束力框架協議。總出售代價預計為大約人民幣900百萬元（約11億港元）。截至本報告日期，建議交易仍處於定稿階段，尚未訂立任何正式買賣協議。自框架協議簽署後，由於南洋礦業的經營及規管環境急變，故此商討條款及條件細節所耗時間較預期長。建議交易能大幅增強本集團整體於不久將來的現金流狀況；

CORPORATE GOVERNANCE AND OTHER INFORMATION 企業管治及其他資料

- (2) on 13 June 2014, the Group completed the restructuring of the senior bonds and the convertible bonds of the Group, mainly including (i) the extension of the principal repayment schedule under the terms of the convertible bonds and the maturity date from March 2015 to March 2018 in relation to the convertible bonds; and (ii) the extension of the principal repayment schedule under the terms of the senior bonds and the final maturity date from March 2015 to December 2018 in relation to the senior bonds;
- (2) 於二零一四年六月十三日，本集團完成重組其優先債券以及可換股債券，主要包括(i)根據可換股債券條款延後本金還款期限，將可換股債券的到期日由二零一五年三月延至二零一八年三月；及(ii)根據優先債券條款延後本金還款期限，將優先債券的最終到期日由二零一五年三月延至二零一八年十二月；
- (3) the Group has been actively negotiating with the lenders for the renewal of its borrowings as necessary when those borrowings fall due in 2014. Based on the past experience, the Group did not encounter any significant difficulties in renewing the borrowings and the directors are confident that all necessary borrowings can be renewed when necessary. During the period and up to the date of this report, bank borrowings with aggregate principal amounts of HK\$152.6 million were successfully renewed for another twelve months from their respective original due dates;
- (3) 本集團一直積極與放貸人磋商重續二零一四年到期的有關借貸(如需要)。按本集團過往的經驗，本集團在重續借貸方面並無遇上任何重大困難，董事相信所有必需的借貸可在需要時獲得重續。期內及直至本報告日期，本金總額 152.6 百萬港元的銀行借貸成功延後其還款日期，從其各自原到期日延後十二個月；
- (4) the Group is also negotiating with various financial institutions and identifying various options for financing the Group's working capital and commitments in the foreseeable future;
- (4) 本集團亦與多間財務機構進行磋商，並物色本集團於可見將來應付營運資金及承擔的不同方案；

CORPORATE GOVERNANCE AND OTHER INFORMATION 企業管治及其他資料

- (5) on 8 July 2014, the Group obtained support from its controlling shareholder, Easyman to charge over 1,307,786,705 ordinary shares in the par value of HK\$0.10 each in the share capital of the Company held by Easyman to a third party, representing approximately 51.22% of the issued share capital of the Company for an additional financing of RMB49.2 million;
- (5) 於二零一四年七月八日，本集團獲得其控股股東Easyman的支持，將Easyman持有本公司股本1,307,786,705股每股面值0.10港元的普通股（佔公司已發行股本約51.22%）質押予一名第三方，以便本集團獲取新融資人民幣49.2百萬元；
- (6) the Group is maximising its sales effort, including speeding up of sales of its existing inventories and seeking new orders from overseas markets (including Taiwan) on developed new products, and implementing more stringent cost control measures with a view to improving operating cash flows; and
- (6) 本集團同時致力提升銷售力度，包括加快銷售其現有存貨，對已開發新產品尋求海外市場（包括臺灣）的新訂單，並實施更嚴謹的成本監控措施，以改善經營現金流量；及
- (7) the Group is also actively identifying to dispose of its non-core assets, which is estimated to be about HK\$40 million. Agents have been appointed to assist in the disposal of some of these assets.
- (7) 本集團亦積極識別及出售其非核心資產，估計價值約40百萬港元。本集團已委聘代理協助出售部分該等資產。

CORPORATE GOVERNANCE AND OTHER INFORMATION 企業管治及其他資料

Delay in Publication of the 2013 Annual Results and 2014 Interim Results and Further Delay in 2013 Annual Report and 2014 Interim Report

(a) Reason for Delay

Under Rules 13.46(2)(a) and 13.49(1) of the Listing Rules, the Company is required to publish the announcement in relation to its preliminary annual results for the year ended 31 December 2013 (the “2013 Annual Results”) on a date not later than three months after the end of the financial year of the Company, i.e. on or before 31 March 2014; and despatch its annual report for the year ended 31 December 2013 (the “2013 Annual Report”) on a date not more than four months after the end of the financial year of the Company, i.e. on or before 30 April 2014; and under Rules 13.48(1) and 13.49(6) of the Listing Rules, publish the announcement in relation to its preliminary interim results for the six months ended 30 June 2014 (the “2014 Interim Results”) on a date not later than two months after the end of the financial period of the Company, i.e. on or before 31 August 2014; and despatch its interim report for the six months ended 30 June 2014 (the “2014 Interim Report”) on a date not more than three months after the end of the financial period of the Company, i.e. on or before 30 September 2014. The delay in publication of the results and reports had constituted a non-compliance with Rules 13.46(2)(a), 13.48(1) and 13.49(1) and 13.49(6) of the Listing Rules.

