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中广核礦業有限公司\*  
CGN Mining Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 01164)

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

**HIGHLIGHTS**

	(Unaudited)	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
		(Restated)
Turnover from continuing operations	1,898	373,329
Turnover from discontinued operations	35,221	38,485
Profit (loss) attributable to owners of the Company	72,265	(101,327)
– from continuing operations	(18,513)	(80,089)
– from discontinued operations	90,778	(21,238)
Basic and diluted earnings (loss) per share	2.09 cents	(3.04) cents
– from continuing operations	(0.54) cents	(2.40) cents
– from discontinued operations	2.63 cents	(0.64) cents
Interim dividend per share	Nil	Nil

- Turnover from continuing operation of the Group was approximately HK\$1.9 million representing a decrease of approximately 99% year-on-year.
- Profit (including continuing and discontinued operations) attributable to owners of the Company was approximately HK\$72.3 million as compared with loss of HK\$101.3 million for the corresponding period last year.
- Basic earnings (including continuing and discontinued operations) per share was approximately HK2.09 cents as compared with loss per share of approximately HK3.04 cents for the corresponding period last year.
- The directors of the Company do not recommend the payment of an interim dividend.

The board of directors (the “**Board**”) of CGN Mining Company Limited (the “**Company**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2015 (the “**Period under Review**” or “**Period**”), together with the comparative figures for the corresponding period of 2014 as follows:

## **CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the six months ended 30 June 2015*

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2015</b>	<b>2014</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
			<b>(Restated)</b>
<b>Continuing operations</b>			
Turnover	3	<b>1,898</b>	373,329
Cost of sales		<b>(106)</b>	(363,811)
		<hr/>	<hr/>
Gross profit		<b>1,792</b>	9,518
Other operating income		<b>10,906</b>	13,321
Administrative expenses		<b>(10,462)</b>	(20,478)
Changes in fair value of investment properties		<b>(519)</b>	(3,185)
Share of results of a joint venture		<b>(6,805)</b>	(71,694)
Finance costs	4	<b>(14,244)</b>	(14,089)
		<hr/>	<hr/>
Loss before taxation		<b>(19,332)</b>	(86,607)
Income tax credit	5	<b>819</b>	6,518
		<hr/>	<hr/>
Loss for the period from continuing operations	8	<b>(18,513)</b>	(80,089)
<b>Discontinued operation</b>			
Profit (loss) for the period from discontinued operation	6	<b>90,800</b>	(21,250)
		<hr/>	<hr/>
Profit (loss) for the period		<b>72,287</b>	(101,339)
		<hr/> <hr/>	<hr/> <hr/>

		<b>Six months ended 30 June</b>	
		<b>2015</b>	2014
	<i>Note</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	(Unaudited) (Restated)
Profit (loss) for the period attributable to owners of the Company:			
– from continuing operations		<b>(18,513)</b>	(80,089)
– from discontinued operation		<b>90,778</b>	(21,238)
		<u>72,265</u>	<u>(101,327)</u>
Profit (loss) for the period attributable to non-controlling interests:			
– from continuing operations		–	–
– from discontinued operation		<b>22</b>	(12)
		<u>72,287</u>	<u>(101,339)</u>
Earnings (loss) per share			
<i>10</i>			
From continuing and discontinued operations			
– Basic and diluted		<u><b>HK2.09 cents</b></u>	<u>HK(3.04) cents</u>
From continuing operations			
– Basic and diluted		<u><b>HK(0.54) cents</b></u>	<u>HK(2.40) cents</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the six months ended 30 June 2015*

		<b>Six months ended 30 June</b>	
		<b>2015</b>	2014
	<i>Note</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	(Unaudited) (Restated)
Profit (loss) for the period		<u>72,287</u>	<u>(101,339)</u>
Other comprehensive (expense) income:			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of financial statements of foreign operations		(1,840)	5,043
Share of exchange reserve of a joint venture		1,382	(48,756)
Reclassification adjustment for the cumulative exchange difference included in profit or loss upon disposal of foreign operation	7	<u>(81,270)</u>	<u>–</u>
Other comprehensive expense for the period		<u>(81,728)</u>	<u>(43,713)</u>
Total comprehensive expense for the period		<u><b>(9,441)</b></u>	<u><b>(145,052)</b></u>
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		(9,474)	(145,040)
Non-controlling interests		<u>33</u>	<u>(12)</u>
		<u><b>(9,441)</b></u>	<u><b>(145,052)</b></u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	30 June 2015	31 December 2014	1 January 2014
Note	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited) (Restated)	<i>HK\$'000</i> (Unaudited) (Restated)
<b>Non-current assets</b>			
Intangible assets	–	149	212
Property, plant and equipment	4,158	41,967	45,582
Investment properties	42,569	112,883	116,391
Prepaid lease payments on land use rights	–	18,860	19,265
Interest in a joint venture	176,087	182,783	329,866
Goodwill	–	–	–
	<u>222,814</u>	<u>356,642</u>	<u>511,316</u>
<b>Current assets</b>			
Inventories	–	32,536	21,590
Loan receivable from a shareholder	–	–	248,082
Amount due from an intermediate holding company	9,510	7,606	3,816
Trade and other receivables	11 252,873	227,282	213,523
Prepaid lease payments on land use rights	–	407	409
Amount due from fellow subsidiaries	353,912	1,331,196	33,401
Bank balances and cash	64,182	233,655	1,038,416
	<u>680,477</u>	<u>1,832,682</u>	<u>1,559,237</u>
<b>Total assets</b>	<u>903,291</u>	<u>2,189,324</u>	<u>2,070,553</u>
<b>Current liabilities</b>			
Trade and other payables	12 6,672	242,730	35,038
Amount due to an intermediate holding company	7,025	4,997	538
Amount due to a joint venture	–	11,856	–
Amount due to a fellow subsidiary	2,821	2,821	–
Value added tax payable	–	–	289
Income tax payable	11,767	12,575	7,582
	<u>28,285</u>	<u>274,979</u>	<u>43,447</u>
<b>Net current assets</b>	<u>652,192</u>	<u>1,557,703</u>	<u>1,515,790</u>
<b>Total assets less current liabilities</b>	<u>875,006</u>	<u>1,914,345</u>	<u>2,027,106</u>

	<b>30 June 2015 HK\$'000 (Unaudited)</b>	31 December 2014 HK\$'000 (Unaudited) (Restated)	1 January 2014 HK\$'000 (Unaudited) (Restated)
<b>Capital and reserves</b>			
Share capital	46,369	33,326	33,326
Reserves	538,732	1,310,585	1,447,372
	<hr/>	<hr/>	<hr/>
<b>Equity attributable to owners of the Company</b>	<b>585,101</b>	1,343,911	1,480,698
<b>Non-controlling interests</b>	–	1,641	1,798
	<hr/>	<hr/>	<hr/>
<b>Total equity</b>	<b>585,101</b>	1,345,552	1,482,496
	<hr/>	<hr/>	<hr/>
<b>Non-current liabilities</b>			
Convertible bonds	282,187	549,507	520,705
Deferred tax liabilities	7,718	19,286	23,905
	<hr/>	<hr/>	<hr/>
	<b>289,905</b>	568,793	544,610
	<hr/>	<hr/>	<hr/>
	<b>875,006</b>	1,914,345	2,027,106
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL AND BASIS OF PREPARATION

The Company is incorporated in the Cayman Islands as an exempted company with limited liabilities. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited.

