中國礦業資源集團有限公司*

China Mining Resources Group Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 340

Annual Report 2008

* *For identification purpose only*

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors:

Cai Yuan *(Chairman)*
You Xian Sheng *(Deputy Chairman and Chief Executive Officer)*
Wang Hui
Yeung Kwok Kuen *(Chief Financial Officer)*
Chen Shou Wu *(Chief Investment Officer)*

Non-executive Director:

Lam Ming Yung

Independent Non-executive Directors:

Chan Sze Hon
Chu Kang Nam
Goh Choo Hwee
Lin Xiang Min

COMPANY SECRETARY

Leung Lai Ming

REGISTERED OFFICE

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HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Admiralty
Hong Kong

AUDITORS

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35/F One Pacific Place
88 Queensway
Hong Kong

PRINCIPAL SHARE REGISTRAR

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Rosebank Centre
11 Bermudiana Road
Pembroke HM 08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR

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Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of China (Asia) Limited
UBS AG
China Construction Bank

STOCK CODE

00340

COMPANY WEBSITE

www.chinaminingresources.com

I am pleased to present to our shareholders, the annual report of China Mining Resources Group Limited (the "Company") together with its subsidiaries (the "Group") for the year ended 31 December 2008.

RESULTS

The Group reported a consolidated turnover of HK$493,767,000 (2007: HK$674,955,000) and gross profit of HK$47,079,000 (2007: HK$183,546,000) from continuing operations, representing a decrease of 27% and 74% respectively as compared with last year. The decrease was mainly due to the fall back in operations of Harbin Songjiang Copper (Group) Company Limited ("Harbin Songjiang") and its subsidiaries ("Harbin Songjiang Group"). Please see the section headed "Review of Operations – Harbin Songjiang Group" for further detail.

The Group's loss attributable to equity shareholders amounted to HK$3,174,608,000 (2007: profit HK$212,297,000). In particular, impairment losses of HK$4,420,555,000 on intangible assets, exploration and evaluation assets (HK$2,856,099,000 attributable to equity shareholders), impairment losses on property, plant and equipment and prepaid lease payments of HK$706,025,000 (HK$513,752,000 attributable to equity shareholders) and impairment losses of HK$57,099,000 on trade and other receivables (HK$42,783,000 attributable to equity shareholders) were made during the year. In addition, the provision for land reclamation and cavity refill costs amounted to HK$140,967,000 in respect of the molybedenum mine was provided during the year. The details of impairment on assets and provision for land reclamation and cavity refill costs is further explained below. On exclusion of the above impairment losses and provision, the Group's earnings before interest, tax, depreciation and amortisation ("EBITDA") for the year was HK$135,008,000 (2007: HK$393,248,000).

The staff costs of HK$36,697,000 (2007: HK$137,291,000) arising from granting of share options to directors, employees and consulting firm of the Group was recognised as expenses during the year.

REVIEW OF OPERATIONS

Harbin Songjiang Group

Harbin Songjiang is based in Harbin, Heilongjiang Province, the People's Republic of China (the "PRC") and specializes in the mining and processing of molybdenum, copper and zinc, of which molybdenum accounts for the majority of its production and earnings.

Harbin Songjiang Group contributed HK$493,767,000 and HK$1,991,094,000 to the Group's turnover and loss for the year ended 31 December 2008, respectively. During the period from 6 July 2007 to 31 December 2007 (the "Post-acquisition Period"), Harbin Songjiang Group contributed HK$674,955,000 and HK$97,834,000 to the Group's turnover and profit for the year ended 31 December 2007, respectively.

The loss for the year was mainly due to: (1) impairment losses in aggregate of HK$2,493,981,000 was made for intangible assets; (2) impairment losses in aggregate of HK$648,483,000 was made for property, plant and equipment and prepaid lease payments, and (3) provision for land reclamation and cavity refill costs in aggregate of HK$140,967,000 was made for the molybdenum mine.

Full year financial information of Harbin Songjiang Group for the year ended 31 December 2007 instead of for the Post-acquisition Period would be used and compared as below.

The financial information for the year ended 31 December 2007 regarding the Harbin Songjiang Group were extracted from the unaudited financial statements of Harbin Songjiang for the year ended 31 December 2007, which were prepared by the directors of the Company. The preparation of these financial statements is the sole responsibility of the directors of the Company. These financial statements have been reviewed by the Company's previous auditors, KPMG, pursuant to Hong Kong Standards on Review Engagements 2400 "Engagements to review financial statements". It should be noted that the review is substantially less in scope than an audit and thus provide less assurance than an audit.

Turnover

Revenue generated from ferro molybdenum, copper and zinc and others were HK$400,517,000, HK$77,751,000 and HK$15,499,000 respectively. The average selling prices for ferro molybdenum and copper were HK$371,559 per tonne and HK$60,917 per tonne (2007: HK$292,765 per tonne and HK$47,240 per tonne) respectively.

The decrease of turnover was mainly attributable to the decrease of sales volume of ferro molybdenum of 1,406 tonnes or 57% (from 2,484 tonnes in 2007 to 1,078 tonnes in 2008). This was primarily due to: (1) the drastic decrease in the selling price of ferro molybdenum, which was adversely affected by low level steel production as a result of the global financial crisis in the second half year of 2008; consequently, the management decided to suspend the selling activities of ferro molybdenum from August 2008, which also explained why the average selling price of ferro molybdenum was increased for the year despite slide in price since August 2008; and (2) the decrease in output of molybdenum mainly due to lower average grade in the sector exploited during the year. The production volume of ferro molybdenum for the year was 1,619 tonnes as compared to 2,804 tonnes in 2007, and the inventory balance of ferro molybdenum was 621 tonnes as at 31 December 2008 (2007: 80 tonnes).

In addition, the sales volume of copper and zinc decreased by 2,208 tonnes and 1,988 tonnes respectively (Copper: from 3,354 tonnes in 2007 to 1,146 tonnes in 2008; Zinc: from 2,826 in 2007 tonnes to 838 tonnes in 2008) due to decrease in output as a result of aging of the mine. In addition, the operations of the copper and zinc mine of Harbin Songjiang Group (the "Copper mine") had been suspended during the year as the Copper mine is an aged mine which would require more attention and care in terms of production safety. Subsequent to the safety inspection, the Company has thus decided to terminate the operations of the Copper mine by the end of 2009.

Cost of Sales and Gross Profit

The cost of sales of Harbin Songjiang Group decreased from HK$564,259,000 in 2007 to HK$446,688,000 in 2008. Gross profit margin was 10% in 2008 (2007: 41%). This was primarily due to an one-off land reclamation and cavity refill costs provision of HK$140,967,000 made for the molybdenum mine during the year. Excluding the one-off adjustment and the amortisation charges which occurred due to the fair value adjustment recognised in the acquisition date, Harbin Songjiang Group's gross profit margin was 58% in 2008 (2007: 72.2%). The decrease in gross profit margin from 72.2% in year 2007 to 58% in year 2008 was primarily due to the increase in export tariff on ferro molybdenum from 10% to 20% which took effect from 1 January 2008.

Impairment losses on intangible assets, exploration and evaluation assets

In view of the significant decrease in the market price of molybdenum and the additional provision for land reclamation and cavity refill cost of the molybdenum mine (please see the "Provision for land reclamation and cavity refill cost" section below for more information), the directors of the Company considered that the molybdenum mine should be impaired. A valuation was performed by an independent valuer — Greater China Appraisal Limited, on a cash flow projections basis. Accordingly, impairment losses of approximately HK$2,096,129,000 were recognised in the consolidated income statement during the year.

In addition, in view of the decrease in market price of copper, iron and zinc related products as well as the aged copper mines and iron mine (as mentioned in the above section headed "Turnover"), the directors of the Company have decided to terminate the operations of the copper mines and the iron mine by the end of 2009. Accordingly, full impairment losses of approximately HK$364,865,000 were recognised in the consolidated income statement during the year.

Moreover, the Group has performed exploration in certain locations in Inner Mongolia and Heilongjiang, the PRC, during the year and the year before. After evaluating the exploration results, the directors of the Company considered that it is not commercially viable to continue the exploration in such locations and the relevant exploration and evaluation assets and exploration rights should be impaired. Accordingly, impairment losses of approximately HK$32,984,000 and HK$3,000 were recognised in the consolidated income statement during the year respectively.

Impairment losses on property, plant and equipment and prepaid lease payments

As mentioned in the above section headed "Impairment losses on intangible assets", in view of the increase in cost of production and decrease in market price of molydbenum-related products, the directors of the Company decided to suspend the development of production of molybdenum related products and the construction of related facilities, processing plant and production plant. Accordingly, the carrying amount of the related processing plant and production plant of approximately HK$298,649,000 was recognised as impairment loss in the consolidated income statement during the year.

In addition, in view of the decrease in market price of copper, iron and zinc related products, the directors of the Company have decided to terminate the operations of the copper mines and the iron mine by the end of 2009. Accordingly, full impairment losses of related mining facilities, processing plant and production plant and prepaid lease payments of approximately HK$165,785,000 and HK$184,049,000 were recognised in the consolidated income statement during the year respectively.

Provision for land reclamation and cavity refill cost

The management of Harbin Songjiang Group has suspended the production of the molybdenum mine for maintenance and improvements. The maintenance and improvements were precautionary measures taken in relation to the subsidence of a small area of land discovered above the hollow section of the mine on 14 December 2008.

In accordance with the relevant PRC rules and regulations, the Group is obliged to accrue the cost for land reclamation and cavity refill for the Group's existing mines. The provision for land reclamation and cavity refill cost has been determined by the directors of the Company based on their best estimation and approximately HK$140,967,000 is expected to be incurred during the period from 2009 to 2012.

Rutile Mining

The rutile mine owned by the Group covers an area of two square kilometers with an estimated exploitation potential of approximately 1,900,000 tonnes. Depending on the development of market conditions, the construction of the rutile mine as held by it would be temporarily suspended due to the increase in construction costs and land premium in respect of the premises on which the plant of the rutile mine is to be situated and the neighboring land area, as well as the decrease in market price of rutile related products. In this connection, it is difficult to predict whether the rutile mine will resume construction. A full impairment loss of HK$1,926,574,000 for the mining rights was recognised in the consolidated income statement during the year. In addition, impairment losses of HK$44,825,000 and HK$12,717,000 for the related processing and production plant and prepaid lease payments for the rutile mine were recognised in the consolidated income statement during the year respectively.

In addition, there are disputes between two former shareholders of Top Rank International Group Limited, which owns 90% equity interest in Shanxi Shenli Aerospace Titanium Company Limited, the company which holds the rutile mine. Based on advice from the Company's PRC legal adviser, there will be no effect to the Group's ownership and operations of the mine. Moreover, the litigations have already brought obsession to shareholders and investors of the Company, therefore we will continue to explore options to best utilize our rutile assets.

Investments in Canada listed companies

The Group invested in several Canada listed companies which were held for long-term investments and for the purposes of capital gain and dividend income during the year ended 31 December 2008.

Umbilical Cord Blood Storage

On 21 November 2008, the Group has disposed of the entire equity interest of Cell Therapy Technologies Centre Limited, a company which is principally engaged in the umbilical cord blood storage business to a third party.

During the period from 1 January 2008 to 20 November 2008, revenue from the umbilical cord blood storage service amounted to HK$25,037,000 (Year ended 31 December 2007: HK$21,461,000).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2008, the Group had total assets and net assets amounted to HK$2,360,299,000 (2007: HK$7,439,339,000) and HK$1,257,595,000 (2007: HK$5,653,034,000) respectively. The current ratio was 1.7, as compared to 2.2 as of last year end.

The Group had bank balances and cash, which amounted to HK$1,000,408,000 (2007: HK$1,247,594,000), and most of which were denominated in Renminbi and Hong Kong dollars. At the balance sheet date, the Group had: (i) borrowings from minority shareholders of HK$150,636,000 (2007: HK$153,307,000) which were all interest-free; (ii) bank borrowings of HK$170,535,000 (2007: HK$212,800,000) which were interest-bearing at floating rates with reference to the prevailing borrowing rate quoted by the People's Bank of China and (iii) other loans of HK$6,014,000 (2007: HK$5,643,000), of which HK$1,137,000 was interest-free and HK$4,877,000 was interest-bearing at 2.55% per annum. The gearing ratio, as a ratio of total borrowings to shareholders' fund was 28.9% (2007: 9.3%).

FOREIGN EXCHANGE RISK MANAGEMENT

As part of the Group's assets and liabilities are denominated in Renminbi and Canadian Dollar, in order to minimize the foreign currency risk, the Group aims to utilize the fund for transactions that are denominated in the same currency.

SHARE CAPITAL

There was no change in share capital during the year. As at 31 December 2008, the Company had 6,026,652,853 shares in issue with total shareholders' fund of the Group amounting to approximately HK$602,665,000.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 21 November 2008, the Group disposed of the entire equity interest in Cell Therapy Technologies Centre Limited to an independent third party for a cash consideration of HK$15,000,000.

Save as disclosed above, there were no other material acquisitions or disposals of subsidiaries during the year ended 31 December 2008.

CONTINGENT LIABILITIES

Certain bank loans of the Group as at 31 December 2007 were guaranteed by a third party. In return, a subsidiary of the Group has provided guarantees for certain bank loans totaling HK$53,333,000 (equivalent to RMB50,000,000) in favour of the same third party.

Save as disclosed above, the Group has no other contingent liabilities as at 31 December 2008.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2008, the Group had approximately 13 and 2,519 employees in Hong Kong and Mainland China respectively.

Employees are remunerated at a competitive level and are rewarded according to their performance. Our Group's remuneration packages include medical scheme, group insurance, mandatory provident fund for Hong Kong employees, social insurance packages for Mainland China employees, performance bonus, share option scheme and discounted share subscription.

According to the share option scheme adopted by the Company on 26 June 2002, share options may be granted to directors, employees and other eligible participants of the Group to subscribe for shares in the Company in accordance with the terms and conditions stipulated therein.

PROSPECTS

The year 2008 has been a difficult year for the Group. As mentioned in the section headed "Harbin Songjiang Group" above, the operations of the copper mines and the iron mine will be terminated by the end of 2009 as the mines are aged, and the production of the molybedenum mine was suspended for maintenance and improvements since December 2008, and is expected to resume operation by the end of May 2009. On the other hand, as mentioned in the section headed "Rutile Mining" above, the development of the rutile mine in Shanxi was being temporarily suspended due to unfavorable market conditions and increase in construction cost and land premium.