延遲刊發二零一三年全年業績及二零一四年中期業績以及進一步延遲刊發二零一三年年度報告及二零一四年中期報告

(a) 延遲刊發

根據上市規則第13.46(2)(a)及13.49(1)條，本公司須不遲於本公司財政年度完結後三個月（即於二零一四年三月三十一日或以前）刊發有關截至二零一三年十二月三十一日止年度之年度初步業績（「二零一三年全年業績」）公告；及須不遲於本公司財政年度完結後四個月（即於二零一四年四月三十日或以前）發送本公司截至二零一三年十二月三十一日止年度之年度報告（「二零一三年年度報告」）；及根據上市規則第13.48(1)及13.49(6)條須不遲於本公司財政期間完結後兩個月（即於二零一四年八月三十一日或以前）刊發有關截至二零一四年六月三十日止六個月之中期初步業績（「二零一四年中期業績」）公告；及須不遲於本公司財政期間完結後三個月（即於二零一四年九月三十日或以前）發送本公司截至二零一四年六月三十日止期間之中期報告（「二零一四年中期報告」）。延遲刊發有關業績及報告已構成不符合上市規則第13.46(2)(a)、13.48(1)、13.49(1)及13.49(6)條。

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As set out in the announcements of the Company dated 27 March 2014, 14 May 2014, 15 August 2014 and 23 September 2014, additional time is required by the Company to gather further information to enable its auditors, PricewaterhouseCoopers (“PwC”), to perform and complete their audit procedures. Such information included, among others, the following:

- (1) legal opinions (the “Legal Opinions”) in connection with certain disputes and litigation involving the Group (the “Disputes”); and
- (2) additional financial information of the Group (the “Financial Information”), including the cashflow projection of the Group and the cashflow projections of various overseas and PRC subsidiaries of the Company.

如本公司日期為二零一四年三月二十七日、二零一四年五月十四日、二零一四年八月十五日及二零一四年九月二十三日之公告所述，本公司需要更多時間收集進一步資料，使本公司核數師羅兵咸永道會計師事務所（「羅兵咸永道」）得以進行及完成其審計程序。該等資料包括但不限於以下各項：

- (1) 若干牽涉本集團之爭議與訴訟（「爭議」）相關法律意見（「法律意見」）；及
- (2) 額外的本集團財務資料（「財務資料」），包括本集團之現金流量預測及本公司多家海外及中國附屬公司之現金流量預測。

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(1) *Legal Opinions*

For the purposes of ascertaining the provisions to be made in the financial statements of the Group in connection with the Disputes, the Company obtained the Legal Opinions in connection with (i) the statutory demands issued by Rock Resource Limited ("RR") and United Mineral Limited ("UM") (collectively referred to as the "Buyers") and (ii) the winding-up petition instigated by TORM A/S ("TORM").

(i) *Statutory Demands*

On 20 March 2014, the Company, in its capacity as the guarantor of the seller (CNR Group Holdings Pte Ltd, a wholly owned subsidiary of the Group) to the relevant agreements, received the statutory demands (the "Statutory Demands") from RR and UM in demand for (i) an amount of US\$10.3 million (equivalent to approximately HK\$80.2 million); and (ii) an amount of RMB70.3 million (equivalent to approximately HK\$89.4 million).

(1) *法律意見*

就確定本集團就爭議於其財務報表作出的撥備，本公司已就以下事宜獲取法律意見：

(i) Rock Resource Limited (「RR」) 及 United Mineral Limited (「UM」) (統稱「買家」) 發出的法定要求索償書；及
(ii) TORM A/S (「TORM」) 提出的清盤呈請。

(i) *法定要求索償書*

於二零一四年三月二十日，本公司以有關協議賣家（賣家為本集團之全資擁有子公司 CNR Group Holdings Pte Ltd）擔保人身份接獲RR及UM的法定要求索償書（「法定要求索償書」），要求(i)金額10.3百萬美元（相等於約80.2百萬港元）；及(ii)金額人民幣70.3百萬元（相等於約89.4百萬港元）。

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Upon receipt of the Statutory Demands, the Company engaged its legal advisers on 2 April 2014 to, among others, defend against the Statutory Demands and had been actively defending against the Statutory Demands. The Company will make further announcement(s) as appropriate on the developments of the litigation involving the Statutory Demands.

As the Company was involved in lengthy negotiations to settle the disputes with RR and UM, the finalisation of the Legal Opinions was delayed.

No provision had been made in connection with the Statutory Demands as the directors, after obtaining legal advice, considered that it is not probable that this litigation would result in any material outflow of economic benefits from the Group.