The principal activities of the Group are property investment, trading of natural uranium and other investments. The Group discontinued its operations in selling, distributing and manufacturing of pharmaceutical and food products during the six months ended 30 June 2015 following the completion of the disposal of Yugofoil Holdings Limited and its subsidiaries (collectively referred to as “Yugofoil Group”) on 25 March 2015.

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

The condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”) while the functional currency of the Company is United States dollars (“USD”). As the Company is listed in Hong Kong, the directors of the Company consider that it is appropriate to present the condensed consolidated financial statements in HK\$.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2014.

### *Changes in the Group’s ownership interests in existing subsidiaries*

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. When assets and liabilities of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets and liabilities (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Hong Kong Financial Reporting Standards (“HKFRSs”)).

### *Merger accounting for business combination involving entities under common control*

The condensed consolidated financial statements include the financial statements items of the combining entities or businesses in which the common control combination occurs as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The condensed consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the condensed consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period unless the combining entities or businesses first came under common control at a later date.

### ***Investment in a joint venture***

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investment in a joint venture is accounted for in the condensed consolidated financial statements using the equity method. Under the equity method, investment in a joint venture is initially recognised at cost. The Group's share of the profit or loss and changes in the other comprehensive income of the joint venture is recognised in profit or loss and other comprehensive income respectively after the date of acquisition. If the Group's share of losses of a joint venture equals or exceeds its interest in the joint venture, which determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the joint venture, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

If a joint venture uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made to make the joint venture's accounting policies conform to those of the Group when the joint venture's financial statements are used by the Group in applying the equity method.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of the joint venture is recognised as goodwill and is included in the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognised in profit or loss in the period in which the investment is acquired.

After application of the equity method, including recognising the joint venture's losses (if any), the Group determines whether it is necessary to recognise any additional impairment loss with respect to its investment in the joint venture. Goodwill that forms part of the carrying amount of an investment in a joint venture is not separately recognised. The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment in the joint venture. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.



### *Application of amendments to HKFRSs*

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

### **3. TURNOVER AND SEGMENT INFORMATION**

Turnover represents amount received and receivable from sales of natural uranium net of returns, discounts allowed and sales related taxes and gross rental income during the period.

Pharmaceutical and food segment (the "Disposed Business") was discontinued in the current period (details set out in note 6). Accordingly, the Group's reportable and operating segments from continuing operations under HKFRS 8 are as follows:

- property investment segment engages in leasing and selling of office premises;
- natural uranium trading segment engages in trading of natural uranium; and
- other investments segment engages in investment in a joint venture.

No operating segments have been aggregated to form the above reportable segments.

The following is an analysis of the Group's revenue and results by reportable and operating segments for the period under review:

#### **Continuing operations**

##### **Six months ended 30 June 2015**

	<b>Property investment HK\$'000 (Unaudited)</b>	<b>Other investments HK\$'000 (Unaudited)</b>	<b>Natural uranium trading HK\$'000 (Unaudited)</b>	<b>Total HK\$'000 (Unaudited)</b>
Turnover	<u>1,898</u>	<u>–</u>	<u>–</u>	<u>1,898</u>
Segment (loss) profit	<u>187</u>	<u>(6,805)</u>	<u>(5,710)</u>	<u>(12,328)</u>
Other income and gains				10,906
Central administrative costs				(3,666)
Finance costs				(14,244)
Loss before taxation from continuing operations				<u>(19,332)</u>

Six months ended 30 June 2014

	Property investment <i>HK\$'000</i> (Unaudited) (Restated)	Other investments <i>HK\$'000</i> (Unaudited) (Restated)	Natural uranium trading <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited) (Restated)
Turnover	<u>1,889</u>	<u>–</u>	<u>371,440</u>	<u>373,329</u>
Segment (loss) profit	<u>(2,013)</u>	<u>(71,694)</u>	<u>7,397</u>	<u>(66,310)</u>
Other income and gains				13,321
Central administrative costs				(19,529)
Finance costs				(14,089)
Loss before taxation from continuing operations				<u>(86,607)</u>

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	<b>30 June 2015 <i>HK\$'000</i> (Unaudited)</b>	31 December 2014 <i>HK\$'000</i> (Unaudited) (Restated)
<b>Continuing operation:</b>		
<i>Segment assets</i>		
Property investment	<u>92,241</u>	51,879
Other investments	<u>176,087</u>	182,783
Natural uranium trading	<u>183,697</u>	198,278
	<u>452,025</u>	432,940
Unallocated corporate assets	<u>451,266</u>	1,551,407
Total assets	<u><b>903,291</b></u>	<u>1,984,347</u>
<i>Segment liabilities</i>		
Property investment	<u>5,078</u>	5,174
Other investments	<u>2,802</u>	3,491
Natural uranium trading	<u>8,071</u>	146,532
	<u>15,951</u>	155,197
Unallocated corporate liabilities	<u>302,239</u>	573,749
Total liabilities	<u><b>318,190</b></u>	<u>728,946</u>

#### 4. FINANCE COSTS

	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Imputed interest charged on convertible bonds	<b>14,244</b>	<b>14,089</b>

#### 5. INCOME TAX EXPENSE (CREDIT)

	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>(Restated)</b>
<b>Continuing operations</b>		
Current tax:		
Hong Kong Profits Tax	–	1,239
Deferred tax	<b>(819)</b>	<b>(7,757)</b>
	<b>(819)</b>	<b>(6,518)</b>

During the six months ended 30 June 2015 and 2014, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the current and previous periods.

Certain PRC subsidiaries were either in loss-making position for the current and previous periods or had sufficient tax losses brought forward from previous period to offset the estimated assessable income for the period and accordingly did not have any assessable income for the current and previous periods.

Pursuant to the tax law of the Republic of Kazakhstan, withholding income tax is levied on 10% of profit before distributed to overseas investors. The above Kazakhstan Income Tax is withheld by the joint venture when 49% of total dividends were distributed to the Company by the joint venture.

