



**CHINA MINING INTERNATIONAL LIMITED**

中矿国际有限公司

Registered in Cayman Islands

Company Registration No. CT-140095

**UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2014 (“Q2 2014”) IN RESPECT OF THE FINANCIAL YEAR ENDING 31 DECEMBER 2014 (“FY2014”)**

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding year of the immediately preceding financial year

	The Group					
	Q2 2014 RMB'000	Q2 2013 RMB'000	% Change	H1 2014 RMB'000	H1 2013 RMB'000	% Change
Revenue	8,621	15,665	(45)	23,317	84,753	(72)
Cost of sales	<u>(6,507)</u>	<u>(10,781)</u>	(40)	<u>(17,496)</u>	<u>(75,362)</u>	(77)
Gross profit	2,114	4,884	(57)	5,821	9,391	(38)
Impairment loss on investment in joint venture	(8,785)	-	N/M	(8,785)	-	N/M
Other operating expense	(237)	664	N/M	1,275	254	402
Fair value loss on financial assets	-	(5,111)	N/M	-	(9,638)	N/M
Share of losses of joint venture	(115)	(50)	130	(215)	(128)	68
General and administrative expenses	(10,076)	(7,091)	42	(16,058)	(14,062)	14
Selling and distribution expenses	(543)	(687)	(21)	(864)	(1,162)	(26)
Finance (loss)/income	-	(660)	N/M	-	(1,365)	N/M
Loss before tax	(17,642)	(8,051)	119	(18,826)	(16,710)	13
Income tax (expense)/credit	(224)	(1,210)	(81)	(1,205)	(5,881)	(80)
Net loss for the period	<u>(17,866)</u>	<u>(9,261)</u>	93	<u>(20,031)</u>	<u>(22,591)</u>	(11)

“Q2 2013” and “Q2 2014” denotes the second quarter or the three-month period ended 30 June 2013 and 30 June 2014 respectively

“H1 2013” and “H1 2014” denotes the six-month period ended 30 June 2013 and 30 June 2014 respectively

“% Change” denotes increase/(decrease) in the relevant profit or loss item as compared with the comparative figure

“N/M” denotes “Not meaningful”

**1.(a)(ii) The accompanying notes to the unaudited financial statements form an integral part of the financial statements**

	<b>The Group</b>					
	<b>Q2 2014</b>	Q2 2013	%	<b>H1 2014</b>	H1 2013	%
	<b>RMB'000</b>	RMB'000	Change	<b>RMB'000</b>	RMB'000	Change
Loss before tax has been arrived at after charging/(crediting):						
Depreciation of property, plant and equipment	<b>363</b>	341	6	<b>725</b>	643	13
Foreign currency exchange gain	<b>35</b>	37	(5)	<b>27</b>	74	31
Amortization of land use rights	<b>1</b>	-	N/M	<b>2</b>	1	100
Loss on disposal of property, plant and equipment	<b>144</b>	-	N/M	<b>144</b>	-	N/M
Interest expense	-	660	N/M	-	1,365	N/M
Interest income	<b>(211)</b>	<b>(377)</b>	(44)	<b>(1,700)</b>	<b>(423)</b>	302

“Q2 2013” and “Q2 2014” denotes the second quarter or the three-month period ended 30 June 2013 and 30 June 2014 respectively

“H1 2013” and “H1 2014” denotes the six- month period ended 30 June 2013 and 30 June 2014 respectively

“% Change” denotes increase/(decrease) in the relevant profit or loss item as compared with the comparative figure

“N/M” denotes “Not meaningful”

**1.(b)(i) A statements of financial position (for the issuer and group) together with a comparative statement as at the end of the immediately preceding financial year**