本公司接獲法定要求索償書後，於二零一四年四月二日委聘其法律顧問，以(其中包括)為法定要求索償書提出抗辯，而法律顧問一直積極就此提出抗辯。如涉及法定要求索償書之訴訟有任何事態發展，本公司將適時另發公告。

由於本公司就解決與RR及UM之爭議進行了冗長的討論，故此落實法律意見有所延誤。

鑒於董事經索取法律意見後認為訴訟不太可能使本集團有重大的經濟利益流出，故此並無就法定要求索償書作出撥備。

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(ii) Winding up petition

The Company, as charterers, entered into Contracts of Affreightment and Addendum ("COA") with a marine vessel owner, TORM. Pursuant to the COA, the Company had committed to hire a nominated vessel for the carriage of a certain minimum number of cargoes per calendar month for shipment in connection with the export of iron ores from Indonesia. As a result of the Export Ban, the Company was unable to fulfil the committed shipment of cargoes as stipulated in the COA.

On 28 January 2014 onwards, the Group received various legal letters from TORM in demand for (i) an outstanding freight charges payable by the Group to TORM of approximately US\$1.8 million (equivalent to approximately HK\$14.3 million) ("Outstanding Freight Charges"); and (ii) losses suffered by TORM as a result of the Company's failure to comply with its obligation under the COA, namely, the shipment of approximately 51 cargoes ("Other Losses"), which was estimated by TORM to be in the amount of approximately US\$11.8 million (equivalent to approximately HK\$91.7 million) up to 27 March 2014.

(ii) 清盤呈請

本公司(以承租人身份)與船主TORM訂立租船貨運合約連同附錄(「租船貨運合約」)。根據租船貨運合約,本公司承諾每個曆月租用指定船隻運輸若干最低船貨,以便從印尼出口鐵礦石。鑒於出口禁令,本公司無法達到租船貨運合約規定的已承諾貨船。

由二零一四年一月二十八日起,本集團接獲TORM的多份法律函件,要求(i)本集團應付TORM的未償還運費約1.8百萬美元(相等於約14.3百萬港元)(「未償還運費」);及(ii)TORM就本公司未能履行租船貨運合約的責任而截至二零一四年三月二十七日所蒙受的損失,即約51艘貨船的船運(「其他損失」),TORM估計金額約為11.8百萬美元(相等於約91.7百萬港元)。

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Upon receipt of the above legal letters, the Board commenced liaison with TORM and involved several discussions with its management and representatives in order to compromise an acceptable solution. However, the result of lengthy discussion was not satisfactory. The Board appointed an overseas legal advisor to handle the disputes, performing fact-finding process, meeting with TORM management, understanding the background information and obtained the preliminary legal advice. Then the Group commenced to re-negotiate again with TORM management representative. The negotiation might have certain positive feedback at the beginning. However following the Export Ban not uplifted, on 15 May 2014, TORM filed a winding up petition against the Company to the High Court.

The Outstanding Freight Charges payable by the Group to TORM up to 31 December 2013 had been fully accounted for in the consolidated financial statements of the Group for the year ended 31 December 2013 and the Outstanding Freight Charges were fully settled by the Group in June 2014 and the winding up petition was withdrawn by TORM on 24 June 2014.

接獲上述法律函件後，董事會開始與TORM聯繫，並與其管理層及代表進行多次討論，以協議可接受的解決方案。然而，經過長時間的討論後仍未有達成滿意的結果。董事會已委聘海外法律顧問處理爭議、履行搜尋事實程序、與TORM管理層會面、了解背景資料以及獲取初步法律意見。隨後，本集團與TORM的管理層代表重新展開磋商，初步商討或有正面回應。然而，伴隨出口禁令未有撤銷，於二零一四年五月十五日TORM向高等法院針對本公司提出清盤呈請。

本公司截至二零一三年十二月三十一日應付TORM未償還運費已全數計入本集團截至二零一三年十二月三十一日止年度綜合財務報表，而本集團已於二零一四年六月全面繳清未償還運費，TORM亦於二零一四年六月二十四日撤銷清盤呈請。

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In connection with the claims on Other Losses, the Group has engaged legal advisors to commence arbitration procedures with TORM in February 2014. The said arbitration procedures are still in progress as at the date of this report. The Company will make further announcement(s) as appropriate on the development of the arbitration procedures in due course.

As the Company was involved in lengthy negotiations to settle the disputes with TORM, the finalisation of the Legal Opinions was delayed.

至於其他損失的申索，本集團於二零一四年二月委聘法律顧問與TORM展開仲裁程序。上述仲裁程序於本報告日期仍在進行。本公司會在適當時就仲裁程序的發展作出公佈。

由於本公司就解決與TORM之爭議進行了冗長的討論，故此落實法律意見有所延誤。

(2) *Financial Information*

Subsequent to the withdrawal of the winding-up petition and the approval of the Holders to amend certain terms of the Bonds on 13 June 2014, PwC re-started audit works in July 2014 in connection with the 2013 Annual Results. However, the Disputes and the Export Ban casted significant doubts on the Group's financial performance and cash flows position and in light of the current market situation of steel industry in the PRC, additional audit work was required from PwC, including, among others, the following:

- Obtaining the Legal Opinions in connection with the Disputes for the purposes of assessing whether provisions in respect of the Disputes are required to be made in the 2013 Annual Results;