With a view to better utilize the Group's resources and to improve the profitability of the Group, the Company has been actively looking for attractive mergers and acquisitions opportunities in various industries including mining and other natural resources related businesses. Transactions entered into by the Group after 31 December 2008 are set out as follows:

Investment in Quadra Mining Limited

In December 2008, the Group acquired a total of 2,650,900 shares of Quadra Mining Limited ("Quadra") in the market, at an average price of approximately CAD2.12 (equivalent to approximately HK$13.78) per Quadra's share and an aggregate consideration of CAD5,616,556 (equivalent to approximately HK$36,507,616) (exclusive of transaction costs).

The Group has disposed through the market 2,650,900 shares of Quadra at a total consideration of CAD15,991,000 (equivalent to approximately HK$101,841,000) (exclusive of transaction costs) and an average price of approximately CAD6.03 (equivalent to approximately HK$38.40) per share of Quadra between 27 March 2009 and 3 April 2009. We have realised a gain of approximately HK$66,000,000 from the disposal.

Acquisition of 80% interest in King Gold Investments Limited

The Company has entered into an agreement dated 22 December 2008 (which was supplemented by supplemental agreements dated 2 January 2009 and 16 March 2009) with certain vendors and guarantors, to acquire 80% issued share capital of King Gold Investments Limited ("King Gold"). King Gold and its subsidiaries ("King Gold Group") is principally engaged in cultivation, research, production and sale of Chinese tea products.

King Gold Group has generated profits and has been exhibiting substantial growth in its business. Its products are recognised in the PRC as premium tea products and are widely distributed throughout the country.

Along with the changing lifestyle of people, the sale of tea bags has begun to grow at an increasing rate around the world. The market share of tea bags in Europe, the United States and Canada has also grown rapidly in recent years. The tea bag market in the PRC however has not yet been developed and only accounts for a small portion of total sales volume of tea in the PRC tea market. Such significant deviation from the size of tea bag markets in other countries provides an opportunity for King Gold Group to build up its market share in the tea bag market for its prestigious Da Hong Pao and Wuyi rock-essence tea. Due to the aforesaid reasons, King Gold Group has started producing Da Hong Pao tea bags since February 2008 and will continue to devote effort in capturing more market share in the tea bag market. The Company is capable of entering into the rapidly growing and lucrative tea market in the PRC with network, expertise and materials all in place.

The directors of the Company consider that the acquisition of King Gold Group represents a good opportunity for the Group to diversify its investments into other natural resources related industry in order to broaden the revenue base of the Group.

Acquisition of convertible notes of China Shen Zhou Mining and Resources Inc.

The Group has acquired from Citadel Equity Fund Ltd. convertible notes with principal amount of US$28,000,000 ("Convertible Notes") issued by China Shen Zhou Mining & Resources Inc ("CSZ"), whose shares are listed on NYSE Amex, for a total consideration of US$7,000,000 (equivalent to approximately HK$27,100,000) on 9 April 2009.

The directors of the Company believe that the transaction represents an opportunity for the Group to acquire an interest in the capital of CSZ at an attractive price relative to the value of the underlying mining assets of CSZ and its subsidiaries. This transaction means that the Group will become a significant stakeholder in CSZ, particularly in the event of any reorganization of the capital structure.

The completion of the acquisition of King Gold and the Convertible Notes represent good opportunity for the Group to diversify its investments into other natural resources related industry in order to broaden the revenue base of the Group.

Notwithstanding the difficulties under the global financial crisis, the Board still has strong confidence in the Group's future. The Group will continue to grow steadily taking into account of our strong fundamentals and capabilities. The Board believes there are good opportunities for mergers and acquisitions in this under-pressured global commodity market. The Group will remain on that outlook for attractive mergers and acquisitions opportunities which can best utilize our cash and mining expertise in mining. The Group will continue in our effort to reach our aim — to become a leading player in the mining sector in Asia.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my appreciation to the continuous support of our shareholders and hard work and dedication of all our staff over the past year.

By Order of the Board
China Mining Resources Group Limited

Cai Yuan
Chairman

Hong Kong, 20 April 2009

EXECUTIVE DIRECTORS

CAI Yuan

Mr. Cai Yuan ("Mr. Cai"), aged 44, was appointed as an executive director of the Company on 2 August 2005 and was elected as chairman of the board of directors of the Company (the "Board") on 28 November 2005.

Mr. Cai holds a master degree in Philosophy from the Xiamen University. Mr. Cai has worked in the provincial government of PRC on macro-economic management and also as senior management in some large enterprises in PRC.

Mr. Cai is also a director of several subsidiaries of the Company.

YOU Xian Sheng

Dr. You Xian Sheng ("Dr. You"), aged 54, was appointed as an executive director, chief executive officer and the deputy chairman of the Company on 31 January 2008.

Dr. You graduated from Chengdu Geological College (成都地質學院) in 1977. Dr. You has also obtained a master's degree in Economics from Nankai University (南開大學) and a doctorate degree in Industrial Economics from Fudan University (復旦大學). Dr. You has been engaged in geological survey related work for almost 20 years. In 1972, Dr. Wu joined Geology and Petroleum Team (地質石油隊) of Fujian Province and has become brigade leader of 2nd Hydro-geology Brigade (第二水文地質大隊) of Fujian Province and the general manager of Fujian Geo-engineering Investigation Corporation. In 1992, Dr. You was appointed as deputy commissioner (副專員) and commissioner of the administrative office (行政公署) of Longyan District, Fujian Province, the mayor of the People's Government of Longyan City (龍岩市人民政府), Fujian Province and was later appointed as the chairman of Department of Electronic Industry (電子工業廳廳長) and the chairman of Department of Information Industry (信息產業廳廳長) of Fujian Province. Prior to joining the Company, Dr. You was the chairman of the board of directors and the managing director of Fujian Haihong Science & Technology Development Co., Ltd (福建海宏科技發展有限公司).

WANG Hui

Mr. Wang Hui ("Mr. Wang"), aged 49, was appointed as an executive director of the Company on 5 July 2007. Mr. Wang is also the director of Harbin Songjiang Copper (Group) Company Limited ("Harbin Songjiang"), a subsidiary of the Company.

Mr. Wang graduated from Harbin Normal University in 1984 and is a senior economist. Mr. Wang has been the chief advisor of Harbin Songjiang since April 2002 and mainly assisted Harbin Songjiang in assessing and procuring exploration and mining projects, evaluating scale of mining operations and improving corporate governance of the then state-owned enterprise. In November 2005, Mr. Wang extended his responsibilities in Harbin Songjiang to formulation and execution of Harbin Songjiang's overall business strategies and policies and spearheading the growth of Harbin Songjiang's business.

Mr. Wang is also a director of a subsidiary of the Company.

EXECUTIVE DIRECTORS *(CONTINUED)*

YEUNG Kwok Kuen

Mr. Yeung Kwok Kuen ("Mr. Yeung"), aged 36, was appointed as an executive director of the Company on 17 January 2007. Mr. Yeung is also the qualified accountant and chief financial officer of the Company.

Mr. Yeung graduated from The Chinese University of Hong Kong with a bachelor degree in Professional Accountancy and obtained a master degree in Corporate Finance from The Hong Kong Polytechnic University. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants. Mr. Yeung has over 13 years of experience in handling accounting and finance matters. From 2004 to 2006, Mr. Yeung was the chief financial officer of a trading and manufacturing group and prior to this, Mr. Yeung was the manager of an international accounting firm.

Mr. Yeung is also a director of several subsidiaries of the Company.

CHEN Shou Wu

Mr. Chen Shou Wu ("Mr. Chen"), aged 45, was appointed as an executive director of the Company on 21 December 2007. Mr. Chen is also the executive vice president and the chief investment officer of the Company.

Mr. Chen graduated from Jilin University (吉林大學), the PRC with a bachelor's degree in Mineral Resources Exploration in 1985 and a master's degree of Geological Science in 1988. He has also obtained a master's degree in Business Administration from Richard Ivey Business School of University of Western Ontario in Canada in 2003. Mr. Chen has been the executive vice president and chief investment officer of the Company since 17 September 2007.

Prior to joining the Company, Mr. Chen worked for the Standard Bank as the senior vice president in the mining and metals division. For the period from 2003 to 2007, Mr. Chen has worked for Kingsway Group, an investment banking firm, as a senior mining analyst, Golden China Management Inc., a venture capital firm, as a business development manager, and Golden China Resources Corporation (GCX — Toronto Stock Exchange), a public company listed on the Toronto Stock Exchange which is engaged in the mining business, as a merchant banking manager. Mr. Chen has over 10 years of experience in the precious metals sector in the PRC. He was the council member of China Gold Society (中國黃金學會) and a research professor in the Shenyang Institute of Geology and Mineral Resources of the Ministry of Land and Resources (國土資源部) of the PRC.

Mr. Chen is also a director of several subsidiaries of the Company.

NON-EXECUTIVE DIRECTOR

LAM Ming Yung

Mr. Lam Ming Yung ("Mr. Lam"), aged 45, was appointed as an independent non-executive director of the Company on 8 January 2007 and was re-designated as a non-executive director of the Company effective from 8 February 2007.

Mr. Lam graduated from the School of Law of Shanghai Eastern Chinese College of Politics and Jurisprudence in 1986 and was awarded the degree of Bachelor of Law (now known as East China University of Political Science and Law). Mr. Lam started practising law in 1987 in Fujian Province in the PRC, and moved to Hong Kong in mid-1993. He was registered as a foreign lawyer with the Law Society of Hong Kong in 1995, and is now practicing as a Chief PRC Consultant Corporate Finance in the Hong Kong office of Sidley Austin. Mr. Lam is an independent non-executive director of China Agrotech Holdings Limited and Welling Holding Limited, both being companies whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Lam is also an independent non-executive director of China Lifestyle Food and Beverages Group Limited, a company whose shares are listed on Singapore Exchange Limited.

INDEPENDENT NON-EXECUTIVE DIRECTORS

CHAN Sze Hon

Mr. Chan Sze Hon ("Mr. Chan"), aged 35, was appointed as an independent non-executive director of the Company on 5 December 2007.

Mr. Chan holds a Bachelor of Arts Degree in Accountancy from City University of Hong Kong and a master degree in Corporate Finance from The Hong Kong Polytechnic University. He is a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants. Mr. Chan has 13 years of experience in accounting and financial management and had worked for an international accounting firm in Hong Kong for over 8 years. He is currently a non-executive director of Greater China Holdings Limited ("Greater China"), whose shares are listed on the Main Board of the Stock Exchange. During the period from 18 July 2005 to 12 October 2008, Mr. Chan was the executive director of Greater China. Mr. Chan is also an independent non-executive director of Blu Spa Holdings Limited and Era Information & Entertainment Limited, a company whose shares are listed on the Growth Enterprise Market of the Stock Exchange.

CHU Kang Nam

Mr. Chu Kang Nam ("Mr. Chu"), aged 52, was appointed as an independent non-executive director of the Company on 16 May 2007.

Mr. Chu graduated from Xiamen University with a Bachelor of Arts degree, and thereafter, has lectured at the Xiamen University. Mr. Chu has worked in government departments of the Fujian province of the PRC for the period from June 1984 to November 1989, responsible for research and management positions in economics and foreign trade areas. Mr. Chu has also assumed senior management positions at various trading and retail companies since December 1989. In September 1995, he was employed as a research analyst at the Fujian Provincial Government Development Research Centre. Mr. Chu has over 20 years of management and operation experience in the areas of economics and trading. Mr. Chu is an independent director of Gushan Environmental Energy Limited, a company whose shares are listed on the New York Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS *(CONTINUED)*

GOH Choo Hwee

Mr. Goh Choo Hwee ("Mr. Goh"), aged 37, was appointed as an independent non-executive director of the Company on 5 December 2007.

Mr. Goh graduated from the University of Hong Kong with Postgraduate Certificate in Laws in 1995. Mr. Goh has become a member of the Law Society of Hong Kong and has been a practicing solicitor in Hong Kong since 1997 and is currently a partner at Tsun & Partners, Solicitors, a corporate and commercial law firm in Hong Kong. Mr. Goh has 10 years of experience in PRC-related, corporate and securities practice. Mr. Goh is also a council member of the China Electronic Commerce Association which is dedicated to developing information technology and electronic commerce. During the period from August 2005 to April 2007, Mr. Goh was the company secretary of Zhong Hua International Holdings Limited, a company whose shares are listed on the Main Board of the Stock Exchange.

LIN Xiang Min

Mr. Lin Xiang Min ("Mr. Lin"), aged 61, was appointed as an independent non-executive director of the Company on 31 January 2008.

Mr. Lin is a specialist in production safety of mining industry (礦業安全生產). He graduated from Shandong University of Science and Technology with a major in Mining Engineering (山東科技大學) in 1975. Mr. Lin was a professor of the College of Environment and Resources (環境與資源學院) of Fuzhou University (福州大學) for 32 years. During his time with Fuzhou University, Mr. Lin has conducted research and taught subjects mainly in the areas of mining, mine safety and ventilation, industrial fire and explosion prevention, etc. Mr. Lin is currently a specialist of the specialist team in coal mine safety (煤礦安全生產專家組) of Fujian Province. Mr. Lin was awarded the honor of "中華百名管理創新傑出人物" in 2006.

SENIOR MANAGEMENT

YIN Guangyuan

Mr. Yin Guangyuan ("Mr. Yin"), aged 45, is a managing director of Harbin Songjiang, a subsidiary of the Company. He graduated from Heilongjiang People's Police School (黑龍江省人民警察學校) in 1982 and graduated from Chinese People's Public Security University (中國公安大學) with a major in Law in 1986. Mr. Yin was appointed as the chairman (處長) of Songjiang Copper Group in 2001, the deputy general manager of Harbin Songjiang in 2005, and has been working at the present position since 2007. Mr. Yin is currently responsible for the overall administration and operation management of Harbin Songjiang Group.

QIAO Hongbo

Qiao Hongbo ("Mr. Qiao"), aged 44, is a deputy general manager and director of Harbin Songjiang, a subsidiary of the Company. Mr. Qiao graduated from Inner Mongolia University of Science and Technology with a major in Mining in 1987 and is a senior mining engineer. Mr. Qiao joined Songjiang Copper Mine in 1987 and was appointed as the deputy mine manager of Acheng Xiaoling Iron & Zinc Mine in 1996, the principal of the production division and the deputy general manager assistant of Songjiang Copper Group and the deputy investigation manager of 松江鉬業公司 in 1998, and has been working at the present position since 2000. Mr. Qiao has 20 years of working experience in mining sites and is an expert in project management and mining project techniques, possessing extensive experience in geology mining, mining sites' management and construction. He is proficient in project management procedures and skill innovation, and was awarded with Heilongjiang Technology Advancement Third Tier Award in Metallurgy System (黑龍江冶金系統科技進步三等獎). Mr. Qiao is currently responsible for the project management and technical supervision of Harbin Songjiang Group.