**Statements of financial position of the Group and the Company as at 31 December 2013 and 30 June 2014**

	<b>The Group</b>		<b>The Company</b>	
	<b>30 June 2014 RMB'000</b>	<b>31 December 2013 RMB'000</b>	<b>30 June 2014 RMB'000</b>	<b>31 December 2013 RMB'000</b>
<b>Non-current assets</b>				
Property, plant and equipment	5,122	5,928	849	947
Land use rights	56	58	-	-
Investments in subsidiaries	-	-	352,212	352,212
Equity accounted investment in joint ventures	75,000	84,000	-	-
	<b>80,178</b>	<b>89,986</b>	<b>353,061</b>	<b>353,159</b>
<b>Current assets</b>				
Completed properties for sale	103,213	120,709	-	-
Prepayments and other receivables	39,386	78,980	611	613
Amounts due from subsidiaries (non-trade)	-	-	1,340	1,299
Amounts due from related parties (non-trade)	723	327	723	327
Amounts due from joint ventures (non-trade)	3,801	3,699	-	-
Amounts due from joint ventures partner (non-trade)	-	25,000	-	-
Income tax recoverable	69	69	-	-
Available for sales financial asset	-	7,000	-	-
Pledged bank deposits	9,357	9,121	-	-
Cash and cash equivalents	255,530	206,934	481	5,916
	<b>412,079</b>	<b>451,839</b>	<b>3,155</b>	<b>8,155</b>
<b>Current liabilities</b>				
Trade payables	16,557	27,505	-	-
Sales and rental deposits	43,909	57,753	-	-
Accruals and other payables	13,095	19,151	834	3,898
Amount due to subsidiaries (non-trade)	-	-	431	1
Amounts due to related parties (non-trade)	9,450	6,033	8,950	5,683
Amounts due to joint ventures (non-trade)	1,517	687	-	-
Amounts due to joint venture partner (non-trade)	11	11	-	-
Income tax payables	42,065	44,997	-	-
	<b>126,604</b>	<b>156,137</b>	<b>10,215</b>	<b>9,582</b>
<b>Net current assets/(liabilities)</b>	<b>285,475</b>	<b>295,702</b>	<b>(7,060)</b>	<b>(1,427)</b>
	<b>365,653</b>	<b>385,688</b>	<b>346,001</b>	<b>351,732</b>
<b>Capital and reserves</b>				
Issued capital	5,897	5,897	5,897	5,897
Share premium	224,594	224,594	224,594	224,594
Treasury shares	(18)	(18)	(18)	(18)
Capital reserve	49,031	49,031	-	-
Distributable reserve	362,461	362,461	362,461	362,461
Accumulated losses	(284,639)	(264,608)	(246,933)	(241,202)
Total equity	<b>357,326</b>	<b>377,357</b>	<b>346,001</b>	<b>351,732</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	8,327	8,331	-	-
	<b>8,327</b>	<b>8,331</b>	<b>-</b>	<b>-</b>
	<b>365,653</b>	<b>385,688</b>	<b>346,001</b>	<b>351,732</b>

**1.(b)(ii) In relation to the aggregate amount of group's borrowings and debt securities, specify the following as at the end of the current financial year reported on with comparative figures as at the end of the immediately preceding financial year:**

There is no borrowing or debt security as at 31 December 2013 and 30 June 2014.

**1.(c) A statements of cash flow (for the group), together with a comparative statement for the corresponding year of the immediately preceding financial year.**