Pursuant to the laws and regulations of the Cayman Islands and the British Virgin Islands (the “BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI for the current and previous periods.

## 6. DISCONTINUED OPERATION

On 25 March 2015, the Group entered into a sale and purchase agreement to dispose of its 100% equity interest in Yugofoil Group, which carried out all of the Group's pharmaceutical and food products operation, to an independent third party for a total consideration of HK\$101,250,000. The disposal was completed on the same day, on which date control of Yugofoil Group passed to the acquirer.

Following the completion of the disposal of Yugofoil Group, the Group discontinued its operation in the Disposed Business. The profit for the period from the Disposed Business was set out below. The comparative figures in the condensed consolidated statement of profit or loss have been restated to represent the pharmaceutical and food products operation as a discontinued operation:

	<i>Note</i>	<b>Six months ended 30 June</b>	
		<b>2015</b>	2014
		<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	(Unaudited)
			(Restated)
Loss of the Disposed Business for the period		<b>(8,240)</b>	(21,250)
Gain on disposal of the Disposed Business	7	<b>99,040</b>	–
		<b>90,800</b>	(21,250)

The results of the Disposed Business for the six months ended 30 June 2015 and 2014 were as follows:

	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
		(Restated)
Turnover	<b>35,221</b>	38,485
Cost of sales	<b>(29,071)</b>	(29,032)
Gross profit	<b>6,150</b>	9,453
Other operating income	<b>60</b>	202
Selling and distribution expenses	<b>(3,362)</b>	(4,302)
Administrative expenses	<b>(7,020)</b>	(26,170)
Gain on disposal of property, plant and equipment	–	(15)
Changes in fair value of investment properties	<b>(309)</b>	(138)
Loss before taxation	<b>(4,481)</b>	(20,970)
Income tax expense	<b>(3,759)</b>	(280)
Loss of the Disposed Business for the period	<b>(8,240)</b>	(21,250)

Income tax expense (credit) from Disposed Business included the following:

	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited) (Restated)
Current tax:		
PRC Enterprise Income Tax	<b>3,840</b>	141
Deferred tax	<b>(81)</b>	139
	<u><b>3,759</b></u>	<u>280</u>

During the six months ended 30 June 2015, the Company disposed of its entire interests in Yugofoil Group and the 10% on the gain on disposal of subsidiaries in PRC is subjected to the PRC Enterprise Income Tax.

Loss for the period from Disposed Business included the following:

	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited) (Restated)
Amortisation of intangible assets	<b>15</b>	31
Amortisation of prepaid lease payments on land use rights	<b>102</b>	202
Cost of inventories recognised as an expense	<b>28,756</b>	26,019
Depreciation of property, plant and equipment	<b>1,686</b>	2,026
Reversal of impairment loss recognised in respect of other receivables (included in other operating income)	–	(111)
Loss on disposal of property, plant and equipment	–	15
Write-off of inventories (included in cost of sales)	–	2,692
Research and development costs	–	551
Bank interest income	<b>(17)</b>	(53)
Net exchange loss (gain)	<b>136</b>	(14)
	<u><b>136</b></u>	<u>(14)</u>

Net cash outflows on Disposed Business are as follows:

	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited) (Restated)
Operating activities	<b>(1,327)</b>	(2,795)
Investing activities	<b>(110)</b>	(131)
	<u><b>(1,437)</b></u>	<u>(2,926)</u>

## 7. DISPOSAL OF SUBSIDIARIES

As set out in note 6, on 25 March 2015, the Group entered into a sale and purchase agreement to dispose of its 100% equity interest in Yugofoil Group, to an independent third party for a total consideration of HK\$101,250,000.

HK\$'000  
(Unaudited)

The net assets of Yugofoil Group at the date of disposal were as follows:

Intangible assets	133
Property, plant and equipment	36,328
Investment properties	69,209
Prepaid lease payments on land use rights	19,040
Inventories	38,175
Trade and other receivables	35,360
Bank balances and cash	15,277
Trade and other payables	(112,856)
Value added tax payables	(237)
Income tax payable	(4,624)
Amount due to ultimate holding company	(40,000)
Deferred tax liabilities	(10,651)
	<hr/>
Net assets disposed of	45,154
	<hr/> <hr/>

Gain on disposal of subsidiaries:

Consideration received and receivable	
Cash received	41,250
Deferred cash consideration (included in other receivable)	60,000
	<hr/>
	101,250
	<hr/> <hr/>

Consideration received	101,250
Net assets disposed of	(45,154)
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit or loss on loss of control of the subsidiary	81,270
Non-controlling interests	1,674
Assignment of amounts due from Yugofoil Group	(40,000)
	<hr/>
Gain on disposal of subsidiaries	99,040
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Net cash inflow arising on disposal:

Cash consideration received	41,250
Bank balances and cash disposed of	(15,277)
	<hr/>
	25,973
	<hr/> <hr/>

The subsidiaries disposed of during the six months ended 30 June 2015 contributed approximately HK\$35,221,000 and HK\$8,240,000 to the Group's turnover and net loss for the period respectively.

## 8. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging (crediting):

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited) (Restated)
<b>Continuing operations</b>		
Cost of inventories recognised as an expense	–	363,702
Depreciation of property, plant and equipment	525	199
Loss on disposal of property, plant and equipment	–	168
Research and development costs	7	–
Loan interest income from a shareholder	–	(3,560)
Interest income from fellow subsidiaries	(4,872)	(5,947)
Interest income from an intermediate holding company	(1,669)	(518)
Bank interest income	(218)	(3,293)
Rental income from an intermediate holding company	(1,898)	(1,888)
Net exchange loss	856	330
Tax on disposal of subsidiaries reimbursed by the acquirer of Yugofoil Group	(3,840)	–
	<u>                    </u>	<u>                    </u>

## 9. INTERIM DIVIDEND

No dividends were paid, declared or proposed during the interim period. The directors of the Company do not recommend the payment of an interim dividend (six months ended 30 June 2014: nil).

## 10. EARNINGS (LOSS) PER SHARE

### From continuing and discontinued operations

The calculation of basic and diluted earnings (loss) per share from continuing and discontinued operations attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited) (Restated)
<b>Earnings (loss)</b>		
Earnings (loss) for the period attributable to the owners of the Company for the purpose of basic and diluted earnings (loss) per share	<u>72,265</u>	<u>(101,327)</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	<u>3,447,888,458</u>	<u>3,332,586,993</u>

## From discontinued operation

Basic and diluted earnings per share from discontinued operation for the six months ended 30 June 2015 is earnings HK2.63 cents per share (2014: loss HK0.64 cents per share), based on the profit for the period from discontinued operation of HK\$90,778,000 (2014: loss of HK\$21,238,000) and the denominators detailed above for both basic and diluted earnings per share.