(2) *財務資料*

撤銷清盤呈請及持有人於二零一四年六月十三日批准修訂債券若干條款後，羅兵咸永道已就二零一三年度業績於二零一四年七月重新展開其核數工作。然而，爭議和出口禁令對本集團財務表現及現金流量狀況造成重大隱憂，並基於中國內地現時鋼鐵業的市況，羅兵咸永道需作出額外的核數工作，包括以下各項：

- 就爭議取得法律意見，以評估是否需就該等爭議於二零一三年度業績中作出撥備；

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- Obtaining the updated working capital projections of the Group from the management together with the underlying assumptions for the purposes of assessing the Group's ability to operate as a going concern; and
- conducting review on impairment assessment on the recoverable amounts on certain assets and the amounts of impairment provisions in relation to, among others, the Exclusive Offtake Agreement and certain operating property, plant and equipment of the Group.
- 向管理層取得本集團更新的營運資金預測及有關假設，以評估本集團持續經營之能力；及
- 進行減值評核覆核，對象為若干資產的可收回金額以及有關(其中包括)本集團獨家採購協議及若干經營物業、廠房及設備之減值撥備金額。

The Company had provided, among others, all the available information to enable PwC to conduct the above procedures before this report.

本公司已提供(其中包括)所有資料，以便羅兵咸永道於本報告日期前進行上述程序。

In addition, the preparation of the Financial information and management accounts of the Group was delayed due to the time lapse between the resignation and the appointment of the Company's financial controller and company secretary on 25 April 2014 and 3 June 2014, respectively.

此外，本集團延遲編制財務資料及管理賬目乃由於本公司財務總監及公司秘書於二零一四年四月二十五日辭任與及於二零一四年六月三日獲委任之時差所致。

Consequently, the preparation of the Financial Information was delayed.

因而，編制財務資料有所延誤。

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(b) *Mitigation measures*

(1) *Legal Opinions*

In order to avoid delay in obtaining the legal opinions, the Board plans to actively involve its external legal advisers in the discussions and negotiations to expedite the process and to hold regular meetings with its external legal advisers to facilitate the communication flow.

(2) *Financial Information*

In order to avoid delay in the compilation and provision of information in connection with the Group's Financial Information, the Board plans to implement the following measures:

- enhance the documentation system to strengthen the information retrieval process;
- involve additional personnel in the preparation of the Group's management accounts and financial projections to avoid delay; and
- hold more regular meetings with its auditors to facilitate the communication flow and to update the auditors of the Group's financial position regularly.

(b) *緩和措施*

(1) *法律意見*

為免延遲獲取法律意見，董事會計劃主動與其外聘法律顧問討論及商議以加快程序，同時會定期與外聘法律顧問舉行會議以便妥善溝通。

(2) *財務資料*

為免延誤本集團財務資料之編制及刊發，董事會計劃實施以下措施：

- 改良文件系統，以加強資訊檢索程序；
- 委派額外人員編制本集團管理賬目及財務預測，以免有所延誤；及
- 與其核數師舉行更多定期會議以便妥善溝通，且定期向核數師提供本集團最新的財務狀況。

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DIRECTORS' INTERESTS IN CONTRACTS

On 5 March 2007, SEAM, an indirect wholly owned subsidiary of the Company, entered into an exclusive offtake agreement with PT. Yiwon Mining (the "Exclusive Offtake Agreement"), a limited company incorporated in Indonesia, which is substantially owned by Mr. Soen Bin Kuan, who at 30 June 2014 and the date of this report holds more than 5% of the issued share capital of the Company. Pursuant to the Exclusive Offtake Agreement, PT. Yiwon Mining agreed to exclusively sell and SEAM agreed to buy the iron ores produced by PT. Yiwon Mining at a fixed price of US\$16 per dry tonne, for a minimum 40 million dry tonnes of iron ores throughout a period of approximately 14 years expiring on 24 January 2021, which has subsequently been extended by a supplemental agreement to 24 January 2036. Pursuant to the recommendation letter issued by the Minister of Mineral and Coal on 25 June 2012 to the Minister of Commerce which granted the export approval to PT. Yiwon Mining, the export price of iron ore was changed to US\$23.5 commencing from 1 July 2012. By virtue of the convertible bonds issued by PT. Yiwon Mining to S.E.A. Mining Limited and S.E.A. Mining Resources Limited which are indirectly substantially owned by Mr. Dong Shutong, Executive Director and Chairman of the Board, Mr. Dong has an indirect interest in the Exclusive Offtake Agreement.

Save as disclosed above and in the paragraph headed "CONNECTED TRANSACTIONS" as set out on pages 109 to 110 of this report, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the period.