	<b>The Group</b>			
	<b>Q2 2014</b>	Q2 2013	<b>H1 2014</b>	H1 2013
	<b>RMB'000</b>	RMB'000	<b>RMB'000</b>	RMB'000
<b>OPERATING ACTIVITIES</b>				
Loss before tax	<b>(17,642)</b>	(8,051)	<b>(18,826)</b>	(16,710)
Adjustments for:				
Depreciation of property, plant and equipment	<b>363</b>	341	<b>725</b>	643
Foreign currency exchange (gain)/loss	<b>(35)</b>	37	<b>27</b>	74
Amortization of land use rights	<b>1</b>	-	<b>2</b>	1
Loss on disposal of property, plant and equipment	<b>144</b>	-	<b>144</b>	-
Share of loss of joint ventures	<b>115</b>	50	<b>215</b>	128
Interest income	<b>(211)</b>	(377)	<b>(1,700)</b>	(423)
Interest expenses	-	660	-	1,365
Loss on financial assets at fair value through profit or loss	-	5,111	-	9,638
Impairment loss on investment in joint venture	<b>8,785</b>	-	<b>8,785</b>	-
Operating cash flows before movements in working capital	<b>(8,480)</b>	(2,229)	<b>(10,628)</b>	(5,284)
Completed properties for sale	<b>6,507</b>	(11,958)	<b>17,496</b>	40,384
Properties under development for sale	-	6,609	-	(2,863)
Prepayments and other receivables	<b>169</b>	4,064	<b>39,594</b>	18,893
Trade payables	<b>(1,215)</b>	5,911	<b>(10,928)</b>	12,791
Sales and rental deposits	<b>(1,330)</b>	2,156	<b>(13,845)</b>	(11,274)
Accruals and other payables	<b>374</b>	(3,733)	<b>(6,084)</b>	(11,185)
Cash used in operations	<b>(3,975)</b>	820	<b>15,605</b>	41,462
Income tax paid	<b>(148)</b>	(618)	<b>(4,139)</b>	(13,271)
<b>NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES</b>	<b>(4,123)</b>	202	<b>11,466</b>	28,191
<b>INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	<b>(52)</b>	(1,316)	<b>(84)</b>	(1,616)
Increase in pledged bank deposits	<b>(208)</b>	(309)	<b>(236)</b>	(795)
Amount (advances to)/received from Joint Venture companies	<b>251</b>	(308)	<b>728</b>	(660)
Amount due from Joint Venture partner	-	-	<b>25,000</b>	-
Divided income	-	321	-	321
Refund on deposit on a land tender	<b>250,000</b>	-	-	-
Proceed from disposal of property, plant & equipment	<b>1</b>	-	<b>1</b>	-
Proceed from disposal of financial assets at fair value through profit or loss	-	9,761	<b>7,000</b>	9,761
Interest received	<b>211</b>	377	<b>1,700</b>	423
<b>NET CASH GENERATE FROM INVESTING ACTIVITIES</b>	<b>250,203</b>	8,526	<b>34,109</b>	7,434
<b>FINANCING ACTIVITIES</b>				
Repayment of margin facility	-	(7,281)	-	(7,281)
Amount received from/(repaid to) related parties	<b>3,082</b>	-	<b>3,021</b>	1,455
Interest paid	-	(4,533)	-	(4,533)
<b>NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES</b>	<b>3,082</b>	(11,814)	<b>3,021</b>	(10,359)
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>249,162</b>	(3,086)	<b>48,596</b>	25,266
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>6,368</b>	212,342	<b>206,934</b>	183,990
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>255,530</b>	209,256	<b>255,530</b>	209,256

**1.(d) A statements of comprehensive income (for the issuer and group), together with a comparative statement for the corresponding year of the immediately preceding financial period.**

**Unaudited consolidated statements of comprehensive income of the Group and the Company for the financial year ended 31 December 2013 and 30 June 2014**

**Total comprehensive loss for the year attributable to:**

	<b>The Group</b>			
	<b>Q2 2014</b> RMB'000	Q2 2013 RMB'000	<b>H1 2014</b> RMB'000	H1 2013 RMB'000
Loss for the period	(17,866)	(9,261)	(20,031)	(22,591)
Other comprehensive expense for the period	-	-	-	-
<b>Total comprehensive expense for the period</b>	<b>(17,866)</b>	<b>(9,261)</b>	<b>(20,031)</b>	<b>(22,591)</b>

	<b>The Group</b>			
	<b>Q2 2014</b> RMB'000	Q2 2013 RMB'000	<b>H1 2014</b> RMB'000	H1 2013 RMB'000
Owners of the Company	(17,866)	(9,261)	(20,031)	(22,591)
Minority interests	-	-	-	-
<b>Total comprehensive (expense)/income for the period attributable to:</b>	<b>(17,866)</b>	<b>(9,261)</b>	<b>(20,031)</b>	<b>(22,591)</b>