## From continuing operations

The calculation of basic and diluted earnings (loss) per share from continuing operations attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited) (Restated)
<b>Earnings (loss)</b>		
(Earnings) loss for the period attributable to the owners of the Company		
for the purpose of basic and diluted loss per share	72,265	(101,327)
Less: (earnings) loss for the period from discontinued operation	(90,778)	21,238
	<u>                    </u>	<u>                    </u>
Loss for the purpose of basic and diluted loss per share		
for the period attributable to the owners of the Company	(18,513)	(80,089)
	<u>                    </u>	<u>                    </u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose		
of basic and diluted loss per share	3,447,888,458	3,332,586,993
	<u>                    </u>	<u>                    </u>

For the six months ended 30 June 2015 and 2014, the diluted earnings (loss) per share is the same as the basic earnings (loss) per share.

The computation of diluted earnings (loss) per share for the six months ended 30 June 2015 and 2014 did not assume the conversion of the Company's outstanding convertible bonds as the conversion of the outstanding convertible bonds would result in a decrease in loss per share or increase in earnings per share.

## 11. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade and bills receivables of approximately HK\$183,697,000 (31 December 2014: HK\$213,724,000).

At 31 December 2014, the Group normally grants to its trade customers credit periods for pharmaceutical and food segment ranging from 90 days to 180 days. The pharmaceutical and food segment was discontinued upon disposal of Yugofoil Group set out in notes 6 and 7.

At 30 June 2015 and 31 December 2014, the Group normally grants to its trade customer credit periods for natural uranium segment ranging from 25 days to 30 days after delivery dates.



The following is an aged analysis of the trade and bills receivables, based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates, and net of impairment loss recognised:

	<b>30 June 2015 HK\$'000 (Unaudited)</b>	31 December 2014 HK\$'000 (Unaudited)
Within 30 days	–	180,448
31-60 days	–	28,255
61-90 days	<b>30</b>	2,755
Over 90 days	<b>183,667</b>	2,266
	<hr/> <b>183,697</b> <hr/>	<hr/> <b>213,724</b> <hr/>

## 12. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of nil (31 December 2014: HK\$159,768,000).

The aged analysis of the Group's trade payables, presented based on invoice date, is as follows:

	<b>30 June 2015 HK\$'000 (Unaudited)</b>	31 December 2014 HK\$'000 (Unaudited)
Within 30 days	–	145,282
31-60 days	–	2,724
61-90 days	–	347
Over 90 days	–	11,415
	<hr/> <b>–</b> <hr/>	<hr/> <b>159,768</b> <hr/>

## **BUSINESS REVIEW**

### **Analysis of the business environment in the first half of 2015**

#### **Nuclear power market and industry development**

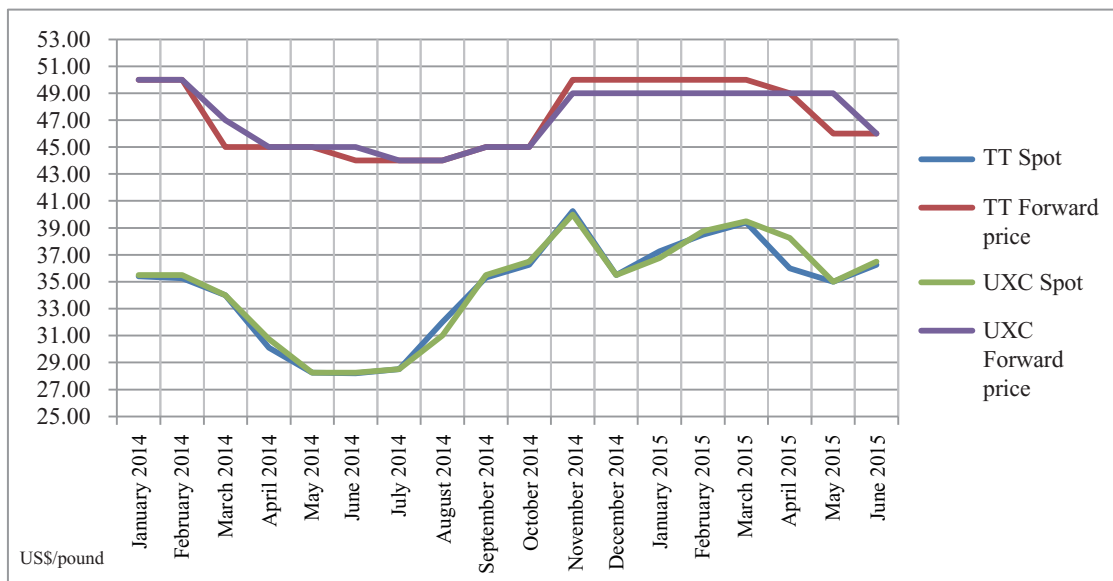
During the first half of 2015, the global nuclear power industry progressively stepped out from the shadow of Fukushima nuclear accident. The nuclear power generating unit 1 of Sendai Nuclear Power Plant in Japan was granted operation permit and resumed operation in mid-August. South Africa planned to construct nuclear power plants with installed capacity of 9,600 megawatt. Such project had a planned investment of approximately US\$100 billion, which is now open for tender. South Korea planned to construct two more nuclear power generating units by 2029. British government also proposed to construct eight new nuclear power plants by 2030 and invite tenders for Hinkley Point C, a nuclear power project. Meanwhile, many other countries, including India, Pakistan and Argentina, also planned to start their new nuclear power projects.

In China, the nuclear power development shows its good trend. On 10 March 2015, the construction of nuclear power generating Unit 5 and Unit 6 of Hongyanhe Nuclear Power Plant was approved, being the first approved nuclear power project in China after Fukushima nuclear accident and symbolized the restart of new nuclear power projects in China. On 23 March 2015, Unit 3 of Hongyanhe Nuclear Power Plant completed construction and went on-grid. The construction of Unit 5 of Hongyanhe Nuclear Power Plant and Unit 5 of Fuqing Nuclear Power Plant as the first batch of demo units of “Hualong No.1” began on 29 March 2015 and 7 May 2015 respectively. Yangjiang Nuclear Power Plant Unit 2 and Ningde Nuclear Power Plant Unit 3 qualified for commercial operation on 5 June 2015 and 10 June 2015, respectively. China Power Investment Corporation and the State Nuclear Power Technology Corporation underwent reorganization and resulted in the establishment of the State Power Investment Group Corporation. The A shares of China National Nuclear Power Co., Ltd. has been officially listed on the Shanghai Stock Exchange.