董事於合約之權益

於二零零七年三月五日，本公司間接全資附屬公司南洋礦業與PT. Yiwon Mining（於印尼註冊成立之有限公司，主要由李民權先生擁有，其於二零一四年六月三十日及本報告日期持有本公司已發行股本超過5%）訂立獨家採購協議（「獨家採購協議」）。根據獨家採購協議，PT. Yiwon Mining同意獨家出售而南洋礦業同意購買PT. Yiwon Mining生產之鐵礦石，協定之固定價格為每乾公噸16美元，於二零一一年一月二十四日屆滿之整個約14年期間須購買最少40,000,000乾公噸鐵礦石。其後，獨家採購權期限經附加協議延長至二零三六年一月二十四日。根據煤礦務部長於二零一二年六月二十五日向授與PT. Yiwon Mining出口批准的商務部長發出的推薦函件，鐵礦石的出口價自二零一二年七月一日起更改為23.5美元。由於PT. Yiwon Mining發行可換股債券予南洋礦產有限公司及南洋礦產資源有限公司，而執行董事兼董事會主席董書通先生為這兩家公司之間接大股東，故此董先生於獨家採購協議擁有間接權益。

除上文及載於本報告第109頁至第110頁「關連交易」一段所披露者外，於期內概無董事於本公司或其任何附屬公司所訂立而對本集團業務有重大影響之合約中直接或間接擁有重大權益。

CORPORATE GOVERNANCE AND OTHER INFORMATION 企業管治及其他資料

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

As at 30 June 2014, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Future Ordinance ("SFO")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"), to be notified to the Company and the Stock Exchange were as follows:

(i) **Long positions in the shares of the Company as at 30 June 2014:**

董事於股份、相關股份及債權證之權益及淡倉

於二零一四年六月三十日，董事於本公司及其相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)之股份、相關股份及債權證中，擁有(a)根據證券及期貨條例第XV部第7及第8分部須知會本公司及聯交所之權益及淡倉(包括根據證券及期貨條例之有關條文彼等被當作或視作擁有之權益及淡倉);或(b)根據證券及期貨條例第352條規定須列入該條例所述登記冊之權益及淡倉;或(c)根據上市規則附錄10所載之上市發行人董事進行證券交易的標準守則(「標準守則」)須知會本公司及聯交所之權益及淡倉如下:

(i) 於二零一四年六月三十日於本公司股份之好倉:

Name of Directors	Capacity in which interest are held	Number of shares of the Company	Approximate percentage to the issued share capital 佔本公司已發行股本之概約百分比
董事姓名	持有權益之身份	股份數目	
Dong Shutong 董書通	Held by controlled corporations (note) 由受控法團持有(附註)	1,505,930,705	58.99%
Dong Chengzhe 董鉞喆	Beneficial owner 實益擁有人	1,500,000	0.06%

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Note: As at 30 June 2014, 1,481,074,705 Shares and 24,856,000 Shares were held by Easyman and Sino Regent Worldwide Limited ("Sino Regent"), respectively. As the entire issued share capital of each of Easyman and Sino Regent is held by Mr. Dong, Mr. Dong is deemed to be beneficial interested in such Shares by virtue of the SFO.

附註：於二零一四年六月三十日，Easyman及Sino Regent Worldwide Limited（「Sino Regent」）分別持有1,481,074,705股及24,856,000股股份。由於Easyman及Sino Regent各自的全部已發行股本均由董先生所持有，根據證券及期貨條例，董先生被視為於該等股份中擁有實益權益。

(ii) Long positions in the underlying shares of the Company as at 30 June 2014:

(ii) 於二零一四年六月三十日於本公司相關股份之好倉：

Name of Directors 董事姓名	Capacity in which interest are held 持有權益之身份	Number of share options (note) 購股權數目 (附註)	Approximate percentage to the issued share capital of the Company 佔本公司已發行股本之概約百分比
Dong Shutong 董書通	Beneficial owner 實益擁有人	5,000,000	0.20%
	Held by spouse 由配偶持有	1,700,000	0.07%
Dong Chengzhe 董鉞喆	Beneficial owner 實益擁有人	2,775,000	0.11%
Song Wenzhou 宋文州	Beneficial owner 實益擁有人	2,520,000	0.10%
Yang Fei 楊飛	Beneficial owner 實益擁有人	2,775,000	0.11%

Note: The share options are unlisted equity-settled options granted pursuant to the Company's share option scheme adopted on 2 May 2005. Upon exercise of the share options in accordance with such share option scheme. Shares are issuable to the option holder(s) who exercise(s) the rights.

附註：該等購股權為根據本公司於二零零五年五月二日採納之購股權計劃授出之非上市以權益支付之購股權。根據該購股權計劃行使購股權後，可向行使有關權利的購股權持有人發行股份。

CORPORATE GOVERNANCE AND OTHER INFORMATION
企業管治及其他資料**SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY**

As at 30 June 2014, shareholders (other than the interest disclosed above in respect of the Director who is also a substantial shareholder of the Company) who had interests and short positions in the shares and underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in the shares and underlying shares of the Company as at 30 June 2014:**主要股東於本公司股份及相關股份中之權益及淡倉**

於二零一四年六月三十日，股東（不包括上文披露同時為本公司主要股東之董事所涉權益）於本公司股份及相關股份中，擁有根據證券及期貨條例第XV部第2及第3分部之規定已向本公司披露、或記錄於本公司根據證券及期貨條例第336條規定須存置之登記冊內之權益及淡倉如下：