**Total comprehensive (expense)/income for the period attributable to:**

	<b>The Company</b>			
	<b>Q2 2014</b> RMB'000	Q2 2013 RMB'000	<b>H1 2014</b> RMB'000	H1 2013 RMB'000
(Loss)/Income for the period	(4,131)	793	(5,731)	183
Other comprehensive expense for the period	-	-	-	-
<b>Total comprehensive (expense)/income for the period</b>	<b>(4,131)</b>	<b>793</b>	<b>(5,731)</b>	<b>183</b>

	<b>The Company</b>			
	<b>Q2 2014</b> RMB'000	Q2 2013 RMB'000	<b>H1 2014</b> RMB'000	H1 2013 RMB'000
Owners of the Company	(4,131)	793	(5,731)	183
Minority interests	-	-	-	-
<b>Total comprehensive (expense)/income for the period attributable to:</b>	<b>(4,131)</b>	<b>793</b>	<b>(5,731)</b>	<b>183</b>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding year of the immediately preceding financial year.

**Unaudited consolidated statement of changes in equity of the Group for the year ended 31 December 2013 and 30 June 14**

	<b>The Group</b>								
	Share capital	Share premium	Capital reserve	Distributable reserve	Treasury shares	Accumulated losses	Attributable to owners of the Company	Non controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1.1.2014	5,897	224,594	49,031	362,461	(18)	(264,608)	377,357	-	377,357
Total comprehensive loss for the year	-	-	-	-	-	(2,165)	(2,165)	-	(2,165)
<b>Balance as at 31.3.2014</b>	<b>5,897</b>	<b>224,594</b>	<b>49,031</b>	<b>362,461</b>	<b>(18)</b>	<b>(266,773)</b>	<b>375,192</b>	<b>-</b>	<b>375,192</b>
Total comprehensive loss for the year	-	-	-	-	-	(17,866)	(17,866)	-	(17,866)
<b>Balance as at 30.6.2014</b>	<b>5,897</b>	<b>224,594</b>	<b>49,031</b>	<b>362,461</b>	<b>(18)</b>	<b>(284,639)</b>	<b>357,326</b>	<b>-</b>	<b>357,326</b>

	<b>The Group</b>								
	Share capital	Share premium	Capital reserve	Distributable reserve	Treasury Shares	Accumulated losses	Attributable to owners of the Company	Non controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1.1.2013	368,358	224,594	49,031	-	(18)	(134,922)	507,043	-	507,043
Comprehensive loss for the period	-	-	-	-	-	(13,330)	(13,330)	-	(13,330)
Balance as at 31.3.2013	368,358	224,594	49,031	-	(18)	(148,252)	493,713	-	493,713
Comprehensive loss for the period	-	-	-	-	-	(9,261)	(9,261)	-	(9,261)
Balance as at 30.6.2013	368,358	224,594	49,031	-	(18)	(157,513)	484,452	-	484,452

**The Company**

	Share capital RMB'000	Share premium RMB'000	distributable reserve RMB'000	Treasury shares RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance as at 1.1.2014	5,897	224,594	362,461	(18)	(241,202)	351,732
Total comprehensive loss for the period	-	-	-	-	(1,600)	(1,600)
Balance as at 31.3.2014	5,897	224,594	362,461	(18)	(242,802)	350,132
Total comprehensive loss for the period	-	-	-	-	(4,131)	(4,131)
<b>Balance as at 30.6.2014</b>	<b>5,897</b>	<b>224,594</b>	<b>362,461</b>	<b>(18)</b>	<b>(246,933)</b>	<b>346,001</b>

**The Company**

	Share capital RMB'000	Share premium RMB'000	Treasury Shares RMB'000	Retained earnings RMB'000	Total RMB'000
Balance as at 1.1.2013	368,358	224,594	(18)	101,754	694,688
Comprehensive expense for the period	-	-	-	(610)	(610)
Balance as at 31.3.2013	368,358	224,594	(18)	101,144	694,078
Comprehensive income for the period	-	-	-	793	793
<b>Balance as at 30.6.2013</b>	<b>368,358</b>	<b>224,594</b>	<b>(18)</b>	<b>101,937</b>	<b>694,871</b>

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous year reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total issued shares excluding treasury shares of the issuer, as at the end of the current financial year reported on and as at the end of the corresponding year of the immediately preceding financial year.**

Issued capital

There was no movement in the Company's share capital during the financial year ended 31 December 2013 and three months period ended 30 June 2014.