In a word, as a stable, highly efficient and cost competitive energy with zero carbon dioxide emission, nuclear power industry has a promising future against the backdrop of reduction of greenhouse gas emissions around the world.

#### **Natural Uranium market and industry development**

The international price of natural uranium remained low during the first half of 2015 after hitting bottom in the second quarter of 2014. However, as the international nuclear market rebounded, the price of natural uranium gradually moved upward from the bottom. In the first half of 2015, the average price of natural uranium in international market was US\$37.26 per pound, and the average price of natural uranium forward was US\$48.5 per pound (see the diagram below for details).



January 2014 – June 2015 international natural uranium price chart

Since the price of uranium remained low, the purchasers increased their purchase volume on the spot market. In the first half of 2015, the transaction volume of spot uranium was approximately 9,867 tonnes, representing an increase of 40% as compared with the corresponding period of 2014. Meanwhile, the transaction volume of uranium forward decreased to approximately 8,587 tonnes in the first half of 2015, representing a drop of 62% as compared with the corresponding period last year.

As for the production of natural uranium, as the price has been continuously at a low trend, part of the natural uranium producers reduced their production volume or delayed the commencement of operation of new mines. The number of cooperation and merger and acquisition projects between natural uranium corporations increased.

### Macroeconomic environment

As regards the international macroeconomic environment, the US economy has shown a strong growth and the market has expected that the Federal Reserve will increase the interest rate soon. As the impact of Greece debt crisis fades, the Europe’s economy has progressively stabilized. China has promulgated a development strategy called “One Belt One Road” and initiated the establishment of The Asian Infrastructure Investment Bank, intending to lead the economic restructuring and development in China and Asia.

## **Conclusion**

Given the aforesaid, the business environment in the first half of 2015 was largely consistent with our expectation stated in the Business Prospect section in the 2014 annual report of the Company. Japan, China and other countries around the world have restarted the new nuclear power projects; the international price of natural uranium has rebounded from the bottom but remained drifting in lower price range; the macroeconomic environment still fluctuated but progressively showed improvement; the business environment of the Company remained stable.

## **SUMMARY OF THE OPERATION IN THE FIRST HALF OF 2015**

### **Completion of the business transformation**

On 25 March 2015, the Company disposed of its entire equity interests in Yugofoil Group, which was a wholly-owned subsidiary of the Company immediately before the disposal, and exited the food and pharmaceutical business. On 15 April 2015, the Company completed the acquisition of 49% equity interests in Semizbay-U Limited Liability Partnership (“**Semizbay-U**”) and 49% selling rights of its products through acquiring 100% equity interests in Beijing Sino-Kazakh Uranium Resources Investment Company Limited (“**Beijing Sino-Kazakh**”). Semizbay-U currently owns and operates two quality and low-cost mines: Irkol Mine and Semizbay Mine. Since then, the Company has successfully realized transformation and adjustment of its principal business to that of a natural resources mining and energy service company, mainly engaging in uranium mining and trading, with a clear asset structure.

### **Optimizing the trading business of natural uranium**

Upon acquiring the right to underwrite 49% in the production of Semizbay-U in 2015, the Company acquired a stable supply channel of natural uranium. In the first half of 2015, the Company optimized the structure of the business of natural uranium supplying pipe. Based on the principles of the existing continuing connected transaction framework agreement, the Company entered into a natural uranium sales contract with CGNPC Uranium Resources Co., Ltd. (“**CGNPC-URC**”) for a term of 2 years (2015-2016). By consolidating the above business arrangements, the Company has further optimized the business chain of natural uranium trading and strengthened the foundation for its natural uranium trading business.

### **Effectively managing core assets**

After acquiring 49% equity interests of Semizbay-U through acquiring Beijing Sino-Kazakh, the Company extended effective management over Semizbay-U by CGNPC-URC. The Company appointed 2 directors into Semizbay-U and pursuant to the joint venture agreement and Semizbay-U’s articles of association, the Company maintained control and influence over the material matters in Semizbay-U and owned a veto right to the connected transactions of Semizbay-U. In the first half of 2015, Semizbay-U maintained a stable production and operation with total natural uranium production volume of 575 tonnes, 107% completion rate of production plan and effective control over average production costs.

## **Aggressively capturing new business opportunities**

The Company took advantage of the opportunity arising from low uranium price and further enhanced our tracking, selection, due diligence and analysis on the global uranium resources projects, through which we aggressively sought investment opportunity in those uranium mines with outstanding economics. In the first half of 2015, the Company focused on the preliminary due diligence of our potential investment projects, including low cost in-situ leachable sandstone-type uranium mine projects in middle Asia and the scattered-type high grade uranium mine projects in Canada.

## **Improving internal management and increasing management efficiency**

Excellent corporate governance and internal control system is the basis of a company's sustainable development and it is also an on-going and never-ending task for a company. In the first half of 2015, the Company focused on the following aspects to improve management control: 1. further clarifying the business strategy and the implementation path of the sole overseas uranium exploration and trading platform of China General Nuclear Power Corporation ("CGN"); 2. monitoring the operation effectiveness of the Company and strictly controlling the operation costs through analysis of regular operation activities; 3. reviewing and assessing the effectiveness of the existing systems in accordance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") ("Listing Rules") and the corporate governance requirements stipulated by the relevant government authorities, and establishing the plan and implementation measures in order to perfect the internal control system toward identified issues; and 4. further enhancing the information disclosure and investor relationship management to ensure the Company's operation is in compliance with laws and regulations, open and transparent and to enhance investors' knowledge and understanding about the Company.

## ***The completion of business objectives in the first half of 2015***

For the six months ended 30 June 2015, profit attributable to owners of the Company amounted to HK\$72.3 million as compared with the loss of HK\$101.3 million recorded in the corresponding period last year (consolidating 100% equity interests in Beijing Sino-Kazakh). The increase of profit was mainly due to the gain from disposal of Yugofoil Group.

Turnover of the Group for the Period amounted to HK\$1.9 million, representing a decrease of 99% as compared with HK\$373.3 million for the corresponding period last year. The main reasons are as follows:

- (1) As of 25 March 2015, the Group completed the disposal of the entire equity interests in Yugofoil Group, a wholly-owned subsidiary of the Company, the turnover of pharmaceutical and food business was no longer consolidated into the turnover of the Company during the Period as such business was reclassified as discontinued operation; and

(2) Upon completion of the consolidation of the assets of Beijing Sino-Kazakh, the Company has adjusted its business strategy based on existing market environment to focus on the sales of products from its self owned uranium mine and optimize the business structure of the entire supply chain of purchasing natural uranium from Kazakhstan. Taking into consideration that the fee for intermediate traders will reduce significantly after the optimization of business structure and shareholders' interests will be maximized as a result, the Company did not arrange the delivery of natural uranium purchased from its self owned uranium mine of Semizbay-U in the first half of the year, which shall be delayed to the second half of the year.