於二零一四年六月三十日於本公司股份及相關股份之好倉：

Name of Shareholders	Capacity in which interest are held	Number of Shares/ underlying Shares	Approximate percentage to the issued share capital of the Company
股東姓名	持有權益之身份	股份／ 相關股份數目	佔本公司 已發行股本之 概約百分比
Easyman	Beneficial owner 實益擁有人	1,481,074,705	58.01%
Soen Bin Kuan 李民權	Beneficial owner 實益擁有人	182,734,104	7.16%
Sun Qiaodian (note 1) 孫巧點(附註1)	Beneficial owner 實益擁有人	1,700,000 (note 2) (附註2)	0.07%
	Held by spouse 由配偶持有	1,510,930,705	59.18%

CORPORATE GOVERNANCE AND OTHER INFORMATION 企業管治及其他資料

Notes:

1. Ms. Sun Qiaodian is the spouse of Mr. Dong Shutong, whose interest was disclosed in previous section.
2. The share option are unlisted equity-settled options granted pursuant to the Company's share option scheme adopted on 2 May 2005. Upon exercise of the share options in accordance with such share option scheme. Shares are issuable to the option holder(s) who exercise(s) the rights.

Save as disclosed above, so far as was known to the Directors, there was no other person who, as at 30 June 2014, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, beneficially interested in 5% or more of the issued share capital of the Company; or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed on 2 May 2005, the Company adopted a share option scheme (the "Share Option Scheme") for the purpose of enabling the Company to recruit and retain high-calibre employees and attract resources that are valuable to the Group and to provide the Company with a means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to such persons who contribute or may bring benefit to the Group. The Share Option Scheme will remain in force for a period of 10 years from adoption of such scheme and will expire on 2 May 2015.

附註:

1. 孫巧點女士乃董書通先生之配偶，董先生的權益於前一節中披露。
2. 該等購股權為根據本公司於二零零五年五月二日採納之購股權計劃授出之非上市以權益支付之購股權。根據該購股權計劃行使購股權後，可行行使有關權利的購股權持有人發行股份。

除上文所披露者外，就董事迄今所知，於二零一四年六月三十日，概無其他人士於本公司之股份或相關股份中，擁有根據證券及期貨條例第XV部第2及第3分部須知會本公司之權益或淡倉，或直接或間接於本公司已發行股本中擁有5%或以上的實益權益，或直接或間接擁有附有任何情況下於本集團的任何成員公司的股東大會上投票權利的任何類別股本面值10%或以上權益。

購股權計劃

根據於二零零五年五月二日通過之普通決議案，本公司採納一項購股權計劃（「購股權計劃」），以使本公司能招聘及挽留優秀僱員及將有價值之資源引入本集團，並使本公司能以多種方式獎勵、獎賞、提供薪酬、補償及／或提供福利予為本集團作出貢獻或能為本集團帶來利益之有關人士。該購股權計劃將自採納之日起計十年內有效，並將於二零一五年五月二日屆滿。

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The options granted under the Share Option Scheme have an exercise period of 10 years from the date of acceptance of the options, which is in compliance with the terms of the Share Option Scheme, subject to a vesting schedule of 5 years whereby only 20% of the options is exercisable 12 months after the date of acceptance of the options and an additional 20% of the options shall be exercisable by the grantee in each subsequent year until the last day of the 5-year period after the date of acceptance of the options when 100% of the options become exercisable. Details of movements in the Company's share options during the period are as follows:

根據購股權計劃之條款，根據購股權計劃授出之購股權之行使期由接納購股權當日起計為期十年，惟受五年歸屬時間表所限，據此，僅20%之購股權可於接納購股權當日12個月後行使，而承授人可於每接續之一年行使額外20%購股權，直至購股權獲接納日期後五年期之最後一日方可行使全部購股權。期內本公司購股權之變動詳情如下：

		No. of share options 購股權數目				Price of Company's shares at exercise date of options (note 2) 本公司股份於購股權行使日的股價 (附註2)		
		Outstanding as at 1 January 2014 於二零一四年一月一日尚未行使	Granted during the period 於期內授出	Exercised during the period 於期內行使	Lapsed during the period 於期內失效	Outstanding as at 30 June 2014 於二零一四年六月三十日尚未行使	Exercise price of share options (note 1) 購股權之行使價 (附註1)	
							HKS 港元	
Directors	董事							
Mr. Dong Shutong	董書通先生	5,000,000	-	-	-	5,000,000	1.07	N/A 不適用
Ms. Ng See Wai Rowena*	吳思煒女士*	8,000,000	-	-	(8,000,000)	-	0.63	N/A 不適用
Mr. Dong Chengzhe	董誠喆先生	1,275,000	-	-	-	1,275,000	1.91	N/A 不適用
		1,500,000	-	-	-	1,500,000	0.63	N/A 不適用
Mr. Song Wenzhou	宋文州先生	1,020,000	-	-	-	1,020,000	1.07	N/A 不適用
		1,500,000	-	-	-	1,500,000	0.63	N/A 不適用
Mr. Yang Fei	楊飛先生	1,275,000	-	-	-	1,275,000	1.91	N/A 不適用
		1,500,000	-	-	-	1,500,000	0.63	N/A 不適用
Sub-total for number of share options to Directors	授予董事之購股權數目小計	21,070,000	-	-	(8,000,000)	13,070,000	-	-
Other employees	其他僱員							
		11,900,000	-	-	-	11,900,000	1.07	N/A 不適用
		8,205,000	-	-	(470,000)	7,735,000	2.45	N/A 不適用
		32,100,000	-	-	(800,000)	31,300,000	0.63	N/A 不適用
Sub-total for number of share options to other employee	授予其他僱員之購股權數目小計	52,305,000	-	-	(1,270,000)	50,935,000		
Total	總計	73,275,000	-	-	(9,270,000)	64,005,000		