SENIOR MANAGEMENT *(CONTINUED)*

QU Yanchun

Qu Yanchun ("Mr. Qu"), aged 37, is a deputy general manager and director of Harbin Songjiang, a subsidiary of the Company. Mr. Qu graduated from the Department of Economics and Trading of Heilongjiang Institute of Science in 1994, and is a Chinese Certified Public Accountant and Certified Public Valuer. Mr. Qu was appointed as the officer of the financial division of Songjiang Copper Group in 1996, the director of financial division of Songjiang Copper Group in 1999, the assistant to general manager and director of financial division of Harbin Songjiang in 2004, and has been working at the present position since 2007. Mu Qu has 13 years of experience in financial management and is currently responsible for the financial management of Harbin Songjiang Group.

LEUNG Lai Ming

Ms. Leung Lai Ming ("Ms. Leung"), aged 32, is the company secretary and the accounting manager of the Company.

Ms. Leung graduated from The Hong Kong Polytechnic University with a bachelor degree in Accountancy. Ms. Leung is an associate member of the Hong Kong Institute of Certified Public Accountants, a fellow member of The Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Chartered Secretaries. Ms. Leung has 10 years of experience in handling auditing and accounting matters. Ms. Leung joined the Company in July 2007.

CORPORATE GOVERNANCE PRACTICES

The Company has a policy of seeking to comply with established best practice in corporate governance. The Board believes that good corporate governance is crucial to improve the efficiency and performance of the Group and to safeguard the interests of its shareholders. For the year ended 31 December 2008, the Company has applied the principles of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules (the "Code") and complied with all the applicable code provisions of the Code.

DIRECTORS' SECURITIES TRANSACTIONS

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. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the year ended 31 December 2008, and they all confirmed that they had fully complied with the required standard set out in the Model Code.

BOARD OF DIRECTORS

Composition

Directors of the Company during the year and up to the date of this report are as follows:

Executive Directors:

Cai Yuan, *Chairman*	
Dong Wenxue, *Vice Chairman and Chief Executive Officer*	(resigned on 31 January 2008)
You Xian Sheng, *Deputy Chairman and Chief Executive Officer*	(appointed on 31 January 2008)
Wang Hui	
Yeung Kwok Kuen, *Chief Financial Officer*	
Chen Shou Wu, *Chief Investment Officer*	

Non-executive Directors:

Wu King Shiu Kelvin	(re-designated as a non-executive director of the Company on 31 January 2008 and retired on 23 May 2008)
Lam Ming Yung	
Chan Siu Tat	(retired on 23 May 2008)

Independent Non-executive Directors:

Chan Sze Hon	
Chu Kang Nam	
Goh Choo Hwee	
Lin Xiang Min	(appointed on 31 January 2008)

BOARD OF DIRECTORS *(CONTINUED)*

There is no relationship between members of the Board.

During the year ended 31 December 2008, the Board had at all times at least three independent non-executive directors of the Company and at least one independent non-executive director of the Company who has appropriate professional qualifications or accounting or related financial management expertise.

The principal roles of the Board are to oversee the strategic development, to determine the objectives, strategies and policies of the Group, to monitor and control the financial performance and to ensure effective internal controls and risk management. Implementation of strategies and day-to-day operations are delegated to the management. In order to better understand the respective accountabilities and contributions of the Board and management, the Company has adopted written terms of reference specifying a schedule of matters which should be reserved to the Board and which should be delegated to management.

During the year, a total of fifteen full Board meetings were held and the attendance records are as follows:

Name of Director	Number of Board Meetings Attended	Attendance Rate
Cai Yuan	15/15	100%
Dong Wenxue (resigned on 31 January 2008)	0/1	0%
You Xian Sheng (appointed on 31 January 2008)	14/14	100%
Wang Hui	14/15	93%
Yeung Kwok Kuen	14/15	93%
Chen Shou Wu	14/15	93%
Wu King Shiu Kelvin (retired on 23 May 2008)	5/5	100%
Lam Ming Yung	14/15	93%
Chan Siu Tat (retired on 23 May 2008)	5/5	100%
Chan Sze Hon	15/15	100%
Chu Kang Nam	15/15	100%
Goh Choo Hwee	10/15	67%
Lin Xiang Min (appointed on 31 January 2008)	12/14	86%

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Cai Yuan was appointed as the Chairman of the Company on 28 November 2005. Mr. Dong Wenxue was appointed as the Chief Executive Officer of the Company on 11 July 2007 and resigned on 31 January 2008. Dr. You Xian Sheng was appointed as the Chief Executive Officer of the Company on 31 January 2008.

The roles of Chairman and Chief Executive Officer are clearly defined by written terms of reference adopted by the Company in order to ensure a balance of power and authority, so that power is not concentrated in any one individual. The Chairman and the Chief Executive Officer of the Company are independent and not connected with each other except for being officers of the same company.

NON-EXECUTIVE DIRECTORS

All the independent non-executive directors of the Company and non-executive directors of the Company were appointed for an initial term of one year. All directors of the Company appointed during the year are subject to re-election by shareholders at the next annual general meeting after their appointment and every Director (including those appointed for a specific term) is subject to retirement by rotation at least once every three years in accordance with the Bye-laws of the Company.

REMUNERATION OF DIRECTORS

The Company established the Remuneration Committee in 2005. The current members of the Remuneration Committee are:

Chan Sze Hon, *Independent Non-executive Director, Chairman of the Remuneration Committee*
Chu Kang Nam, *Independent Non-executive Director*
Goh Choo Hwee, *Independent Non-executive Director*
Yeung Kwok Kuen, *Executive Director*

The Remuneration Committee has adopted terms of reference which are in line with the Code. A copy of the terms of reference is posted on the Company's website.

The Remuneration Committee is primarily responsible for the following duties:

1. to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing policy on such remuneration;

2. to consult the chairman of the Board and/or the chief executive officer about their proposals relating to the remuneration of other executive directors and senior management of the Company;

3. to have the delegated responsibility to determine the specific remuneration packages of all executive directors and senior management of the Company, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive directors of the Company;

4. to review and approve performance-based remuneration with reference to corporate goals and objectives resolved by the Board from time to time;

5. to review and approve the compensation payable to executive directors and senior management of the Company in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;

6. to review and approve compensation arrangements relating to dismissal or removal of directors of the Company for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;

7. to ensure that no director of the Company or any of his associates is involved in deciding his own remuneration; and

8. to deal with any other matters delegated by the Board.

REMUNERATION OF DIRECTORS *(CONTINUED)*

The Remuneration Committee met six times during the year to review the remuneration policy and remuneration packages of the executive directors and members of the senior management of the Company, share options granted during the year and approve the service contracts of the executive directors of the Company.

Individual attendance of each member of the Committee is set out below:

Name of Member	Number of Remuneration Committee Meetings Attended	Attendance Rate
Chan Sze Hon	6/6	100%
Chu Kang Nam	6/6	100%
Goh Choo Hwee	5/6	83%
Yeung Kwok Kuen	6/6	100%

NOMINATION OF DIRECTORS

Directors were nominated by members of the Board during the year to fill casual vacancies or as an addition to the existing Board. The nominations were submitted to the Board for decision with reference to criteria which include the candidates' experience, qualifications, professional knowledge, personal ethics and integrity. During the year, three Board meetings were held for approving the nomination and appointment of directors of the Company. Each director of the Company appointed during the year is subject to re-election by shareholders of the Company at the next annual general meeting of the Company after his appointment and every director of the Company (including those appointed for a specific term) is subject to retirement by rotation at least once every three years in accordance with the Bye-laws of the Company.

No director of the Company is involved in fixing his own terms of appointment and nominations and no independent non-executive director of the Company is involved in assessing his own independence.

Individual attendance of each member of the Board of Board meetings in relation to the nomination and appointment of directors of the Company is set out below:

Name of Directors	Number of Board Meetings Attended	Attendance Rate
Cai Yuan	3/3	100%
Dong Wenxue	0/1	0%
You Xian Sheng	2/2	100%
Wang Hui	2/3	67%
Yeung Kwok Kuen	3/3	100%
Chen Shou Wu	3/3	100%
Wu King Shiu Kelvin	2/2	100%
Lam Ming Yung	3/3	100%
Chan Siu Tat	2/2	100%
Chan Sze Hon	3/3	100%
Chu Kang Nam	3/3	100%
Goh Choo Hwee	2/3	67%
Lin Xiang Min	2/2	100%

AUDITORS' REMUNERATION

For the year ended 31 December 2008, the Group engaged Deloitte Touche Tohmatsu ("DTT"), auditors of the Company and KPMG, ex-auditors of the Company, to perform audit service and non-audit services. The fees were as follows:

Nature of services	**Name of auditors**	**Amount**
		HK$'000
Audit services in relation to annual result	DTT	1,970
Audit services in relation to continuing connected transaction	DTT	30
Review of interim results	KPMG	1,378
		3,378

AUDIT COMMITTEE

The Company established the Audit Committee in 1998. The current members of the Audit Committee are:

Chan Sze Hon, *Independent Non-executive Director of the Company, Chairman of the Audit Committee*
Chu Kang Nam, *Independent Non-executive Director of the Company*
Goh Choo Hwee, *Independent Non-executive Director of the Company*

The Audit Committee has adopted terms of reference which are in line with the Code. A copy of the terms of reference is posted on the Company's website.

The Audit Committee is primarily responsible for the following duties:

1. to make recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor;

2. to review and monitor the external auditor's independence and objectively and the effectiveness of the audit process in accordance with applicable standard, to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences and ensure co-ordination where more than one audit firm is involved;

3. to develop and implement policy on the engagement of an external auditor to supply non-audit services;

4. to review the interim and annual financial statements of the Company before submission to the Board;

5. to discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss (in the absence of management of the Company where necessary);

6. to review the Company's financial control, internal control and risk management systems;

7. to discuss with the management the system of internal control and ensure that management has discharged its duty to have an effective internal control system;

AUDIT COMMITTEE *(CONTINUED)*

8. to consider any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and management's response;

9. where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor the effectiveness of the internal audit function;

10. to review the group's financial and accounting policies and practices;

11. to review the external auditor's management letter, any material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control and management's response;

12. to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

13. to report to the Board on the matters set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited "Code on Corporate Governance Practices";

14. to consider major findings of internal investigations and management's response; and

15. to consider other topics, as defined by the Board.

The Audit Committee reviewed the external auditor's plan for the audit of the Group's accounts, the internal control procedures and the financial reporting systems of the Group during the year. The Audit Committee also made recommendations with respect to the appointment and reappointment of the auditors of the Company. The Audit Committee met four times during the year to review, discuss the Group's annual and interim financial statements of the Company before the same were presented to the Board for approval. Individual attendance of each member of the Committee is set out below:

Name of Member	Number of Audit Committee Meetings Attended	Attendance Rate
Chan Sze Hon	4/4	100%
Chu Kang Nam	4/4	100%
Goh Choo Hwee	4/4	100%

The financial statements for the year ended 31 December 2008 have been reviewed by the Audit Committee.

INTERNAL CONTROLS

The Board should maintain a sound and effective internal control system to safeguard the shareholders' investment and the Group's assets. The directors of the Company have reviewed the effectiveness of the internal control system of the Group for the year ended 31 December 2008, which covered financial, operational and compliance controls and risk management functions of the Group.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors of the Company acknowledge that it is their responsibility to prepare the accounts for each financial period which give a true and fair view of the state of affairs of the Group and to present a balanced, clear and understandable assessment of the financial results and disclosures of the Group under the Listing Rules and any other rules and statutory requirements.

On behalf of the Board
China Mining Resources Group Limited

Cai Yuan
Chairman

Hong Kong, 20 April 2009

The directors of the Company submit herewith their annual report together with the audited consolidated financial statements for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are set out in note 45 to the consolidated financial statements.

The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries (the "Group") during the financial year are set out in note 5 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2008 and the Group's affairs as at that date are set out in the consolidated financial statements on pages 36 to 100.

The directors of the Company do not recommend the payment of a dividend in respect of the year ended 31 December 2008.

RESERVES

Movement in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 39 of the annual report.

DONATION

Donations made for charitable purposes by the Group during the year amounted to HK$2,876,000.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 33 to the consolidated financial statements.

CONTRIBUTED SURPLUS

The Group's contributed surplus represents the special reserve arising upon the reorganisation of the Group in March 1997.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is also available for distribution to shareholders. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

Movement in the contributed surplus of the Group during the year is set out in the consolidated statement of changes in equity on page 39 of the annual report.

PROPERTY, PLANT AND EQUIPMENT

Movements in the property, plant and equipment of the Group for the year ended 31 December 2008 are set out in note 13 to the consolidated financial statements.

DIRECTORS

The directors of the Company who were in office during the financial year and up to the date of this report were:

Executive Directors

Cai Yuan *(Chairman)*	
Dong Wenxue *(Vice Chairman and Chief Executive Officer)*	(resigned on 31 January 2008)
You Xian Sheng *(Deputy Chairman and Chief Executive Officer)*	(appointed on 31 January 2008)
Wang Hui	
Yeung Kwok Kuen *(Chief Financial Officer)*	
Chen Shou Wu *(Chief Investment Officer)*	

Non-executive Directors

Wu King Shiu Kelvin	(retired on 23 May 2008)
Lam Ming Yung	
Chan Siu Tat	(retired on 23 May 2008)

Independent Non-executive Directors

Chan Sze Hon	
Chu Kang Nam	
Goh Choo Hwee	
Lin Xiang Min	(appointed on 31 January 2008)

Pursuant to Bye-law 87(1) of the Bye-laws of the Company, at each annual general meeting one-third of the directors of the Company for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. Accordingly, Mr. Cai Yuan, Mr. Wang Hui, Mr. Chen Shou Wu and Mr. Chan Sze Hon will retire by rotation at the forthcoming annual general meeting of the Company. Each of Mr. Wang Hui, Mr. Chen Shou Wu and Mr. Chan Sze Hon being eligible, have offered themselves for re-election. Mr. Cai Yuan has indicated that he will not offer himself for re-election to pursue other business interests. Mr. Cai Yuan has confirmed that he has no disagreement with the Board and there is no matter relating to his retirement that will need to be brought to the attention of the shareholders of the Company.