For the above reasons, as at 30 June 2015, the cost of sales of the Group amounted to HK\$0.1 million, representing a decrease of almost 100% as compared to HK\$363.8 million as at 30 June 2014 for the corresponding period last year.

As the Group completed the acquisition of the entire equity interests in Beijing Sino-Kazakh on 15 April 2015, which in turn holds 49% equity interests in Semizbay-U, loss attributable to the joint venture of the Group during the Period amounted to HK\$6.8 million (2014: HK\$71.7 million).

## **CONTINUING OPERATIONS**

### **Natural Uranium Trading Business**

During the Period, the Group did not commence the pure trading business involving procurement and sale of natural uranium based on the aforesaid strategic consideration of the prevailing business environment. Also, taking into the consideration of structural optimization of natural uranium supply chain, the trade of natural uranium from our self owned uranium mine of Semizbay-U has been delayed and will commence in the second half of the year. Therefore, there was no turnover from trading of natural uranium during the Period, representing a decrease of almost 100% as compared with HK\$371.4 million for the corresponding period last year. It is expected that the turnover for the second half of 2015 will increase substantially.

### **Investment in Uranium Mine**

#### ***Investment in Uranium Mine in Kazakhstan***

During the Period, the Group completed the consolidation of Beijing Sino-Kazakh. As of 30 June 2015, the investment loss of the Group from Semizbay-U amounted to HK\$6.8 million, representing a decrease of approximately 91% as compared to loss of approximately HK\$71.7 million in the corresponding period last year. It is expected that in the second half of the year, Semizbay-U can achieve the anticipated business target when the Group exercise the selling rights over the 49% of Semizbay-U's products.

#### ***Other major investment***

Other than the abovementioned completion of the acquisition transaction of Beijing Sino-Kazakh, the Company has no other major investment during the Period under Review.

## **Property investment business**

During the Period under Review, the leased investment property business has contributed approximately HK\$1.9 million rental income (from Beijing Sino-Kazakh's property in Beijing) to the Group, which remained stable as compared to HK\$1.9 million in the corresponding period last year.

## **DISCONTINUED OPERATIONS**

### **Pharmaceutical and Food Business**

#### *Sales of product*

During the Period, the Group exited the pharmaceutical and food business (which was reclassified as discontinued operation) by disposal of Yugofoil Group. The turnover of the pharmaceutical and food business during the Period amounted to approximately HK\$33.2 million, representing a decrease of approximately 4% as compared with approximately HK\$34.7 million in the corresponding period last year.

### **Property investment business**

Due to the disposal of Yugofoil Group, the leased investment property business of two of its subsidiaries, namely Sichuan Hengtai Pharmaceutical Company Limited and Chengdu Vital Properties Limited, was also be reclassified as discontinued operations, which brought HK\$2.0 million rental income to the Group before the disposal. Thereafter, the property located in Beijing owned by Beijing Sino-Kazakh remained as the only investment property held by the Group.

## **BUSINESS PROSPECT**

The Company considers that in the second half of 2015, there exists favorable factors for natural uranium market: namely the restarting of nuclear power projects in Japan, suspension of production of Olympic Dam (the largest known single deposit of uranium in the world) for six months, reducing the inventory sales volume by the U.S. Department of Energy, purchase of uranium from the international uranium market by India, acceleration of the approval of new nuclear power projects in emerging countries, including China. In contrast, in the second half of 2015, there also exists several unfavorable factors for natural uranium market: namely the appreciation of USD against the currencies of uranium producing countries, significant increase of uranium production volume of Cigar Lake mine as compared with the corresponding period last year, and delay in the delivery time for natural uranium contract of certain Japanese electricity companies. Although excess supply and insufficient demand remains in the market in short term, the international price of uranium has limited room to drop as constrained by the cost.

In the second half of 2015, the Company will continue to extend our control over the operation of Semizbay-U and accomplish our annual target of uranium trading and our business objectives. The Company will also focus on strengthening the development of new uranium projects to enhance resources reserve and production scale. In addition, the Company will continue to optimize the investor relationship system to improve our investor relationship management and to enhance investors' knowledge and understanding about the Company.

## **FINANCIAL REVIEW**

### **Capital Structure**

On 15 June 2015, China Uranium Development Company Limited (“**China Uranium Development**”) exercised the conversion rights attached to the convertible bonds in respect of the principal amount of HK\$300,000,000 at the conversion price of HK\$0.23 per conversion share. The portion of convertible bonds of which the conversion rights are being exercised represents 50% of the convertible bonds with a principal amount of HK\$600,000,000 held by China Uranium Development. The Company has allocated and issued 1,304,347,826 conversion shares to China Uranium Development.

As at 30 June 2015, the Company has issued 4,636,934,819 ordinary shares in aggregate (31 December 2014: 3,332,586,993 ordinary shares).

As at 30 June 2015, the market capitalization of the Company amounted to approximately HK\$3,895 million (31 December 2014: HK\$2,499 million).

### **Gain on disposal of subsidiaries**

On 25 March 2015, the Group completed the disposal of the entire equity interests in Yugofoil Group to an independent third party, which resulted in approximately HK\$99.0 million gain of disposal of subsidiaries.

### **Liquidity and Financial Resources**

As at 30 June 2015, the Group had no bank borrowing (31 December 2014: nil) and the Group had not applied banking facilities from any banks (31 December 2014: nil). The liability component of the convertible bonds amounted to approximately HK\$282.2 million (31 December 2014: HK\$549.5 million), following the exercise of the conversion rights attached to the convertible bonds in respect of the principal amount of HK\$300,000,000 by China Uranium Development on 15 June 2015.

The Group has maintained sufficient financial resources for business operation purposes. The Group has no seasonality of borrowing requirement.

During the Period, the Group has paid the consideration of acquiring 100% equity interests in Beijing Sino-Kazakh in the amount of US\$133 million to CGNPC-URC. The Group has also received the first instalment in the amount of HK\$41.25 million in respect of the transfer of the equity interests in Yugofoil Group.



The Group adopts conservative funding and treasury policies and objectives. During the reporting period, the Group financed its operations by internally generated resources.

As at 30 June 2015, in relation to bank balances, cash and the funds deposited in CGNPC Huasheng Investment Limited (“**Huasheng**”) and CGN Finance Co., Ltd. (“**CGN Finance**”) amounted to approximately HK\$418.1 million (31 December 2014: HK\$1,564.9 million), approximately 83% (31 December 2014: 21%) was denominated in HK\$, approximately 9% (31 December 2014: 77%) was denominated in USD and approximately 8% (31 December 2014: 2%) was denominated in Renminbi (“RMB”).