* Resigned on 1 January 2014

* 於二零一四年一月一日辭任

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Notes:

1. The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.
2. The price of the shares of the Company as at the date of exercise of the share options is the Stock Exchange's closing price on the trading date immediately prior to the date on which the share options were exercised.

附註：

1. 購股權之行使價可能因供股或紅股發行或本公司股本之其他類似變動而調整。
2. 本公司於購股權行使日期之股價為緊接購股權行使日期前之交易日之聯交所收市價。

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the paragraph headed "SHARE OPTION SCHEME" above, at no time during the six months ended 30 June 2014 was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

董事收購股份或債權證之權利

除上文所載的「購股權計劃」一段中所披露者外，於截至二零一四年六月三十日止六個月內任何時間，本公司、其控股公司或其任何附屬公司及同系附屬公司並無訂立任何安排，使董事可藉收購本公司或任何其他法團公司之股份或債權證而獲利。

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CONNECTED TRANSACTIONS

Pursuant to the extraordinary general meetings of the Company held on 28 January 2010 and 22 June 2012, the Company's independent shareholders approved the continuing connected transactions in relation to the exclusive ores purchase from PT. Yiwon Mining. According to the Exclusive Offtake Agreement and supplemental agreements entered into between PT. Yiwon Mining and SEAM in connection with the purchasing of ore, PT. Yiwon Mining agreed to supply ore to the Group until 24 January 2036. According to the Exclusive Offtake Agreement and supplemental agreements, the prices for these continuing connected transactions would be US\$16 per dry tonne and subsequently adjusted to the new export price ("New Export Price") pursuant to the recommendation letter issued by the Minister of Mineral and Coal on 25 June 2012 to the Minister of Commerce of Indonesia. Pursuant to the terms of the Exclusive Offtake Agreement, SEAM and PT. Yiwon Mining may agree to alter the purchase price if being directed by the relevant governmental authorities. Since the New Export Price is a price directed by the relevant governmental authorities of Indonesia, SEAM and PT. Yiwon Mining have agreed to adopt the New Export Price as the ore purchase price commencing from 1 July 2012 under the Exclusive Offtake Agreement. These transactions will be entered into in usual and ordinary course of business of the Group and the annual cap for these transactions for the years ending 31 December 2012, 2013 and 2014 will not exceed HK\$998.4 million, HK\$1,248 million and HK\$1,248 million, respectively.

Save as disclosed above, no contracts of significance to which the Company, its subsidiaries, holding companies or associated companies was a party subsisted at any time during the period or at the end of the period.

關連交易

根據本公司於二零一零年一月二十八日及二零一二年六月二十二日舉行之股東特別大會，本公司獨立股東批准有關向PT. Yiwon Mining獨家採購礦石之持續關連交易。根據PT. Yiwon Mining與南洋礦業所訂立有關採購礦石之獨家採購協議及附加協議，PT. Yiwon Mining同意供應礦石予本集團直至二零三六年一月二十四日。根據獨家採購協議及附加協議，該等持續關連交易之價格將為每乾公噸16美元，其後並根據印尼煤礦務長部於二零一二年六月二十五日向商務部長發出的推薦函件調整至新出口價（「新出口價」）。根據獨家採購協議之條款，南洋礦業與PT. Yiwon Mining可按有關政府當局指示更改採購價。由於新出口價為印尼有關政府當局指定的價格，南洋礦業與PT. Yiwon Mining已同意於二零一二年七月一日開始採納新出口價作為獨家採購協議下的礦石採購價。該等交易將於本集團之日常及一般業務過程中訂立，而該等交易於截至二零一二年、二零一三年及二零一四年十二月三十一日止年度之年度上限分別不超過998.4百萬港元、1,248百萬港元及1,248百萬港元。

除上文所披露者外，於本期任何時間或期終，本公司、其附屬公司、其控股公司或聯營公司並無訂立任何重大合約。

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The Independent Non-executive Directors have reviewed the continuing connected transactions in 2014 and confirm that the transactions have been entered into:

- (1) in the ordinary and usual course of business of the Group;
- (2) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties;
- (3) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Group as a whole; and
- (4) have not exceeded the relevant maximum amount capped in accordance to the waiver previously granted by the Stock Exchange.