DIRECTORS' SERVICE CONTRACTS

None of the directors of the Company has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2008, the interests or short positions of the directors and chief executive of the Company in the shares, underlying shares of equity derivatives and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO") which were recorded in the register required to be kept under Section 352 of the SFO, or which were notified to the Company and the Stock Exchange pursuant to the Model Code adopted by the Company were as follows:

Interests in issued shares of the Company (long position)

		Ordinary shares of HK$0.1 each			
Name	**Capacity**	**Personal interests**	**Corporate interests**	**Total number of shares held**	**% of total issued shares**
Director					
Cai Yuan	Beneficial owner and interest in controlled corporation	8,650,000	500,000,000 *(Note 1)*	508,650,000	8.44%

Note:

1. These shares are held by Greater Increase Investments Limited which is 100% beneficially owned by Mr. Cai Yuan, the Chairman and an executive director of the Company.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION *(CONTINUED)*

Interests in underlying shares of the Company — share options

Name	Number of share options	% of total issued shares
Directors		
Cai Yuan	3,000,000	0.05%
You Xian Sheng	40,000,000	0.66%
Wang Hui	35,000,000	0.58%
Yeung Kwok Kuen	35,000,000	0.58%
Chen Shou Wu	35,000,000	0.58%
Lam Ming Yung	3,000,000	0.05%
Chan Sze Hon	3,000,000	0.05%
Chu Kang Nam	3,000,000	0.05%
Goh Choo Hwee	3,000,000	0.05%
Lin Xiang Min	3,000,000	0.05%
Chief executives		
Yin Guanguan	35,000,000	0.58%
Qiao Hongbo	10,000,000	0.17%
Su Qingyu *(Note 1)*	10,000,000	0.17%
Qu Yanchun	10,000,000	0.17%
Leung Lai Ming	5,000,000	0.08%

Save as disclosed above, as at 31 December 2008, none of the directors of the Company, chief executives or their respective associates had any other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Note:

1. Mr Su Qingyu resigned from all positions of the Group on 28 February 2009 and the share options was cancelled on 6 April 2009.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to any director or chief executive of the Company, as at 31 December 2008, persons (other than directors or chief executives of the Company as disclosed herein) who had interests or short positions in the shares or underlying shares of equity derivatives of the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long position in shares in the capital of the Company

Name of Shareholder	Capacity	Personal interests	Corporate interests	Total number of shares in the capital of the Company	Approximate % of shareholding in the Company
Kwok Man	Beneficial owner and interest in controlled corporation	24,800,000	368,686,000 *(Note 1)*	393,486,000	6.53%
Ho Ho Wai	Beneficial owner and interest in controlled corporation	800,000	660,377,358 *(Note 2)*	661,177,358	10.97%

Notes:

1. These shares are held by Long Cheer Group Limited which is 100% beneficially owned by Mr. Kwok Man.

2. Master Long Limited is a company wholly and beneficially owned by Mr. Ho Ho Wai. Pursuant to an agreement entered into between the Company, Master Long Limited and certain other parties in relation to the acquisition of 80% interests of King Gold Investments Limited, the Company would issue Shares equivalent to an amount of HK$140,000,000 (subject to adjustment) at an issue price of HK$0.212 per Share (namely, 660,377,358 Shares) to Master Long Limited as part of consideration for the acquisition. The remaining 800,000 Shares are held by Mr. Ho Ho Wai personally.

SHARE OPTION SCHEMES

Pursuant to ordinary resolutions of the shareholders of the Company passed on 11 March 1997, the Company adopted a share option scheme (the "Old Share Option Scheme"). The Old Share Option Scheme was terminated on 26 June 2002 such that no further options shall be granted under the Old Share Option Scheme but the options granted shall continue to be valid and exercisable in accordance with their terms of issue and, in all other respects, its provisions shall remain in full force and effect. Pursuant to ordinary resolutions of the shareholders of the Company passed on 26 June 2002, the Company adopted another share option scheme (the "New Share Option Scheme").

SHARE OPTION SCHEMES *(CONTINUED)*

Particulars of New Share Option Scheme are set out in note 40 to the consolidated financial statements.

Summary of main terms of New Share Option Scheme are as follows:

1. The purpose of the New Share Option Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contributions to the Group.

2. The participants of the New Share Option Scheme are: (i) any director (whether executive or non-executive or independent non-executive), employee (whether full time or part time), officer, consultant, customer, supplier, agent, partner or advisers of or contractor to the Group or an entity in which any member of the Group holds any interest from time to time ("Invested Entity"); (ii) any discretionary trust who discretionary objects include any director (whether executive or non-executive or independent non-executive), employee (whether full time or part time), officer consultant, customer, supplier, agent, partner or adviser of or contractor to the Group or any Invested Entity; and (iii) the option may be granted to any corporation wholly-owned by any person mentioned in (i).

3. As at 20 April 2009, the total number of ordinary shares of HK$0.10 in the capital of the Company ("Shares") available for issue under the New Share Option Scheme was 602,665,285 (including 294,600,000 Shares that have been granted but not yet lapsed or exercised or cancelled) representing approximately 10.0% of the issued share capital of the Company.

4. Unless otherwise approved by shareholders of the Company in general meeting, the total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Scheme to each participant in any 12-month period must not exceed 1% (except for substantial shareholders, as defined in the Listing Rules, or independent non-executive director of the Company, or any of their respective associates, as defined in the Listing Rules, must not exceed 0.1%) of the issued share capital of the Company from time to time.

5. An option shall be exercised in whole or in part in accordance with the terms of the New Share Option Scheme at any time during a period to be notified by the Board to each grantee, provided that no option shall be exercisable later than 10 years after its date of grant.

6. An option shall be accepted by a participant together within a remittance in favour of the Company of HK$1.00 by way of consideration for the grant thereof within 30 days from the date of the offer of grant of the option.

7. The subscription price for Shares under the New Share Option Scheme, subject to any adjustment stipulated therein, shall be a price determined by the Board, but shall be at least the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations on the date of grant which must be a business day, (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of grant and (iii) the nominal value of a Share.

8. The New Share Option Scheme shall be valid and effective for a period of 10 years commencing on 26 June 2002.

SHARE OPTION SCHEMES *(CONTINUED)*

Details of movements in the share options held by directors, chief executives, employees and other parties of the Company under the New Share Option Scheme for the year ended 31 December 2008 are as follows:

Name	Date granted	Period during which options are exercisable	No. of options outstanding at the beginning of the year	No. of options granted during the year	No. of options cancelled during the year	No. of shares acquired on exercise of options during the year	No. of options outstanding at the year end	Exercise price per share	* Market value per share at date of grant of options	* Market value per share on exercise of options
Share options granted in 2007										
Directors										
Cai Yuan	6 July 2007	*(Note 1)*	2,000,000	–	(2,000,000)	–	–	HK$1.82	HK$1.79	–
Wang Hui	6 July 2007	*(Note 1)*	15,000,000	–	(15,000,000)	–	–	HK$1.82	HK$1.79	–
Yeung Kwok Kuen	6 July 2007	*(Note 1)*	30,000,000	–	(30,000,000)	–	–	HK$1.82	HK$1.79	–
Chen Shou Wu	25 September 2007	*(Note 2)*	12,000,000	–	(12,000,000)	–	–	HK$1.30	HK$1.22	–
Lam Ming Yung	6 July 2007	*(Note 1)*	2,000,000	–	(2,000,000)	–	–	HK$1.82	HK$1.79	–
Chu Kang Nam	6 July 2007	*(Note 1)*	2,000,000	–	(2,000,000)	–	–	HK$1.82	HK$1.79	–
			63,000,000				–			
Chief executives										
Yin Guangyuan	6 July 2007	*(Note 1)*	10,000,000	–	(10,000,000)	–	–	HK$1.82	HK$1.79	–
Qiao Hongbo	6 July 2007	*(Note 1)*	10,000,000	–	(10,000,000)	–	–	HK$1.82	HK$1.79	–
Su Qingyu	6 July 2007	*(Note 1 & 8)*	10,000,000	–	(10,000,000)	–	–	HK$1.82	HK$1.79	–
Qu Yanchun	6 July 2007	*(Note 1)*	10,000,000	–	(10,000,000)	–	–	HK$1.82	HK$1.79	–
			40,000,000				–			
Employee	11 July 2007	*(Note 3)*	1,000,000	–	(1,000,000)	–	–	HK$1.82	HK$1.72	–
Others *(Note 4)*	6 July 2007	*(Note 1)*	124,000,000	–	(124,000,000)	–	–	HK$1.82	HK$1.79	–
			228,000,000	–	(228,000,000)	–	–			

SHARE OPTION SCHEMES *(CONTINUED)*

Name	Date granted	Period during which options are exercisable	No. of options outstanding at the beginning of the year	No. of options granted during the year	No. of options cancelled during the year	No. of shares acquired on exercise of options during the year	No. of options outstanding at the year end	Exercise price per share	* Market value per share at date of grant of options	* Market value per share on exercise of options
Share option granted in 2008										
Directors										
Cai Yuan	14 October 2008	*(Note 6)*	–	3,000,000	–	–	3,000,000	HK$0.275	HK$0.275	–
You Xian Sheng	14 October 2008	*(Note 6)*	–	40,000,000	–	–	40,000,000	HK$0.275	HK$0.275	–
You Xian Sheng	31 January 2008	*(Note 5)*	–	10,000,000	(10,000,000)	–	–	HK$0.60	HK$0.60	–
Wang Hui	14 October 2008	*(Note 6)*	–	35,000,000	–	–	35,000,000	HK$0.275	HK$0.275	–
Yeung Kwok Kuen	14 October 2008	*(Note 6)*	–	35,000,000	–	–	35,000,000	HK$0.275	HK$0.275	–
Chen Shou Wu	14 October 2008	*(Note 6)*	–	35,000,000	–	–	35,000,000	HK$0.275	HK$0.275	–
Lam Ming Yung	14 October 2008	*(Note 6)*	–	3,000,000	–	–	3,000,000	HK$0.275	HK$0.275	–
Chan Sze Hon	14 October 2008	*(Note 6)*	–	3,000,000	–	–	3,000,000	HK$0.275	HK$0.275	–
Chu Kang Nam	14 October 2008	*(Note 6)*	–	3,000,000	–	–	3,000,000	HK$0.275	HK$0.275	–
Goh Choo Hwee	14 October 2008	*(Note 6)*	–	3,000,000	–	–	3,000,000	HK$0.275	HK$0.275	–
Lin Xiang Min	14 October 2008	*(Note 6)*	–	3,000,000	–	–	3,000,000	HK$0.275	HK$0.275	–
			–				163,000,000			
Chief executives										
Yin Guangyuan	14 October 2008	*(Note 6)*	–	35,000,000	–	–	35,000,000	HK$0.275	HK$0.275	–
Qiao Hongbo	14 October 2008	*(Note 6)*	–	10,000,000	–	–	10,000,000	HK$0.275	HK$0.275	–
Su Qingyu	14 October 2008	*(Note 6 & 8)*	–	10,000,000	–	–	10,000,000	HK$0.275	HK$0.275	–
Qu Yanchun	14 October 2008	*(Note 6)*	–	10,000,000	–	–	5,000,000	HK$0.275	HK$0.275	–
Leung Lai Ming	14 October 2008	*(Note 6)*	–	5,000,000	–	–	10,000,000	HK$0.275	HK$0.275	–
			–				70,000,000			
Employee	14 October 2008	*(Note 6)*	–	21,600,000	–	–	21,600,000	HK$0.275	HK$0.275	–
Others *(Note 7)*	14 October 2008	*(Note 6)*	–	50,000,000	–	–	50,000,000	HK$0.275	HK$0.275	–
			–	314,600,000	(10,000,000)	–	304,600,000			

The options granted to the directors and the chief executives of the Company are registered under the names of the directors and the chief executives of the Company who are also the beneficial owners.

* Being the weighted average closing price of the Company's ordinary shares immediately before the dates on which the options were granted or exercised, as applicable.

SHARE OPTION SCHEMES *(CONTINUED)*

Notes:

1. Exercisable from 6 July 2007 to 5 July 2010.

2. Exercisable from 25 September 2007 to 24 September 2010.

3. Exercisable from 11 July 2007 to 10 July 2010.

4. (i) 2,000,000 share options was granted to Mr. Wong Hon Sum on 6 July 2007. Mr. Wong Hon Sum resigned as a director of the Company on 5 December 2007 and the share options was cancelled on 31 January 2008.

   (ii) 60,000,000 share options was granted to Mr. Dong Wenxue on 6 July 2007. Mr. Dong Wenxue resigned as a director of the Company on 31 January 2008 and the share options was cancelled on 14 October 2008. Mr. Dong Wenxue was appointed as the chief adviser of the Company on 31 January 2008.

   (iii) 60,000,000 share options was granted to Mr. Wu King Shiu Kelvin on 6 July 2007. Mr. Wu King Shiu Kelvin retired as a director of the Company on 23 May 2008 and the share options was cancelled on 14 October 2008.

   (iv) 2,000,000 share options was granted to Mr. Chan Siu Tat on 6 July 2007. Mr. Chan Siu Tat retired as a director of the Company on 23 May 2008 and share options was cancelled on 14 October 2008.

   (v) According to the New Share Option Scheme, share options granted to a director of the Company do not lapse upon their resignation.

5. Exercisable from 31 January 2008 to 30 January 2011.

6. Exercisable from 14 October 2008 to 13 October 2013.

7. The share options were granted to a chief adviser of the Company and a consulting company.

8. Mr. Su Qingyu resigned from all positions of the Group on 28 February 2009 and the share options was cancelled on 6 April 2009.

Information on the accounting policy for share options granted and the weighted average value per option is provided in note 3 to the consolidated financial statements respectively.

Apart from the foregoing, at no time during the year was the Company, or any of its holding company, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its securities during the year ended 31 December 2008. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities during the year.

CONNECTED TRANSACTION

On 26 April 2007, a master supply agreement was entered into between Harbin Songjiang and its subsidiaries ("Harbin Songjiang Group") and Chi Feng Jin Jian Copper Company Limited (赤峰金劍銅業有限公司) ("the Corporate Vendor"), a company incorporated in the PRC with limited liability, holding 40% equity interests in a subsidiary of Harbin Songjiang, Chifeng Songjiang Jinjian Mining Limited (赤峰松江金劍礦業有限責任公司) ("the Master Supply Agreement"). The key terms of the Master Supply Agreement are (i) Harbin Songjiang Group has agreed to supply copper concentrates to the Corporate Vendor commencing from the formal date of completion of the acquisition of Harbin Songjiang Group by the Group (the "date of Completion") to 31 December 2009; (ii) the purchase price will be determined between the Corporate Vendor and Harbin Songjiang Group with reference to the market value of copper, gold and silver contents in the copper concentrates, grades of metals and parameters reflecting the treatment and refining charges incurred to produce copper anodes from copper concentrates; (iii) the purchase price will be paid by the Corporate Vendor within 10 days after the end of each month in arrears; and (iv) the supply of copper concentrates (VAT inclusive) for the period from the date of Completion to 31 December 2007 and for the two years ending 31 December 2009 should not exceed RMB139,151,000, RMB243,368,000 and RMB243,368,000 respectively ("aggregate annual caps"). The Master Supply Agreement is non-exclusive on the part of Harbin Songjiang Group and the Corporate Vendor. The Master Supply Agreement was approved by the independent shareholders of the Company in the shareholders' meeting of the Company held on 8 June 2007.