Employee Share Option Scheme

No share options were issued for the year ended 31 December 2013 and period ended 30 June 2014 and there was no ordinary share that may be issued upon the exercise of any share option outstanding as at 31 December 2013 and 30 June 2014.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial year and as at the end of the immediately preceding year.**

Total number of issued ordinary shares as at 30.6.2014 and 31.12.2013 (excluding treasury shares) 1,173,508,000

**1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current year reported on.**

The total number of treasury shares as at 30 June 2014, remains the same as at 31 December 2013, at 92,000.

**2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

The figures have not been audited or reviewed by the auditors.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied.**

The same accounting policies and methods of computation adopted by the Group in respect of the audited financial statements for the financial year ended 31 December 2013 have been consistently applied by the Group for the financial year presented.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

There are no changes in the accounting policies and methods of computation, including any required by an accounting standard.

**6. Earnings per ordinary share of the group for the current year reported on and the corresponding year of the immediately preceding financial year, after deducting any provision for preference dividends (a) Based on the weighted average number of ordinary shares on issue; and (b) On a fully diluted basis (detailing any adjustments made to the earnings).**

	<b>The Group</b>			
	<b>Q2 2014</b> RMB'000	Q2 2013 RMB'000	<b>H1 2014</b> RMB'000	H1 2013 RMB'000
<b>Loss attributable to owners of the Company</b>	<b>(17,866)</b>	(9,261)	<b>(20,031)</b>	(22,591)
Basic (Singapore cents) <sup>(1)</sup>	<b>(0.31)<sup>(2)</sup></b>	(0.16) <sup>(2)</sup>	<b>(0.35)<sup>(2)</sup></b>	(0.38) <sup>(2)</sup>
Diluted (Singapore cents) <sup>(1)</sup>	<b>(0.31)<sup>(3)</sup></b>	(0.16) <sup>(3)</sup>	<b>(0.35)<sup>(3)</sup></b>	(0.38) <sup>(3)</sup>

**Notes:**

- (1) Calculated based on the average exchange rate in Q2 2014: S\$1: RMB4.92 (Q2 2013: S\$1: RMB4.93); H1 2014: S\$1: RMB4.87 (H1 2013: S\$1: RMB5.00)
- (2) Based on the issued ordinary shares excluding treasury shares of 1,173,508,000 for the period ended 30 June 2013 and 30 June 2014. No new shares were issued in Q2 2013 and Q2 2014.
- (3) The Company has no dilutive potential ordinary shares in Q2 2013 and Q2 2014.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial year reported on; and (b) immediately preceding financial year.**

	<b>The Group</b>		<b>The Company</b>	
	<b>30 June</b> <b>2014</b> RMB'000	31 December 2013 RMB'000	<b>30 June</b> <b>2014</b> RMB'000	31 December 2013 RMB'000
Net asset value (excluding non-controlling interests) as at end of financial year	<b>357,326</b>	377,357	<b>346,001</b>	351,732
Net asset value per ordinary share as at the end of financial year (Singapore cents) <sup>(1)</sup>	<b>6.18 cents</b>	6.69 cents	<b>5.98 cents</b>	6.23 cents

**Note:**

- (1) Calculated based on exchange rate of S\$1: RMB4.93 as at 30 June 2014 (as at 31 December 2013: S\$1: RMB4.81) and 1,173,508,000 ordinary shares (excluding treasury shares) as at 31 December 2013 and 30 June 2014.



**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial year reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial year reported on.**

**(a) Review of consolidated statement of comprehensive income of the Group for Q2 2014 (relative to that for Q2 2013)**

Our overall turnover, generated mainly from the sales of developed properties, decreased by RMB7.0 million or 45% from RMB15.7 million in Q2 2013 to RMB8.6 million in Q2 2014. The decrease was principally attributed to the the Xinxiang Sunny Town Project (新乡阳光新城项目), with fewer completed units being delivered to the buyers in Q2 2014 relative to Q2 2013.