As at 30 June 2015, the Group did not pledge any bank balances and cash as collateral to a bank (31 December 2014: nil).

### **Exposure to Foreign Exchange Risk and Currency Policy**

During the Period, the sales of the Group were mainly denominated in USD and RMB (2014: USD and RMB). The purchases of the Group were mainly denominated in USD and RMB (2014: USD and RMB). Operating expenditures, including administrative expenses and selling and distribution expenses, were primarily denominated in HK\$ and RMB (2014: HK\$ and RMB). During the Period under Review, the Group did not enter into any forward contracts, interest or currency swaps, or other financial derivatives for hedging purpose. During the Period, the Group did not experience any material difficulty or negative effect on its operations or liquidity as a result of fluctuations on currency exchange rates.

Subsequent to the Period under Review, there has been a significant depreciation of the Tenge, the Kazakhstan currency, since it was allowed to float freely on 20 August 2015. As Tenge is the functional currency of Semizbay-U, its depreciation may have an impact on the fair value of the Group’s interest in Semizbay-U.

### **Contingent liabilities**

As at 30 June 2015, the Group had no material contingent liabilities (31 December 2014: nil).

### **Finance cost**

The finance costs for the Period mainly arose from the convertible bonds issued and allotted in the second half of year 2011.

## Key Financial Figures and Ratios

	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>(Unaudited)</b>	(Unaudited)
		(Restated)
<b>Statement of profit or loss item:</b>		
Turnover (HK\$'million)		
from continuing and discontinued operations	<b>37.1</b>	411.8
Gross profit margin	<b>21%</b>	5%
Profit (loss) attributable to owners of the Company/Turnover ( <i>note</i> )	<b>195%</b>	(25%)
Earning (loss) before interest, tax, depreciation and amortisation (("EBITDA") ("LBITDA")) (HK\$'million)	<b>92</b>	(91)
EBITDA (LBITDA)/Turnover ( <i>note</i> )	<b>247%</b>	(22%)
	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2015</b>	2014
		(Restated)
<b>Statement of financial position item:</b>		
Liability component of convertible bonds (HK\$'million)	<b>282</b>	550
Bank balances and cash (HK\$'million)	<b>64</b>	234
Net tangible assets (HK\$'million)	<b>585</b>	1,346
Gearing ratio	<b>50%</b>	42%
Average trade receivable turnover days ( <i>note</i> )	<b>1,954 days</b>	185 days
Average inventory turnover days (excluding goods in transit)	<b>N/A</b>	25 days

*Note:* the turnover used to calculate such ratios included continuing and discontinued operations.

For the six months ended 30 June 2015, return on average shareholders' funds was approximately 12% (2014: -8%).

## ENTERING INTO THE SECOND SUPPLEMENTARY DEED OF SUBSCRIPTION AGREEMENT

On 19 March 2015, the parties to the subscription agreement dated 18 March 2011 entered into between the Company, China Uranium Development, Mr. Tao Lung, Mr. Huang Jian Ming, Mr. Liu James Jin and Perfect Development Holding Inc. (the "**Subscription Agreement**") agreed to further extend the new reimbursement period <sup>Note 2</sup> by entering into the second supplementary agreement of Subscription Agreement <sup>Note 1</sup> ("**Second Supplementary Deed**"). Pursuant to the Second Supplemental Deed, the definition of reimbursement date has been amended to "from the closing date <sup>Note 3</sup> to (i) the end of 14 calendar months from the date on which the Company ceases to hold any legal or beneficial interests in any Subsidiaries <sup>Note 4</sup>; or (ii) the date on which the Company ceases to hold any legal or beneficial

interests in any Subsidiaries, and the liabilities the Company has or may have in respect of declaration and/or payment of tax in any relevant jurisdictions in relation to the disposal of all or part of the interests in any Subsidiaries have been fully discharged or performed, and all the tax payable by the Company (in particular the liabilities of declaration and payment of tax the Company may have in respect of the performance and completion of any disposal transactions (if any) relating to all or any interests in the Subsidiaries and the tax to be decided (including but not limited to that in accordance with the Notice of the State Administration of Taxation in relation to Strengthening the Management of Enterprise Income Tax for Equity Transfer of Non-resident Enterprises (Guo Shui Han [2009] No. 698) and the announcement in relation to certain issues concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-resident Enterprises (State Administration of Taxation announcement 2015 No. 7)) has been fully paid or waived, whichever is later, or any other date to be agreed by the parties. For further details of this matter, please refer to the announcements of the Company dated 31 March 2011, 11 April 2011, 18 August 2011, 19 August 2011, 18 February 2014, 6 January 2015 and 19 March 2015 and the circular of the Company dated 23 May 2011.

*Note 1:* the Subscription Agreement dated 18 March 2011 in relation to the subscription of shares in the Company by the subscriber pursuant to the subscription agreement and the subscription of convertible bonds pursuant to the Subscription Agreement.

*Note 2:* from the closing date to (i) 31 December 2014; or (ii) the date on which the Company no longer holds legal or beneficial interest in the subsidiaries, whichever is earlier, or any other date to be agreed amongst the parties.

*Note 3:* the date the closing of the share subscription and convertible bond subscription (pursuant to the Subscription Agreement) occurs.

*Note 4:* the Company's subsidiaries.

## **DISPOSAL OF ENTIRE EQUITY INTERESTS IN YUGOFOIL GROUP**

On 25 March 2015, the Company as the vendor and Bright Future Pharmaceutical Holdings Limited as the purchaser entered into a sale and purchase agreement, pursuant to which the Company has conditionally agreed to sell and the purchaser has conditionally agreed to acquire, the entire issued share capital of Yogofoil Group. The Company has agreed to assign and the purchaser has agreed to accept the interests in debt repayment from Yogofoil Group to the Company at an aggregate cash consideration of HK\$101,250,000. For further details of this transaction, please refer to the announcement of the Company dated 25 March 2015.

## **ACQUISITION OF THE ENTIRE EQUITY INTERESTS IN BEIJING SINO-KAZAKH**

On 16 May 2014, the Board approved the share and purchase agreement entered into between the Company (as purchaser) and CGNPC-URC (as seller), pursuant to which CGNPC-URC conditionally agreed to sell and the Company conditionally agreed to purchase the entire registered capital of Beijing Sino-Kazakh, at the purchase price of US\$133.00 million (equivalent to approximately HK\$1,030.75 million). Beijing Sino-Kazakh holds a 49% partnership interest in Semizbay-U. Through its indirect interest in Semizbay-U, CGNPC-URC is entitled to acquire the off-take quantity <sup>Note 1</sup>, being 49% of Semizbay-U's total annual uranium production pursuant to the off-take agreement <sup>Note 2</sup>. CGNPC-

URC undertook to irrevocably and exclusively designate the Group, from the completion date <sup>Note 3</sup>, to purchase the off-take quantity from Semizbay-U for the entire term of the off-take agreement. On 15 April 2015, all conditions precedent of the share purchase agreement was satisfied and the acquisition was completed. For further details of this transaction, please refer to the announcements of the Company dated 16 May 2014, 29 December 2014 and 15 April 2015 as well as the circular of the Company dated 30 June 2014.