The Corporate Vendor was no longer being the related party of the Company and the Group since 1 July 2008. The supply of copper concentrates (VAT inclusive) for the period from 1 January 2008 to 30 June 2008 was RMB36,286,000 and for the period from the date of Completion to 31 December 2007 was RMB104,036,000. Details of the transactions are set out in note 44 to the financial statements.

The independent non-executive directors of the Company had reviewed and confirmed that the transactions entered into by the Group under the Master Supply Agreement were (a) entered into in the ordinary and usual course of business of the Group; (b) entered into on normal commercial terms; (c) in accordance with terms of the Master Supply Agreement which are fair and reasonable so far as the shareholders of the Company are concerned; and (d) did not exceed the aggregate annual caps under the Master Supply Agreement for the year ended 31 December 2008.

The auditors of the Company also confirmed that, based on the work they have performed, the above continuing connected transactions:

(a) have received the approval of the Board;

(b) have been entered into in accordance with the terms of the relevant agreements governing such transactions; and

(c) have not exceeded the maximum annual aggregate annual values of RMB243,368,000 as disclosed in circular of the Company dated 23 May 2007 made by the Company in respect of the continuing connected transaction.

Save as aforesaid, there was no discloseable non-exempted connected transaction or non-exempted continuing connected transaction under the Listing Rules during the year ended 31 December 2008.

Save as aforesaid, none of the "Material related party transactions" as disclosed in note 44 to the financial statements for the year ended 31 December 2008 constituted discloseable non-exempted connected transaction or non-exempted continuing connected transaction under the Listing Rules.

To the extent of the above "Material related party transactions" constituted connected transaction as defined in the Listing Rules, the Company had complied with the relevant requirements under Chapter 14A of the Listing Rules during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the financial year is as follows:

	Percentage of the Group's total	
	Sales	Purchases
The largest customer	20%	
Five largest customers in aggregate	68%	
The largest supplier		34%
Five largest suppliers in aggregate		42%

At no time during the year have the directors of the Company, their associates or any shareholders of the Company (which to the knowledge of the directors of the Company owns more than 5% of the Company's share capital) had any interest in these major customers and suppliers.

COMPETING INTEREST

None of the directors of the Company or their respective associates had any interest in a business which competes with or may compete with the business of the Group.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws of the Company or the laws of Bermuda requiring the Company to offer new shares to the existing shareholders of the Company in proportion to their respective shareholdings if new shares of the Company are issued.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 December 2008 are set out in notes 29 and 31 to the consolidated financial statements.

FIVE YEARS SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 101 and 102 of this annual report.

RETIREMENT SCHEMES

Details of the retirement benefit schemes operated by the Group are set out in note 39 to the consolidated financial statements.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive directors of the Company an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive directors of the Company to be independent.

POST BALANCE SHEET EVENTS

Details of significant events occuring after the balance sheet date are set out in note 43 to the consolidated financial statements.

AUDITORS

Deloitte Touche Tohmatsu ("DTT") acted as auditors of the Company for the financial year ended 31 December 2005. The consolidated financial statements for the year ended 31 December 2008 have been audited by DTT. DTT were appointed as auditors of the Company on 8 April 2009 for the financial year ended 31 December 2008 upon the retirement of KPMG, who have acted as auditors of the Company for the preceding two financial years.

DTT will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting. A resolution for the re-appointment of DTT as auditors of the Company is to be proposed at the forthcoming annual general meeting of the Company.

By order of the Board
China Mining Resources Group Limited

Cai Yuan
Chairman

Hong Kong, 20 April 2009

TO THE SHAREHOLDERS OF
CHINA MINING RESOURCES GROUP LIMITED
中國礦業資源集團有限公司
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of China Mining Resources Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 36 to 100, which comprise the consolidated balance sheet as at 31 December 2008, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of The Companies Act of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2008 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

20 April 2009

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 HK$'000	2007 HK$'000 (Restated)
Continuing operations			
Revenue	5	**493,767**	674,955
Cost of sales		**(446,688)**	(491,409)
Gross profit		**47,079**	183,546
Other income	6	**69,565**	305,043
Selling and distribution expenses		**(8,051)**	(4,744)
Administrative expenses		**(333,869)**	(216,862)
Finance costs	7	**(24,306)**	(15,297)
Share of results of jointly controlled entities		**(476)**	(39)
Impairment losses on intangible assets, exploration and evaluation assets	15 & 16	**(4,420,555)**	—
Impairment losses on property, plant and equipment and prepaid lease payments	13 & 14	**(706,025)**	—
(Loss) profit before tax		**(5,376,638)**	251,647
Income tax credit (charge)	8	**628,661**	(27,388)
(Loss) profit for the year from continuing operations		**(4,747,977)**	224,259
Discontinued operation	10		
Profit for the year from discontinued operation		**1,880**	133
(Loss) profit for the year	9	**(4,746,097)**	224,392
Attributable to:			
Equity holders of the Company		**(3,174,608)**	212,297
Minority interests		**(1,571,489)**	12,095
		(4,746,097)	224,392
(LOSS) EARNINGS PER SHARE	12		
From continuing and discontinued operations Basic and diluted (HK cents)		**(52.7) cents**	3.9 cents
From continuing operations Basic and diluted (HK cents)		**(52.7) cents**	3.9 cents

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2008

	Notes	2008 HK$'000	2007 HK$'000 (Restated)
Non-current assets			
Property, plant and equipment	13	**218,441**	548,105
Prepaid lease payments	14	**71,951**	310,196
Intangible assets	15	**546,777**	4,772,044
Exploration and evaluation assets	16	**11,229**	36,044
Goodwill	17	**—**	8,200
Interests in jointly controlled entities	18	**—**	—
Available-for-sale investments	19	**72,121**	—
Deposit for acquisition of a subsidiary	20	**100,000**	—
Other receivables	21	**968**	92,246
Deferred tax assets	22	**—**	1,514
		1,021,487	5,768,349
Current assets			
Inventories	23	**209,050**	46,223
Trade and other receivables	24	**126,644**	369,427
Held-for-trading investments	19	**590**	—
Amounts due from jointly controlled entities	25	**—**	217
Amounts due from minority shareholders	25	**—**	1,067
Prepaid lease payments	14	**2,120**	6,462
Bank balances and cash	26	**1,000,408**	1,247,594
		1,338,812	1,670,990
Current liabilities			
Amounts due to jointly controlled entities	25	**(758)**	—
Amounts due to minority shareholders	25	**(150,636)**	(153,307)
Trade and other payables	27	**(358,895)**	(253,323)
Tax payable		**(100,536)**	(184,261)
Deferred income	28	**—**	(53,814)
Bank borrowings	31	**(136,428)**	(127,467)
Other borrowings	29	**(1,137)**	(1,067)
Provisions	30	**(20,363)**	—
		(768,753)	(773,239)
Net current assets		**570,059**	897,751
Total assets less current liabilities		**1,591,546**	6,666,100

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2008

	Notes	2008 HK$'000	2007 HK$'000 (Restated)
Non-current liabilities			
Deferred tax liabilities	22	**(42,077)**	(726,195)
Bank borrowings	31	**(34,107)**	(85,333)
Other borrowings	29	**(4,877)**	(4,576)
Deferred income	28	**(46,644)**	(79,976)
Other long term payable	32	**(85,642)**	(116,986)
Provisions	30	**(120,604)**	—
		(333,951)	(1,013,066)
Net assets		**1,257,595**	5,653,034
Capital and reserves			
Share capital	33	**602,665**	602,665
Share premium and reserves		**529,615**	3,390,227
Attributable to equity holders of the Company		**1,132,280**	3,992,892
Minority interests		**125,315**	1,660,142
Total equity		**1,257,595**	5,653,034

The consolidated financial statements on pages 36 to 100 were approved and authorised for issue by the Board of Directors on 20 April 2009 and are signed on its behalf by:

Cai Yuan
Director

Yeung Kwok Kuen
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2008

	Attributable to equity holders of the Company											
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Statutory surplus reserve HK$'000 (Note 2)	Capital reserve HK$'000 (Note 3)	Share options reserve HK$'000	Investment revaluation reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Attributable to equity holders of parent entity HK$'000	Minority interests HK$'000	Total HK$'000
At 1 January 2007	472,078	846,713	152,150	–	–	–	–	9,631	(359,000)	1,121,572	810,848	1,932,420
Exchange difference arising on translation of the Group's operation into its presentation currency and net income recognised directly in equity	–	–	–	–	–	–	–	151,602	–	151,602	89,451	241,053
Profit for the year	–	–	–	–	–	–	–	–	212,297	212,297	12,095	224,392
Total recognised income for the year	–	–	–	–	–	–	–	151,602	212,297	363,899	101,546	465,445
Issue of shares	130,587	2,233,858	–	–	–	–	–	–	–	2,364,445	–	2,364,445
Share based payments	–	–	–	–	–	142,976	–	–	–	142,976	–	142,976
Dividends to minority interests	–	–	–	–	–	–	–	–	–	–	(2,625)	(2,625)
Transfer	–	–	–	26,372	–	–	–	–	(26,372)	–	–	–
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	750,373	750,373
Subtotal	130,587	2,233,858	–	26,372	–	142,976	–	–	(26,372)	2,507,421	747,748	3,255,169
At 31 December 2007 and at 1 January 2008	602,665	3,080,571	152,150	26,372	–	142,976	–	161,233	(173,075)	3,992,892	1,660,142	5,653,034
Gain on change in fair value of available-for-sale investments	–	–	–	–	–	–	594	–	–	594	–	594
Exchange differences arising on translation of the Group's operation into its presentation currency	–	–	–	–	–	–	–	265,857	–	265,857	94,076	359,933
Net income recognised directly in equity	–	–	–	–	–	–	594	265,857	–	266,451	94,076	360,527
Loss for the year	–	–	–	–	–	–	–	–	(3,174,608)	(3,174,608)	(1,571,489)	(4,746,097)
Total recognised income (expenses) for the year	–	–	–	–	–	–	594	265,857	(3,174,608)	(2,908,157)	(1,477,413)	(4,385,570)
Share based payments	–	–	–	–	–	47,545	–	–	–	47,545	–	47,545
Acquisition of additional interest in a subsidiary	–	–	–	–	–	–	–	–	–	–	(1,132)	(1,132)
Cancellation of share options	–	–	–	–	–	(155,661)	–	–	155,661	–	–	–
Dividend to minority interests	–	–	–	–	–	–	–	–	–	–	(56,282)	(56,282)
Reduction of share premium and contributed surplus *(Note 1)*	–	(219,091)	(152,150)	–	–	–	–	–	371,241	–	–	–
Transfer	–	–	–	69,109	18,121	–	–	–	(87,230)	–	–	–
Subtotal	–	(219,091)	(152,150)	69,109	18,121	(108,116)	–	–	439,672	47,545	(57,414)	(9,869)
At 31 December 2008	602,665	2,861,480	–	95,481	18,121	34,860	594	427,090	(2,908,011)	1,132,280	125,315	1,257,595

Notes:

(1) Pursuant to a special resolution passed at Annual General Meeting of the Company on 23 May 2008 and with the sanction of the Register of Companies of Bermuda dated 4 June 2008, share premium and contributed surplus were eliminated against an equal amount of accumulated losses of the Company effective on 23 May 2008.

(2) According to the relevant the People's Republic of China ("PRC") rules and regulations, subsidiaries of the group established in the PRC are required to transfer 10% of their net profit, as determined in accordance with the PRC accounting standards and regulations, to the statutory surplus reserve until the balance of the reserve reaches 50% of their respective registered capital. The transfer to this reserve must be made before distribution of dividends to equity owners of these subsidiaries. Statutory surplus reserve can be used to make good previous years' losses, if any, and may be converted into capital in proportion to existing equity owners' equity percentage, provided that the balance after such issuance is not less than 25% of their registered capital.

(3) Pursuant to regulations <高危行業企業安全生產費用財務管理暫行辦法> in the PRC relating to the mining industry, the Group is required to transfer an amount to the capital reserve account. The amount is calculated based on the volume of ores excavated each year and at the applicable rate per tonne of ores ("Appropriation for Mining Company"). The utilisation of the amount in the capital reserve account will be used on modification and maintenance of safety equipment in accordance with the rules in the PRC Companies law and is not available for distribution to shareholders.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	2008	2007
	HK$'000	*HK$'000*
Operating activities		
(Loss) profit before tax	**(5,374,582)**	251,700
Adjustments for:		
Interest income	**(21,936)**	(24,782)
Interest expenses	**24,306**	15,297
Depreciation for property, plant and equipment	**29,178**	13,084
Amortisation of prepaid lease payments	**6,061**	3,047
Amortisation of intangible assets	**127,455**	97,441
Government grants	**(42,182)**	(1,248)
Gain on disposal of property, plant and equipment	**(1,494)**	(3,640)
Loss on disposal of intangible assets	**14,799**	—
Share of results of jointly controlled entities	**476**	39
Discount on acquisition of a subsidiary	**—**	(281,622)
Gain on disposal of a subsidiary	**(898)**	—
Provision for land reclamation and cavity reflow costs	**140,967**	—
Impairment losses on property, plant and equipment and prepaid lease payments	**706,025**	—
Impairment losses on intangible assets, exploration and evaluation assets	**4,420,555**	—
Exchange gain	**—**	(13)
Share-based payment expenses	**47,545**	142,976
Impairment losses on trade and other receivables	**57,099**	12,762
Allowance for inventories	**29,002**	—
Operating cash flows before movements in working capital	**162,376**	225,041
(Increase) decrease in inventories	**(190,113)**	288,783
Decrease (Increase) in trade and other receivables	**284,095**	(126,696)
Increase in amounts due from jointly controlled entities	**—**	(217)
Increase in held-for-trading investment	**(590)**	—
Increase in trade and other payables	**108,249**	38,231
Increase in deferred income	**12,930**	18,975
Cash generated from operations	**376,947**	444,117
PRC Enterprise Income Tax paid	**(189,061)**	(54,451)
Net cash from operating activities	**187,886**	389,666

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 HK$'000	2007 HK$'000
Investing activities			
Purchases of property, plant and equipment		**(106,475)**	(127,743)
Increase in deposit for acquisition of a subsidiary		**(100,000)**	—
Purchases of available-for-sale investments		**(71,527)**	—
Proceeds from disposal of a subsidiary	35	**(18,919)**	534
Purchases of exploration and evaluation assets		**(5,722)**	(18,156)
Purchases of intangible assets		**(74)**	(53)
Decrease in other long term payable		**(5,168)**	—
Interest received		**21,936**	24,782
Proceeds from disposal of property, plant and equipment		**5,900**	24,524
Repayment from (advances to) minority shareholders		**1,067**	(1,067)
Advances from (repayment to) jointly controlled entities		**499**	(39)
Acquisition of subsidiaries	34	**—**	(1,788,728)
Net cash used in investing activities		**(278,483)**	(1,885,946)
Financing activities			
Repayment of bank borrowings		**(134,136)**	(63,680)
Dividend paid to minority interests		**(56,282)**	(2,625)
Interest paid		**(17,911)**	(8,925)
Repayment to a related company		**(17,423)**	—
(Repayments to) advances from minority shareholders		**(12,137)**	5,262
New bank borrowings raised		**78,731**	4,576
Issue of shares		**—**	2,455,039
Share issue expense		**—**	(90,594)
Net cash (used in) generated from financing activities		**(159,158)**	2,299,053
Net (decrease) increase in cash and cash equivalents		**(249,755)**	802,773
Cash and cash equivalents at 1 January		**1,247,594**	449,087
Effect of foreign exchange rate changes		**2,569**	(4,266)
Cash and cash equivalents at 31 December, represented by bank balances and cash		**1,000,408**	1,247,594

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the introduction to the annual report.