**Gross profit**

The Group registered a lower gross profit of RMB2.1 million in Q2 2014 compared to that of RMB4.9 million in Q2 2013 and at a lower gross profit margin of about 25% in Q2 2014 compared to that of about 31% in Q2 2013, due principally to increased labour and construction material costs.

**Impairment loss on investment in joint venture**

The impairment losses on investment in joint venture of RMB 8.8 million in Q2 2014 were in relation to the Company's 50% equity interest in Tian Cheng Holdings Limited (天晟控股有限公司) ("Tian Cheng"), which, through its wholly-owned subsidiaries, namely Zhengzhou Bidi Trading Co., Ltd (郑州必砥商贸有限公司) ("Zhengzhou Bidi") and Zhengzhou Mai Yong Trading Co., Ltd (郑州迈永商贸有限公司) ("Zhengzhou Mai Yong"), wholly-owned the exploration rights of an iron ore mine located in the Xinjiang Province of the PRC and 99.9%-owned the exploration rights of another iron ore mine located in the Henan Province of the PRC (collectively, the "Mining Joint Ventures") (the "Impairment of Joint Ventures").

The impairment, derived based on the valuation report issued by an independent Hong Kong-based valuation company, Roma Appraisals Limited, was due principally to the continuing decline in the price of iron ore. The decreased iron ore prices were due primarily to the continuing decrease in market demand for iron ore amidst the slow-down of the PRC economy in Q2 2014.

**General and administrative expenses**

Our general and administrative expenses increased by RMB3.0 million or 42% from RMB7.0 million in Q2 2013 to RMB10.1 million in Q2 2014, attributed mainly to the professional fees incurred for the on-going preparation of the reverse takeover transaction as announced by the Company on 11 July 2013 and 1 April 2014 (the "Proposed RTO").

**Selling and Distribution expenses**

In line with business activities, our selling and distribution expenses decreased by RMB144,000 or 21% from RMB687,000 in Q2 2013 to RMB543,000 in Q2 2014.

**Other (expenses)/income**

We registered other income of about RMB664,000 in Q2 2013 *vis-à-vis* an other expenses of about RMB237,000 in Q2 2014.

Our other income attained in Q2 2013 relates principally to interest income and a dividend received in respect of the Group's investment in a quoted security listed on the Shenzhen Stock Exchange in Q1 2012 as announced by the Company on 13 January 2012 (the "Quoted Investment").

Our other expenses registered in Q2 2014 were mainly attributed to disposal losses incurred in relation to the disposal of some fixed assets in Q2 2014.

**Share of losses of joint ventures**

The Group's share of loss of joint ventures more than doubled by RMB65,000 from RMB50,000 in Q2 2013 to RMB115,000 in Q2 2014. The increase was attributed mainly to increased maintenance expenses incurred by Tian Cheng, particularly in respect of the two iron ore mines it owned which have yet to commence production.

**Loss before tax**

Following from the above, the Group recorded a loss before tax of RMB8.1 million in Q2 2013 compared to that of RMB17.6 million in Q2 2014.

## **Income tax expenses**

In line with reduced sales of developed properties, our income tax expenses decreased by RMB1.0 million or 81% from RMB1.2 million in Q2 2013 to RMB224,000 in Q2 2014.

## **Net loss attributable to owners of the Company**

Accordingly, the amount attributable to the owners of the Company was a net loss of RMB9.3 million for Q2 2013 compared to that of RMB17.9 million for Q2 2014.

## **(b) Review of statements of financial position of the Group as at 30 June 2014 (relative to that as at 31 December 2013)**

### **Non-Current Assets**

Our non-current assets decreased by RMB9.8 million or 11% from RMB90.0 million as at 31 December 2013 to RMB80.2 million as at 31 December 2014 were due principally to the Impairment of Joint Ventures.