獨立非執行董事已審閱於二零一四年之持續關連交易，並確認所訂立之該等交易乃：

- (1) 於本集團之日常及一般業務過程中訂立；
- (2) 按一般商業條款進行，倘無足夠可比較交易以判斷彼等是否按一般商業條款進行，則按本集團不遜於獨立第三方所獲或提供（視乎情況而定）之條款進行；
- (3) 根據規範該等交易之有關協議進行，而交易條款公平合理，並符合本集團股東之整體利益；及
- (4) 並無超越根據聯交所之前授出之豁免限制的有關上限金額。

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the period, none of the Directors had any interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

董事於競爭業務之權益

期內，概無董事直接或間接於與本集團業務競爭或可能競爭之業務中擁有任何權益。

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AUDIT COMMITTEE

The Company established an audit committee pursuant to a resolution of the Directors passed on 2 May 2005 in compliance with Rule 3.21 of the Listing Rules. The primary duties of the audit committee are to review the financial reporting process and internal control procedures of the Group.

The audit committee consists of Mr. Wong Chi Keung, Mr. Bai Baohua and Mr. Huang Changhuai — Independent Non-executive Directors of the Company and Mr. Wong Chi Keung is the Chairman of the audit committee.

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the financial information for the six months ended 30 June 2014.

REMUNERATION COMMITTEE

The Company established a remuneration committee pursuant to a resolution of the Directors passed on 10 April 2006 in compliance with the Corporate Governance Code as set out in Appendix 14 of the Listing rules (“CG Code”).

The remuneration committee consists of Mr. Wong Chi Keung, Mr. Bai Baohua, Mr. Huang Changhuai — Independent Non-executive Directors of the Company and Mr. Dong Shutong — Executive Director of the Company. Mr. Huang Changhuai is the chairman of the remuneration committee.

NOMINATION COMMITTEE

The Company established a nomination committee pursuant to a resolution of the Directors passed on 30 December 2011 in compliance with the CG Code.

審核委員會

本公司遵照上市規則第3.21條，根據於二零零五年五月二日通過之董事決議案成立審核委員會。審核委員會主要負責審議本集團之財務匯報過程及內部監控程序。

審核委員會由本公司獨立非執行董事黃之強先生、白葆華先生及黃昌淮先生組成，其中黃之強先生為審核委員會主席。

審核委員會已與管理層審閱本集團所採納之會計準則及慣例，並討論核數、內部監控及財務匯報事項，包括審閱截至二零一四年六月三十日止六個月之財務資料。

薪酬委員會

本公司遵照上市規則附錄14所載企業管治守則（「企業管治守則」），根據於二零零六年四月十日通過之董事決議案成立薪酬委員會。

薪酬委員會由本公司獨立非執行董事黃之強先生、白葆華先生及黃昌淮先生以及本公司執行董事董書通先生組成。黃昌淮先生為薪酬委員會之主席。

提名委員會

本公司遵照企業管治守則，根據於二零一一年十二月三十日通過之董事決議案成立提名委員會。

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The nomination committee consists of Mr. Wong Chi Keung, Mr. Bai Baohua, Mr. Huang Changhui — Independent Non-executive Directors of the Company and Mr. Dong Shutong — Executive Director of the Company. Mr. Dong Shutong is the chairman of the nomination committee.

EMPLOYEES REMUNERATION POLICY

The remuneration policy of the Group to reward its employees and Executive Directors is based on their performance, qualifications, competence displayed, market comparable and the performance of the Group. Remuneration packages typically comprise salary, housing allowances, discretionary bonus, other fringe benefits and the Group's contribution to retirement benefits schemes. The remuneration of Executive Directors and senior management are determined by the Remuneration Committee which will review them regularly. To provide incentive to the relevant participants, including the Directors and eligible employees, the Company has adopted the Share Option Scheme.

MODEL CODE

The Company has adopted the Model Code as the code for securities transactions by Directors. Having made specific enquiries, the Company has confirmed that all Directors have complied with the requirements set out in the Model Code.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the six months ended 30 June 2014.

提名委員會由本公司獨立非執行董事黃之強先生、白葆華先生、黃昌淮先生及本公司執行董事董書通先生組成，其中董書通先生為提名委員會主席。

僱員薪酬政策

本集團回報僱員及執行董事的薪酬政策乃根據其表現、資歷、所示才能、市場水平及本集團表現而釐定。薪酬待遇一般包括薪金、房屋津貼、酌情花紅及其他實物利益以及本集團對退休福利計劃的供款。執行董事及高級管理層的薪酬由薪酬委員會釐定及定期檢討。為激勵董事及合資格僱員等相關參與者，本公司已採納購股權計劃。

標準守則

本公司已採納標準守則，作為董事進行證券交易之守則。經作出具體查詢後，本公司確認全體董事均已遵循標準守則所載之規定。

購買、贖回或出售本公司之上市證券

本公司及其任何附屬公司於期內概無購買、贖回或出售本公司任何上市證券。

充足之公眾持股量

本公司於截至二零一四年六月三十日止六個月保持充足之公眾持股量。



中國鎳資源
CHINA NICKEL RESOURCES