The functional currency of the Company is Renminbi ("RMB"). The consolidated financial statements are presented in Hong Kong dollars for the convenience of the investors as its shares are listed on the Stock Exchange.

The principal activities of the Company and its subsidiaries (the "Group") are mining, processing and sales of copper, zinc, molybdenum and provision of cord blood bank and its relevant laboratory service. The provision of cord blood bank and its relevant laboratory service was discontinued in current year (see Note 10).

Prior year figures are restated due to the reclassification of prepaid lease payments and intangible assets on the consolidated balance sheet and the disclosure of discontinued operation (see Note 10) on the consolidated income statement.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are or have become effective.

Hong Kong Accounting Standard ("HKAS") 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
Hong Kong (International Financial Reporting Interpretations Committee) ("HK(IFRIC)") — Interpretations ("Int") 11	HKFRS 2: Group and Treasury Share Transactions
HK(IFRIC) — Int 12	Service Concession Arrangements
HK(IFRIC) — Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(CONTINUED)*

The Group has not early applied the following new and revised standards, amendments and interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible hedged items[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[2]
HKFRS 8	Operating Segments[2]
HK(IFRIC) — Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[4]
HK(IFRIC) — Int 13	Customer Loyalty Programmes[5]
HK(IFRIC) — Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation[6]
HK(IFRIC) — Int 17	Distribution of Non-cash Assets to Owners[3]
HK(IFRIC) — Int 18	Transfers of Assets from Customers[7]

1 Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2009
3 Effective for annual periods beginning on or after 1 July 2009
4 Effective for annual periods ending on or after 30 June 2009
5 Effective for annual periods beginning on or after 1 July 2008
6 Effective for annual periods beginning on or after 1 October 2008
7 Effective for transfers on or after 1 July 2009

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

The acquisition of businesses is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 "Business combinations" are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in consolidated income statement.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Acquisition of additional interest in a subsidiary

Goodwill arising on acquisition of additional interest in a subsidiary represents the excess of the cost of the acquisition over the fair value of the net assets attributable to the additional interest in a subsidiary. If, after reassessment, the fair value of the net assets attributable to the additional interest in a subsidiary by the Group exceeds the cost of the acquisition, the excess is recognised immediately in consolidated income statement.

Goodwill

Goodwill arising on acquisition prior to 1 January 2005

Goodwill arising on an acquisition of net assets and operations of another for which the agreement date is before 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant acquiree at the date of acquisition.

For previously capitalised goodwill arising on acquisition of net assets and operations of another entity after 1 January 2001, the Group has discontinued amortisation from 1 January 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash-generating unit to which the goodwill relates may be impaired.

Capitalised goodwill arising on an acquisition of a business is presented separately in the consolidated balance sheet.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of the relevant cash-generating unit, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Interest in jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment is recognised immediately in consolidated income statement.

Where a group entity transacts with a jointly controlled entity of the Group, profit and losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Interest in jointly controlled entities *(CONTINUED)*

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in a jointly controlled entities are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entities (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is 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 that jointly controlled entity.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Sales of goods are recognised when goods are delivered and title has been passed.

Processing, enrolment fees and storage fee income are recognised when services are rendered.

Interest income from a financial asset including financial assets at fair value through profit and loss is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

Property, plant and equipment

Property, plant and equipment other than construction in progress are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of property, plant and equipment other than construction in progress over their estimated useful lives and after taking into account their estimated residual value, using the straight line method.

Construction in progress includes property, plant and equipment in the course of construction for production for the Group's own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Prepaid lease payments

Payments for obtaining land use rights are accounted for as prepaid operating lease payments and are charged to consolidated income statement over the lease terms.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Rentals payable under operating leases are charged to the consolidated income statement on a straight line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight line basis.

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in the consolidated income statement in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financial statements.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's entities are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in consolidated income statement in which the foreign operation is disposed of.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Borrowing costs

All borrowing costs are recognised as an expense in the year in which they are incurred.

Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs. Grants related to depreciable assets are presented as deferred income and are released to income over the useful lives of the assets. Grants related to expense items are recognised in the same period as those expenses are charged in the consolidated income statement.

Retirement benefit costs

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the results for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes income statement items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences are related to goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is credited or charged to the consolidated income statement except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Intangible assets

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses as follows:

(i) Mining rights

Mining rights are stated at cost less accumulated amortisation and impairment losses. The mining rights are amortised using the units of production method based on the proven and probable mineral reserves.

(ii) Exploration rights

Exploration rights are stated at cost less accumulated amortisation and impairment losses. The exploration rights are amortised on a straight line basis over the respective periods of the rights.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

Exploration and evaluation assets

Exploration and evaluation assets are stated at cost less impairment losses. Exploration and evaluation assets include exploration costs.

Exploration costs include expenditures incurred in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable and expenditures incurred to secure further mineralisation in existing ore bodies. Expenditure during the initial exploration stage is written off as incurred.

When it can be reasonably ascertained that a mining property is capable of commercial production, exploration costs capitalised are transferred to mining development assets and amortised using the units of production method based on the proven and probable mineral reserves. If any project is abandoned during the exploration and evaluation stage, the related exploration and evaluation assets are written off to the consolidated income statement.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Provision

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Provisions for land reclamation and cavity refill costs are based on estimates of required expenditure on the mines in accordance with People's Republic of China ("PRC") rules and regulations. The Group estimates its liabilities for land reclamation and cavity refill based upon detailed calculations of the amount and timing of the future cash expenditure to perform the required work, escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation.

Provision for land reclamation and cavity refill costs is recognised in the consolidated income statement in the period in which the obligation is identified.

Share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight line basis over the vesting period or recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share options reserve).

At each balance sheet date, the Group revises its estimate of the number of options that are expected to ultimately vest. The impact of the revision of estimates during the vesting period, if any, is recognised in consolidated income statement, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are cancelled, forfeited or are still not exercised at the expiry date, the amount previously recognised in the share options reserve will be transferred to retained profits.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial liabilities at fair value through profit or loss ("FVTPL") are recognised immediately in the consolidated income statement.

Financial assets

The Group's financial assets are classified into three categories including available-for-sales financial assets, financial assets at FVTPL and loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of asset within the time frame established by regulation or convention in the market place.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(CONTINUED)*

Financial assets *(CONTINUED)*

Financial assets at fair value through profit or loss

The Group financial assets at FVTPL represent financial assets held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future;
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

At each balance sheet date subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in consolidated income statement excludes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including other receivables trade and other receivables, amounts due from jointly controlled entities and minority shareholders and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in the consolidated income statement (see accounting policy on impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(CONTINUED)*

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;

- default or delinquency in interest or principal payments; or

- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade and other receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade and other receivable is considered uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognised in the consolidated income statement. Subsequent recoveries of amounts previously written off are credited to the consolidated income statement.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in the consolidated income statement in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(CONTINUED)*

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Financial liabilities

Financial liabilities including trade and other payables, amount due to jointly controlled entities, other borrowings, amounts due to minority shareholders, bank borrowings and other long term payable are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in the consolidated income statement

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the consolidated income statement.

Impairment losses on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above).

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. In addition, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key sources of estimation uncertainty at the balance sheet date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

Provision for land reclamation and cavity refill costs

The provision for land reclamation and cavity refill costs has been determined by the directors based on their best estimates. The directors estimated this liability for land reclamation and cavity refill based upon detailed calculations of the amount and timing of future cash flows spending for a third party to perform the required work, escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability, such that the provision reflects the present value of the costs expected to be required to settle the obligation. However, in so far as the effect on the land and the environment from current mining activities becomes apparent in future periods, the estimate of the associated costs may be subject to change in the near term. The provision is reviewed regularly to verify that it properly reflects the present value of the obligation arising from the current and past mining activities.

Estimated impairment of trade receivable

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. The movement of the impairment recognised during the year is set out in Note 24.

Impairment of intangible assets, exploration and evaluation assets, prepaid lease payments and property, plant and equipment

The Group conducts impairment reviews of intangible assets, exploration and evaluation assets, prepaid lease payments and property, plant and equipment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable in accordance with the relevant accounting standards. Determining whether an asset is impaired requires an estimation of the future cash flow and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. Impairment losses of intangible assets, exploration and evaluation assets, prepaid lease payments and property, plant and equipment of approximately HK$4,387,571,000 (2007: Nil), HK$32,984,000 (2007: Nil), HK$272,249,000 (2007: Nil), HK$433,776,000 (2007: Nil) were recognised in consolidated income statement respectively.

5. REVENUE AND SEGMENT INFORMATION

Revenue represents the net amounts received and receivable for goods sold, less discount and sales related taxes, for the year. An analysis of the Group's revenue for the year, for both continuing and discontinued operations is as follows:

	2008	2007
	HK$'000	*HK$'000*
Continuing operations		
Sales of goods		
— molybdenum	**400,517**	551,225
— copper and zinc	**77,751**	115,593
— rutile and others	**15,499**	8,137
	493,767	674,955
Discontinued operation		
Processing and storage of cord blood	**25,037**	21,461
	518,804	696,416

For management purposes, the Group was organised into four operating divisions — Molybdenum, Copper and Zinc, Rutile and others and Processing and Storage of Cord Blood. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Molybdenum	—	mining, processing and sale of Molybdenum
Copper and Zinc	—	mining, processing and sale of copper and zinc
Rutile and others	—	mining, processing and sale of other minerals such as rutile, gold and iron
Cord Blood	—	processing and storage of cord blood.

The Group has discontinued the processing and storage of cord blood on 30 November 2008 (Note 10).

5. REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

Segment information about these businesses is presented below:

For the year ended 31 December 2008

	Continuing operations				Discontinued operation	
	Molybdenum	Copper and Zinc	Rutile and others	Sub-total	Cord Blood	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE						
Segment revenue — external sales	400,517	77,751	15,499	493,767	25,037	518,804
RESULT						
Segment result *(Note)*	(2,166,906)	(388,531)	(2,383,760)	(4,939,197)	1,158	(4,938,039)
Unallocated corporate income				27,160	—	27,160
Unallocated corporate expenses				(439,819)	—	(439,819)
Finance costs				(24,306)	—	(24,306)
Share of results of jointly controlled entities				(476)	—	(476)
Gain on disposal of a discontinued operation				—	898	898
Loss before tax				(5,376,638)	2,056	(5,374,582)
Income tax credit (charge)				628,661	(176)	628,485
Loss for the year				(4,747,977)	1,880	(4,746,097)

Note: Segment result includes impairment losses on intangible assets, exploration and evaluation assets, property, plant and equipment and prepaid lease payments for Molybdenum, Copper and Zinc, Rutile and others amounting to HK$2,394,778,000, HK$381,730,000 and HK$2,350,072,000 respectively.