### **Current assets**

Our completed properties for sale decreased by RMB17.5 million or 14% due principally to the delivery of completed units to buyers.

The decreases in amount due from joint venture partners by RMB25.0 million were due principally to collections received.

The available for sales financial asset as at 31 December 2013 comprised fixed yield short-term investments which were disposed in Q1 2014.

The decreases in prepayments and other receivables by RMB39.6 million or 50% were due principally to payments made in Q2 2014.

The amount due from related parties slightly more than double by RMB396,000 principally as a result of the payment of some professional fees by the Company on behalf of the vendors in connection with the Proposed RTO.

The increase in cash and bank balances by RMB48.6 million or 23% was attributed principally to the improved collections received in Q2 2014.

Taken as a whole, our current assets decreased by RMB39.8 million or 9% from RMB451.8 million as at 31 December 2013 to RMB412.1 million as at 30 June 2014.

### **Current liabilities**

Our sales and rental deposits collectively decreased by RMB13.8 million or 24%, due principally to the recognition of sales deposits as revenue upon the delivery of the completed property units to the buyers concerned.

The decreases in accruals and other payables by RMB6.1 million or 32% and trade payables by RMB10.9 million or 40% were due principally to repayments made by the Group.

The more than double increase in amounts due to joint ventures by RMB830,000 from RMB687,000 as at 31 December 2013 to RMB1.5 million as at 30 June 2014 was in relation to expenses paid by the Company's two Mining Joint Ventures on its behalf in Q2 2014.

The increase in amounts due to related parties by RMB3.4 million or 57% was attributed principally to the payment of some professional fees by related parties on behalf of the Company in connection with the Proposed RTO.

Taken as a whole, our current liabilities decreased by RMB29.5 million or 19% from RMB156.1 million as at 31 December 2013 to RMB126.6 million as at 30 June 2014.

Consequence to the above, we registered a net cash generated from operating activities of RMB202,000 in Q2 2013 as compared to a net cash used in operating activities of RMB4.1 million in Q2 2014.

## **9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

Nil

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting year and the next 12 months.**

Save for certain niche sectors and locations, the property market conditions in the PRC, in particular the non-first tier cities, generally remain challenging for the next 12 months due to the lingering effects of the extensive austerity measures and credit tightening initiatives introduced by the Chinese government in curbing property speculation.

As for the mining business of the Group, iron ore is expected to continue to experience a decrease in market demand for the next 12 months, amidst a slowdown of the PRC economy made worst by the lacklustre construction sector underpinned by the spate of cooling measures to curb property speculation.

With regard to the Proposed RTO, which involves a handful of mines located in several countries, the professionals involved are still in the process of carrying out their respective due diligence works. Appropriate announcements will be made by the Company as and when necessary to keep the shareholders of the Company updated.

*Some of the statements in this release constitute "forward-looking statements" that do not directly or exclusively relate to historical facts. These forward-looking statements reflect our current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside our control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Because actual results could differ materially from our intentions, plans, expectations, assumptions and beliefs about the future, undue reliance must not be placed on these statements.*

**11. If a decision regarding dividend has been made:**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

No.

**(b)(i) Amount per share (cents)**

No.

**(b)(ii) Previous corresponding period (cents)**

No.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

No.

**(d) The date the dividend is payable.**

No.

**(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

No.

**12. If no dividend has been declared / recommended, a statement to that effect.**

No dividend has been declared or recommended for Q2 2014.

**13. If the group has obtained general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

Name of the interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	RMB'000	RMB'000
Nil	Nil	Nil

The Company does not have any general mandate from its shareholders concerning interested party transaction.

**14. Negative assurance on interim financial statements pursuant to Rule 705(4) of the Listing Manual**

To the best of our knowledge and belief, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements of the Group and the Company for the three-month period ended 30 June 2014 to be false or misleading in any material aspect.

Signed for and on behalf of the Board of Directors

**BY ORDER OF THE BOARD**

**Mr Lib Bin**  
**CEO and Director**  
 14 August 2014

**Ms Dong Lingling**  
**Director**