*Note 1:* 49% of Semizbay-U's total annual uranium production which CGNPC-URC is entitled to acquire pursuant to the off-take agreement.

*Note 2:* the agreement dated 29 March 2013 entered into between National Atomic Company Kazatomprom, a joint-stock company established according to the laws of the Republic of Kazakhstan, and CGNPC-URC on the basic principles of marketing (sale) policy with respect to the products of Semizbay-U pursuant to which CGNPC-URC shall be entitled to acquire the off-take quantity from Semizbay-U.

*Note 3:* the completion of the sale and purchase of the equity pursuant to the share purchase agreement.

## **CONVERSION OF CONVERTIBLE BONDS**

On 9 June 2015, the Company received a formal notice from China Uranium Development (as the bondholder) for the exercise of the conversion rights attached to the convertible bonds in respect of the principal amount of HK\$300,000,000 at the conversion price of HK\$0.23 per conversion share. The portion of convertible bonds of which the conversion rights are being exercised represents 50% of the convertible bonds with a principal amount of HK\$600,000,000 held by the bondholder. 1,304,347,826 conversion shares have been allotted and issued by the Company to China Uranium Development on 15 June 2015. After the completion of the conversion, China Uranium Development holds 64.15% equity interests in the Company. For further details of this matter, please refer to the announcements of the Company dated 18 August 2011 and 15 June 2015.

## **EMPLOYEE INFORMATION**

As at 30 June 2015, the Group had 7 employees for continuing business and no employee for discontinued business (31 December 2014: employees for continuing business: 16; employees for discontinued business: 135). Three of these employees were located in Mainland China and four in Hong Kong.

The policies of employee remuneration, bonus and share option scheme commensurate with performance and are comparable to market rate. The Group encourages employees to participate in external training programmes to develop themselves on a continuous basis, so as to improve staff quality to meet future challenges and gain a competitive edge. Total staff costs for the Period under Review amounted to approximately HK\$2.8 million (30 June 2014: approximately HK\$3.2 million) from continuing operations and amounted to approximately HK\$4.3 million (30 June 2014: approximately HK\$22.8 million) from discontinued operation.

## **PURCHASE, SALE OR REDEMPTION OF THE LISTING SECURITIES OF THE COMPANY**

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

## **CHANGE OF DIRECTORS**

On 25 June 2015, the Company convened a Board meeting to approve the change of executive directors, the member of remuneration committee and an authorised representative. Mr. He Zuyuan ceased to be an executive director, a member of remuneration committee and an authorised representative of the Company. Mr. Xing Jianhua, our chief financial officer, has taken up the positions to act as an executive director, a member of remuneration committee and an authorised representative of the Company. The above changes came into effect from 25 June 2015.

## **DIVIDEND**

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2015 (30 June 2014: nil).

## **REVIEW OF INTERIM RESULTS**

The unaudited interim financial statements of the Group for the six months ended 30 June 2015 have been reviewed by the Company's audit committee and auditors, SHINEWING (HK) CPA Limited.

## **AUDIT COMMITTEE**

The audit committee provides an important link between the Board and the Company's auditors in matters within the scope of the group audit. It also reviews the effectiveness of the external and internal audit, internal controls and risk evaluation.

The audit committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters with the management. The Group's financial statements for the six months ended 30 June 2015 have been reviewed and adopted by the audit committee, who is of the opinion that such statements comply with the applicable accounting standards, and the Listing Rules and legal requirements, and that adequate disclosures have been made. The audit committee comprises two independent non-executive directors and one non-executive director.

## **REMUNERATION COMMITTEE**

The remuneration committee comprises two executive directors and three independent non-executive directors. It is responsible for reviewing and evaluating the remuneration packages of the executive directors and senior management and making recommendations to the Board from time to time.

## **NOMINATION COMMITTEE**

The nomination committee comprises three independent non-executive directors, one non-executive director and one executive director, it is responsible for reviewing, formulating and considering the nomination procedures regarding the appointment, reappointment and removal of directors.

## **MODEL CODE**

The Company has adopted the Model Code for Securities Transactions by directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules as the principle standards of securities transactions for directors of the Company. All Directors have confirmed, upon specific enquiry by the Company that they have complied with the required standard set out in the Model Code during the period.

## **CORPORATE GOVERNANCE**

The Company’s corporate governance policy follows the principles and practice stated in Appendix 14 of the Listing Rules (Corporate Governance Code and Corporate Governance Report) (the “**Corporate Governance Code**”).

In the opinion of the board, the Company has complied with the code provisions (“**Code Provisions**”) set out in the Corporate Governance Code during the period from 1 January 2015 to 30 June 2015, except for the deviations from the Code Provisions disclosed below.

Code provision A.6.7 stipulates that independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders of the Company.

Code provision E.1.2 stipulates that the chairman of the board should attend and invite the chairman of the audit, remuneration, nomination and any other committees (as appropriate) to attend the annual general meeting (“**AGM**”). In their absence, he should invite another member of the committees or failing this his duly appointed delegate, to attend. These persons should be available to answer questions at the AGM.

All directors have regularly attended and actively participated in meetings and give the Company the benefit of their skills and expertise from their background and qualification. Mr. Zhou Zhenxing, chairman of the Board and the nomination committee, and Mr. Qiu Xianhong, an independent non-executive director and the chairman of the remuneration and audit committee, were unable to attend the annual general meeting of the Company held on 22 May 2015 (“**2015 AGM**”) due to other business engagement. Mr. Yu Zhiping, as an executive director and the chief executive officer of the Company, was responsible for chairing the 2015 AGM and answering questions raised by shareholders.

On behalf of the Board  
**Yu Zhiping**  
*Chief Executive Officer*

Hong Kong, 28 August 2015

*As at the date of this announcement, the Board comprises two executive directors: Mr. Yu Zhiping (chief executive officer) and Mr. Xing Jianhua; four non-executive directors: Mr. Zhou Zhenxing (chairman), Mr. Chen Qiming, Mr. Yin Engang and Mr. Huang Jianming; and three independent non-executive directors: Mr. Qiu Xianhong, Mr. Gao Pei Ji and Mr. Lee Kwok Tung Louis.*

\* *For identification purposes only*