	Molybdenum	Copper and Zinc	Rutile and others	Sub-total	Cord Blood	Total
ASSETS AND LIABILITIES						
Segment assets	938,839	4,235	173,246	1,116,320	—	1,116,320
Unallocated corporate assets						1,243,979
Consolidated total assets						2,360,299
Segment liabilities	538,553	48,500	136,421	723,474	—	723,474
Unallocated corporate liabilities						379,230
Consolidated total liabilities						1,102,704

5. REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

For the year ended 31 December 2008 (CONTINUED)

	Continuing operations				Discontinued operation		
	Molybdenum	Copper and Zinc	Rutile and others	Sub-total	Cord Blood	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other segment information:							
Depreciation and amortisation	114,370	26,297	14,001	154,668	1,097	6,929	162,694
Gain on disposal of property, plant and equipment	—	—	—	—	13	1,481	1,494
Impairment loss on trade and other receivables	—	5,668	366	6,034	—	51,065	57,099
Impairment losses on intangible assets, exploration and evaluation assets	2,096,129	316,155	2,008,271	4,420,555	—	—	4,420,555
Impairment losses on property, plant and equipment and prepaid lease payments	298,649	65,575	341,801	706,025	—	—	706,025
Provision for land reclamation and cavity refill costs	140,967	—	—	140,967	—	—	140,967
Capital expenditure incurred during the year	26,100	1,157	48,551	75,808	2,952	33,511	112,271

5. REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

For the year ended 31 December 2007

	Continuing operations				Discontinued operation	
	Molybdenum HK$'000	Copper and Zinc HK$'000	Rutile and others HK$'000	Sub-total HK$'000	Cord Blood HK$'000	Total HK$'000
Revenue						
Segment revenue — external sales	551,225	115,593	8,137	674,955	21,461	696,416
RESULT						
Segment result	129,716	22,777	(14,583)	137,910	53	137,963
Unallocated corporate income				300,641	—	300,641
Unallocated corporate expenses				(171,568)	—	(171,568)
Finance costs				(15,297)	—	(15,297)
Share of results of jointly controlled entities				(39)	—	(39)
Profit before tax				251,647	53	251,700
Income tax (charge) credit				(27,388)	80	(27,308)
Profit for the year				224,259	133	224,392
ASSETS AND LIABILITIES						
Segment assets	3,462,533	508,001	2,383,857	6,354,391	—	6,354,391
Unallocated corporate assets						1,084,948
Consolidated total assets						7,439,339
Segment liabilities	1,195,853	234,311	267,701	1,697,865	—	1,697,865
Unallocated corporate liabilities						88,440
Consolidated total liabilities						1,786,305

	Continuing operations				Discontinued operation		
	Molybdenum HK$'000	Copper and Zinc HK$'000	Rutile and others HK$'000	Sub-total HK$'000	Cord Blood HK$'000	Unallocated HK$'000	Total HK$'000
Other segment information:							
Depreciation and amortisation	64,846	39,320	6,267	110,433	1,015	2,124	113,572
Gain on disposal of property, plant and equipment	—	—	—	—	—	3,640	3,640
Impairment loss on trade and other receivables	—	—	—	—	115	12,647	12,762
Capital expenditure incurred during the year	2,813,140	422,021	442,977	3,678,138	1,882	174,357	3,854,377

5. REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

For the year ended 31 December 2008

Continuing operations

	Hong Kong *HK$'000*	The PRC *HK$'000*	Europe *HK$'000*	The United States of America ("U.S.") *HK$'000*	Korea *HK$'000*	Total *HK$'000*
Revenue from external customers	—	269,805	216,655	—	7,307	493,767
Segment assets	—	1,116,320	—	—	—	1,116,320
Capital expenditure incurred during the year	808	108,511	—	—	—	109,319

Discontinued operation

	Hong Kong *HK$'000*	The PRC *HK$'000*	Europe *HK$'000*	The U.S. *HK$'000*	Korea *HK$'000*	Total *HK$'000*
Revenue from external customers	25,037	—	—	—	—	25,037
Segment assets	—	—	—	—	—	—
Capital expenditure incurred during the year	2,952	—	—	—	—	2,952

5. REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

For the year ended 31 December 2007

Continuing operations

	Hong Kong *HK$'000*	The PRC *HK$'000*	Europe *HK$'000*	The U.S. *HK$'000*	Korea *HK$'000*	Total *HK$'000*
Revenue from external customers	—	278,996	342,043	40,663	13,253	674,955
Segment assets	831,819	5,522,572	—	—	—	6,354,391
Capital expenditure incurred during the year	17,574	3,834,921	—	—	—	3,852,495

Discontinued operation

	Hong Kong *HK$'000*	The PRC *HK$'000*	Europe *HK$'000*	The U.S. *HK$'000*	Korea *HK$'000*	Total *HK$'000*
Revenue from external customers	21,461	—	—	—	—	21,461
Segment assets	—	—	—	—	—	—
Capital expenditure incurred during the year	1,882	—	—	—	—	1,882

6. OTHER INCOME

	2008 ***HK$'000***	2007 *HK$'000*
Continuing operations		
Interest income on bank deposits	**21,634**	24,267
Net foreign exchange loss	**—**	(5,981)
Discount on acquisition of a subsidiary *(Note 34)*	**—**	281,622
Gain on disposal of property, plant and equipment	**1,481**	3,640
Net gain on sales of scrap materials	**869**	238
Government grants recognised*	**42,182**	1,248
Others	**3,399**	9
	69,565	305,043
Discontinued operation		
Gain on disposal of property, plant and equipment	**13**	—
Interest income from bank deposits	**302**	515
	315	515

* The amounts represented unconditional government grants received by the Group from the relevant PRC authorities to facilitate the business operation of the Group.

7. FINANCE COSTS

	2008	2007
	HK$'000	*HK$'000*
Continuing operations		
Interest on bank borrowings wholly repayable within five years	**14,847**	8,925
Interest on other borrowings	**9,459**	6,372
	24,306	15,297

8. INCOME TAX (CREDIT) CHARGE

The (credit) charge comprises:

	2008	2007
	HK$'000	*HK$'000*
Continuing operations		
Current tax:		
PRC Enterprise Income Tax	**94,443**	98,383
Deferred tax *(Note 22)*:		
Current year	**(723,108)**	(70,995)
Attributable to a change in tax rate	**4**	—
	(723,104)	(70,995)
	(628,661)	27,388
Discontinued operation		
Deferred tax *(Note 22)*:		
Current year	**150**	(80)
Attributable to a change in tax rate	**26**	—
	176	(80)
Total	**(628,485)**	27,308

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for the year. No Hong Kong Profits Tax is payable since there is no assessable profit arising in Hong Kong.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. Under the New Law and Implementation Regulations, the tax rate was changed from 33% to 25%.

8. INCOME TAX (CREDIT) CHARGE *(CONTINUED)*

Income tax credit (expenses) for the year can be reconciled to the (loss) profit before tax as follows:

	2008	2007
	HK$'000	*HK$'000*
(Loss) profit before tax:		
Continuing operations	**(5,376,638)**	251,647
Discontinued operation	**2,056**	53
	(5,374,582)	251,700
Tax at the domestic income tax rate of 25% (2007: 33%)	**(1,343,646)**	83,061
Tax effect of expenses not deductible for tax purposes	**579,327**	17,358
Tax effect of income not taxable for tax purposes	**(14,601)**	(73,111)
Tax effect of utilisation of tax loss previously not recognised	**(82)**	—
Tax effect of deductible temporary differences not recognised	**150,540**	—
Effect of change in tax rate	**30**	—
Effect of different tax rate of subsidiaries	**(53)**	—
Tax (credit) charge for the year	**(628,485)**	27,308

The domestic income tax rate represents the tax rate in the jurisdiction where the operation of the Group is substantially based.

9. (LOSS) PROFIT FOR THE YEAR

	Continuing operations		Discontinued operation		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
(Loss) profit for the year has been arrived at after charging:						
Directors' remuneration *(Note 11)*	**38,468**	123,392	**—**	—	**38,468**	123,392
Other staff's salary, bonus and allowance	**99,614**	181,406	**7,314**	7,378	**106,928**	188,784
Other staff's contribution to retirement benefit cost	**12,562**	4,922	**335**	280	**12,897**	5,202
Total staff costs	**150,644**	309,720	**7,649**	7,658	**158,293**	317,378
Allowance for inventories	**29,002**	—	**—**	—	**29,002**	—
Amortisation of intangible assets	**127,455**	97,441	**—**	—	**127,455**	97,441
Amortisation for prepaid lease payments	**6,061**	3,047	**—**	—	**6,061**	3,047
Auditor's remuneration	**3,587**	4,821	**—**	35	**3,587**	4,856
Cost of inventories recognised in cost of sales	**133,625**	155,023	**—**	—	**133,625**	155,023
Depreciation of property, plant and equipment	**28,081**	12,069	**1,097**	1,015	**29,178**	13,084
Foreign exchange loss	**38,961**	—	**—**	—	**38,961**	—
Impairment loss on trade and other receivables, net	**57,099**	12,647	**—**	115	**57,099**	12,762
Loss on disposal of intangible assets	**14,799**	—	**—**	—	**14,799**	—
Provision for land reclamation and cavity refill costs (included in cost of sales)	**140,967**	—	**—**	—	**140,967**	—
Operating lease charge in respect of land and buildings	**4,559**	4,273	**2,602**	—	**7,161**	4,273

10. DISCONTINUED OPERATION

On 21 November 2008, the Group entered into a sale agreement to dispose of a subsidiary, Cell Therapy Technologies Center Limited ("CTTC"), which was engaged in the Group's processing and storage of cord blood operation. The disposal was effected in order to generate cash flows for the expansion of the Group's other businesses. The disposal was completed on 21 November 2008, on which date control of CTTC was passed to the acquirer.

The profit for the period/year from the discontinued operation for CTTC is analysed as follows:

	2008	2007
	HK$'000	*HK$'000*
Profit of processing and storage of cord blood operation for the period/year	**982**	133
Gain on disposal of processing and storage of cord blood *(Note 35)*	**898**	—
	1,880	133

The results of the processing and storage of cord blood operations for the period from 1 January 2008 to 21 November 2008, which have been included in the consolidated income statement, were as follows:

	1.1.2008 to 21.11.2008	1.1.2007 to 31.12.2007
	HK$'000	*HK$'000*
Revenue	**25,037**	21,461
Cost of sales	**(9,004)**	(9,708)
Gross profit	**16,033**	11,753
Other income	**315**	515
Selling and distribution expenses	**(5,619)**	(5,106)
Administrative expenses	**(9,571)**	(7,109)
Profit before tax	**1,158**	53
Income tax (charge) credit	**(176)**	80
Profit for the period/year	**982**	133

During the year, CTTC contributed HK$17,334,000 (2007: paid HK$4,038,000) to the Group's net operating cash flows, paid HK$2,600,000 (2007: HK$1,734,000) in respect of investing activities.

The carrying amounts of assets and liabilities of CTTC at the date of disposal are disclosed in Note 35.

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

	2008 HK$'000	2007 HK$'000
Directors' fees	**638**	371
Other emoluments for executive directors		
— salaries, allowances and benefits in kind	**7,400**	5,601
— share-based payments	**30,180**	117,336
— retirement benefits contributions	**250**	84
	38,468	123,392

The emoluments paid or payable to each of the 13 (2007: 20) directors were as follows:

2008

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Share-based payments HK$'000	Retirement benefit contributions HK$'000	2008 Total HK$'000
Chairman					
Cai Yuan	—	480	343	24	847
Executive directors					
Dong Wenxue	—	405	3,829	—	4,234
Wang Hui	—	1,959	4,341	3	6,303
Yeung Kwok Kuen	—	1,500	5,387	71	6,958
Chen Shou Wu	—	1,665	4,006	83	5,754
You Xian Sheng	—	1,391	6,415	69	7,875
Non-executive directors					
Wu King Shiu Kelvin	—	—	4,144	—	4,144
Lam Ming Yung	120	—	343	—	463
Chan Siu Tat	47	—	—	—	47
Independent non-executive directors					
Chan Sze Hon	120	—	343	—	463
Goh Choo Hwee	120	—	343	—	463
Chu Kang Nam	120	—	343	—	463
Lin Xiang Min	111	—	343	—	454
	638	7,400	30,180	250	38,468

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(CONTINUED)*

2007

	Directors' fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Share-based payments *HK$'000*	Retirement benefit contributions *HK$'000*	2007 Total *HK$'000*
Chairman					
Cai Yuan	—	480	1,223	24	1,727
Executive directors					
Dong Wenxue	—	2,669	38,709	2	41,380
Wang Hui	—	1,338	9,351	2	10,691
Yeung Kwok Kuen	—	1,071	19,075	54	20,200
Chen Shou Wu	—	43	5,212	2	5,257
Wu King Shiu Kelvin	—	—	38,874	—	38,874
Luk Kin Peter Joseph	—	—	—	—	—
You Xian Sheng	—	—	—	—	—
Non-executive directors					
Wu King Shiu Kelvin	—	—	—	—	—
Lam Ming Yung	83	—	—	—	83
Chan Siu Tat	9	—	1,223	—	1,232
Independent non-executive directors					
Chan Sze Hon	9	—	—	—	9
Goh Choo Hwee	9	—	—	—	9
Chu Kang Nam	67	—	1,223	—	1,290
Wong Hon Sum	80	—	1,223	—	1,303
Lam Ming Yung	5	—	1,223	—	1,228
Lee Kwan Hung	6	—	—	—	6
Chan Siu Tat	81	—	—	—	81
Tang Tin Sek	22	—	—	—	22
Lin Xiang Min	—	—	—	—	—
	371	5,601	117,336	84	123,392

No directors waived any emoluments for both years.

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(CONTINUED)*

Highest paid individuals

Of the five individuals with the highest emoluments in the Group, four (2007: five) were directors of the Company whose emoluments are included in the disclosures above. The emoluments of the remaining individual (2007: Nil) were as follows:

	2008	2007
	HK$'000	*HK$'000*
Salaries, allowance and benefits in kind	**1,214**	—
Share-based payments	**4,326**	—
Retirement benefits contributions	**3**	—
	5,543	—

12. (LOSS) EARNINGS PER SHARE

For continuing and discontinued operations

The calculation of the basic (loss) earnings per share for the year is based on the following data:

	2008	2007
	HK$'000	*HK$'000*
(Loss) profit for the year attributable to equity holders of the Company and (loss) earnings for the purpose of basic (loss) earnings per share	**(3,174,608)**	212,297
	'000	*'000*
Weighted average number of shares for the purpose of basic (loss) earnings per share	**6,026,653**	5,386,239

12. (LOSS) EARNINGS PER SHARE *(CONTINUED)*

For continuing operations

The calculation of the basic (loss) earnings per share from continuing operations attributable to the ordinary equity holders of the Company is based on the following data:

	2008	2007
	HK$'000	*HK$'000*
(Loss) profit for the year attributable to equity holders of the Company	**(3,174,608)**	212,297
Less: Profit for the year from discontinued operation	**1,880**	133
(Loss) earnings for the purposes of basic (loss) earnings per share from continuing operations	**(3,176,488)**	212,164

The denominators used are the same as those detailed above for basic (loss) earnings per share.

In 2008, the computation of diluted loss per share does not assume the conversion of the Company's outstanding share options since their exercise would result in a decrease in loss per share.

In 2007, the diluted earnings per share is the same as the basic earning per share as the potential ordinary shares are anti-dilutive.

From discontinued operation

Basic earnings per share for the discontinued operation is HK$0.031 cents per share (2007: HK$0.003 cents per share), based on the profit for the period from the discontinued operation of HK$1,880,000 (2007: HK$133,000) and the denominators detailed above for basic (loss) earnings per share.

13. PROPERTY, PLANT AND EQUIPMENT

	Mining structures HK$'000	Buildings and leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
COST							
At 1 January 2007	—	1,097	—	6,650	3,210	—	10,957
Exchange adjustments	2,425	9,405	2,486	35	262	2,338	16,951
Additions	—	16,512	17,627	1,861	7,269	84,474	127,743
Acquired on acquisition of subsidiaries	61,015	239,117	69,627	898	6,598	58,904	436,159
Disposal of a subsidiary	—	(2,735)	—	—	—	—	(2,735)
Disposals	—	(21,799)	(77)	(843)	(2,382)	—	(25,101)
Transfers	18	58,202	—	—	—	(58,220)	—
At 31 December 2007	63,458	299,799	89,663	8,601	14,957	87,496	563,974
Exchange adjustments	4,154	20,745	6,820	441	1,020	5,757	38,937
Additions	—	38,259	11,245	743	1,148	55,080	106,475
Disposal of a subsidiary	—	(712)	(8,918)	(394)	(1,000)	—	(11,024)
Disposals	(562)	(4,396)	(647)	(455)	(819)	(1,792)	(8,671)
Transfers	—	9,343	23,143	—	845	(33,331)	—
At 31 December 2008	67,050	363,038	121,306	8,936	16,151	113,210	689,691
DEPRECIATION AND IMPAIRMENT							
At 1 January 2007	—	766	—	3,329	2,430	—	6,525
Exchange adjustments	92	198	140	13	34	—	477
Charge for the year	2,207	5,446	3,372	1,169	890	—	13,084
Eliminated on disposals	—	(1,053)	—	(782)	(2,382)	—	(4,217)
At 31 December 2007	2,299	5,357	3,512	3,729	972	—	15,869
Exchange adjustments	150	673	378	65	128	—	1,394
Charge for the year	1,967	13,975	10,545	715	1,976	—	29,178
Eliminated on disposal of a subsidiary	—	(385)	(3,813)	(193)	(311)	—	(4,702)
Impairment loss recognised in the consolidated income statement	40,298	213,088	63,871	781	6,554	109,184	433,776
Eliminated on disposals	(203)	(2,243)	(555)	(221)	(1,043)	—	(4,265)
At 31 December 2008	44,511	230,465	73,938	4,876	8,276	109,184	471,250
CARRYING VALUES							
At 31 December 2008	22,539	132,573	47,368	4,060	7,875	4,026	218,441
At 31 December 2007	61,159	294,442	86,151	4,872	13,985	87,496	548,105

The Group's buildings and mining structures are situated in the PRC under medium-term leases.

The above items of property, plant and equipment, other than construction in progress, are depreciated on a straight line basis as follows:

Mining structures	6 — 28 years
Buildings and leasehold improvements	8 — 40 years
Plant and machinery	12 — 14 years
Furniture, fixtures and equipment	5 — 10 years
Motor vehicles	5 — 10 years

13. PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

In view of the decrease in market price of rutile-related products, the directors of the Company decided to suspend the development of rutile mine and the construction of related mining facilities, processing plant and production plant. Accordingly, the carrying amount of the related processing plant and production plant of approximately HK$44,825,000 was recognised as impairment loss in the consolidated income statement during the year.

In view of the increase in cost of production and decrease in market price of molybdenum-related products, the directors of the Company decided to suspend the development of production of molybdenum-related products and the construction of related facilities, processing plant and production plant. Accordingly, the carrying amount of the related processing plant and production plant of approximately HK$223,167,000 was recognised as impairment loss in the consolidated income statement during the year.

In addition, in view of the decrease in market price of copper, zinc and iron related products, the directors of the Company decided to terminate the operation of copper mines, zinc mine and iron mine by the end of 2009. Accordingly, an impairment loss in respect of the related processing plant and production plant of approximately HK$165,784,000 was recognised in the consolidated income statement during the year to reduce the carrying amount of the related processing plant and production plant to its estimated recoverable amount of approximately HK$6,221,000.

14. PREPAID LEASE PAYMENTS

An analysis of the carrying amount of prepaid lease payments outside Hong Kong is as follows:

	2008	2007
	HK$'000	*HK$'000*
Current asset	**2,120**	6,462
Non-current asset	**71,951**	310,196
	74,071	316,658

The prepaid lease payments were under medium term leases and were situated in the PRC. The prepaid lease payments were amortised over their lease periods.

Applications for property ownership certificates of certain buildings and land use right certificates of certain leasehold land located in Harbin and Inner Mongolia, the PRC, with aggregate carrying value of HK$16,294,000 (2007: HK$31,614,000) and HK$2,436,000 (2007: HK$3,281,000) respectively are still in progress and these ownership certificates have not yet been issued to the Group by the relevant local government authorities as at 31 December 2008. Notwithstanding this, the directors are of the opinion that the Group has acquired the beneficial title to these buildings and leasehold land as at 31 December 2008, and the property ownership certificates and land use right certificates can be obtained.

In view of the decrease in market price of rutile-related products during the year, the directors of the Company decided to suspend the development of rutile mine and the construction of related mining facilities, processing plant and production plant. Accordingly, the carrying amount of the related prepaid lease payments of approximately HK$12,717,000 were recognised as impairment loss in the consolidated income statement during the year.

In addition, in view of the decrease in market price of copper, zinc and iron related products, the directors of the Company decided to terminate the operation of copper mines, zinc mine and iron mine by the end of 2009. Accordingly, an impairment loss of the related prepaid lease payments of approximately HK$184,049,000 was recognised in the consolidated income statement during the year to reduce the carrying amount of the related prepaid lease payments to its estimated recoverable amount of approximately HK$401,000.

In view of the increase in cost of production and decrease in market price of molybdenum-related products, the directors of the Company decided to suspend the development of production of molybdenum-related products. Accordingly, the carrying amount of the related prepaid lease payments of approximately HK$75,483,000 was recognised as impairment loss in the consolidated income statement during the year.

15. INTANGIBLE ASSETS

	Mining rights *HK$'000*	Exploration rights *HK$'000*	Total *HK$'000*
COST			
At 1 January 2007	1,694,615	—	1,694,615
Exchange adjustments	229,632	497	230,129
Additions	53	—	53
Acquired on acquisition of subsidiaries	2,935,719	12,505	2,948,224
At 31 December 2007	4,860,019	13,002	4,873,021
Exchange adjustments	306,404	1,880	308,284
Additions	74	—	74
Disposal	(30,498)	—	(30,498)
At 31 December 2008	5,135,999	14,882	5,150,881
AMORTISATION AND IMPAIRMENT			
At 1 January 2007	—	—	—
Exchange adjustments	3,536	—	3,536
Charge for the year	85,237	12,204	97,441
At 31 December 2007	88,773	12,204	100,977
Exchange adjustments	1,963	1,837	3,800
Charge for the year	126,652	803	127,455
Elimination on disposals	(15,699)	—	(15,699)
Impairment loss recognised in the consolidated income statement	4,387,568	3	4,387,571
At 31 December 2008	4,589,257	14,847	4,604,104
CARRYING VALUES			
At 31 December 2008	546,742	35	546,777
At 31 December 2007	4,771,246	798	4,772,044

The above exploration rights have definite useful lives. Such intangible assets are amortised on a straight line basis over the following initial license periods:

Exploration rights 2 years

15. INTANGIBLE ASSETS *(CONTINUED)*

Mining rights

In view of the decrease in market price of rutile-related products during the year, the directors of the Company decided to suspend the development of rutile mine and the construction of related mining facilities, processing plant and production plant. Accordingly, the carrying amount of the related mining rights of approximately HK$1,926,574,000 was recognised as impairment loss in the consolidated income statement during the year.

In addition, in view of the decrease in market price of copper, zinc and iron related products, the directors of the Company decided to terminate the operation of copper mines, zinc mine and iron mine by the end of 2009. Accordingly, the carrying amount of the related mining rights of approximately HK$364,865,000 was recognised as impairment loss in the consolidated income statement during the year.

In view of the decrease in market price of molybdenum products during the year, the directors of the Company considered that the molybdenum mine should be impaired. A valuation was performed by an independent valuer — Greater China Appraisal Limited, on a cash flow projections basis. The recoverable amount of the mining right of Molybdenum products (“Moly Unit”) has been determined based on a value in use calculation. That calculation uses cash flow projections covering a 31-year period until the ore reserve run out based on financial forecasts approved by management, and discount rate of 20.5% (2007: 14.5%). The cash flow projection are estimated based on the assumption that the sales price throughout the projection period is the same as that prevailing at 31 December 2008. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit’s past performance and management’s expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of Moly Unit to exceed the aggregate recoverable amount of Moly Unit. Accordingly, the carrying amount of approximately HK$2,096,129,000 was recognised as impairment loss in the consolidated income statement during the year.

16. EXPLORATION AND EVALUATION ASSETS

	Total
	HK$'000
COST	
At 1 January 2007	—
Exchange adjustments	684
Additions	18,156
Acquired on acquisition of subsidiaries	17,204
At 31 December 2007	36,044
Exchange adjustments	2,447
Additions	5,722
At 31 December 2008	44,213
AMORTISATION AND IMPAIRMENT	
At 1 January 2007 and 31 December 2007	—
Impairment loss recognised in consolidated income statement	32,984
At 31 December 2008	32,984
CARRYING VALUES	
At 31 December 2008	11,229
At 31 December 2007	36,044

The Group has performed exploration in certain locations in Inner Mongolia and Heilongjiang province, the PRC, during the year. After evaluating the exploration results, the directors of the Company considered that it is not commercially viable to continue the exploration in such locations, and the related exploration and evaluation assets were impaired. Accordingly, the carrying amount of the related exploration and evaluation assets of approximately HK$32,984,000 was recognised as impairment loss in the consolidated income statement during the year.

17. GOODWILL

	HK$'000
COST	
At 1 January 2007 and 31 December 2007	17,726
Disposals	(17,726)
At 31 December 2008	—
IMPAIRMENT	
At 1 January 2007 and 31 December 2007	9,526
Eliminated on disposals	(9,526)
At 31 December 2008	—
CARRYING AMOUNTS	
At 31 December 2008	—
At 31 December 2007	8,200

18. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	2008 HK$'000	2007 HK$'000
Cost of unlisted investments in jointly controlled entities	**39**	39
Share of post-acquisition losses	**(39)**	(39)
	—	—

Details of the Company's jointly controlled entities are set as follows:

Name of company	Form of business structure	Place of incorporation and operation	Issued and fully paid capital	Proportion of equity held directly by the Company	Principal activities
GCMR Fujian Holdings Limited	Incorporated	British Virgin Islands	1,000 shares of US$10 each	50%	Investment holding
GCMR Fujian (Hong Kong) Limited	Incorporated	Hong Kong	1,000 shares of US$10 each	50%	Inactive

The summarised financial information in respect of the Group's jointly controlled entities is set out below:

	2008 HK$'000	2007 HK$'000
Total assets	**—**	33
Total liabilities	**(589)**	(147)
Net liabilities	**(589)**	(114)
Revenue	**—**	—
Loss for the year	**(476)**	(39)

19. AVAILABLE-FOR-SALE INVESTMENTS/HELD-FOR-TRADING INVESTMENTS

	2008 HK$'000	2007 HK$'000
Available-for-sale investments listed in overseas stock exchange		
Equity securities	**72,121**	—
Held-for-trading investments		
Unlisted warrant at fair value	**590**	—

20. DEPOSIT FOR ACQUISITION OF A SUBSIDIARY

On 22 December 2008, the Company entered into agreement with Joy Success Limited and Master Long Limited, pursuant to which the Company has agreed to acquire 80% of the issued share capital of King Gold Investments Limited ("King Gold") for an aggregate consideration of HK$640,000,000 which is satisfied by HK$500,000,000 in cash and new shares issued by the Company. As at 31 December 2008, the Company has paid a deposit of HK$100,000,000 for acquisition of King Gold. For details please refer to Note 43.

The management of the Group has reviewed the recoverable amount of the deposit at balance sheet date and consider that no impairment loss is noted.

21. OTHER RECEIVABLES

The balance in 2007 mainly represented loans and advances to business associates, downpayments and advances to employees of the Group. The amounts were unsecured, non-interest bearing except advances to employees amounting to HK$6,774,000 which bear interest at 6.58% per annum and were repayable on demand. An impairment loss amounting to HK$48,715,000 was recognised in consolidated income statement at 31 December 2008 and the rest of the advances were settled during the year.

22. DEFERRED TAX ASSETS/LIABILITIES

The followings are the deferred tax assets and liabilities recognised and movements thereon during the year:

	Accelerated tax depreciation	Intangible assets	Tax losses	Allowances	Provisions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2007	312	—	(678)	—	—	(366)
Acquisition of subsidiaries	64,902	693,171	(598)	29,282	(18,554)	768,203
Credit to consolidated income statement for the year	(1,081)	(22,779)	(1,030)	(36,400)	(9,785)	(71,075)
Disposal of a subsidiary	—	—	—	—	310	310
Exchange difference	2,529	26,610	(60)	(344)	(1,126)	27,609
At 31 December 2007	66,662	697,002	(2,366)	(7,462)	(29,155)	724,681
(Credit) charge to consolidated income statement for the year	(58,145)	(642,445)	1,556	1,059	(24,983)	(722,958)
Disposal of a subsidiary	(566)	—	836	—	—	270
Attributable to a change in tax rate	(27)	—	57	—	—	30
Exchange difference	3,685	39,177	(83)	(212)	(2,513)	40,054
At 31 December 2008	11,609	93,734	—	(6,615)	(56,651)	42,077

For the purpose of balance sheet presentation, deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purpose:

	2008	2007
	HK$'000	*HK$'000*
Deferred tax assets	**—**	(1,514)
Deferred tax liabilities	**42,077**	726,195
	42,077	724,681

22. DEFERRED TAX ASSETS/LIABILITIES *(CONTINUED)*

Deferred tax assets is recognised if it is probable that all of the deferred tax assets will be realised through the recovery of taxes previously paid and/or future taxable income. The management has reviewed its deferred tax assets at each balance sheet date and considered that it was probable that the deferred tax assets of the Group will be realised through future taxable income based on management's assessment of the probability that taxable profits will be available over the year which the deferred tax assets can be realised or utilised.

At the balance sheet date, the Group has deductible temporary differences of approximately HK$589,356,000 (2007: Nil). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

At the balance sheet date, the Group has unused tax losses of approximately HK$12,803,000 (2007: Nil). No deferred tax asset has been recognised in relation to such tax losses due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

23. INVENTORIES

	2008	2007
	HK$'000	*HK$'000*
Raw materials	**11,328**	7,451
Work in progress	**72,031**	10,221
Finished goods	**125,691**	10,763
Goods in transit	**—**	17,788
	209,050	46,223

24. TRADE AND OTHER RECEIVABLES

	2008	2007
	HK$'000	*HK$'000*
Trade receivables	**68,686**	304,482
Less: Allowance for doubtful debts	**(4,055)**	(4,455)
	64,631	300,027
Other receivables	**49,926**	52,237
Less: Allowance for doubtful debts	**(14,967)**	(11,375)
	34,959	40,862
Deposits and prepayments	**27,054**	28,538
Total trade and other receivables	**126,644**	369,427

The Group normally allows credit period of 90 days to its trade customers. The aged analysis of trade receivables net of allowance for doubtful debts is as follows:

	2008	2007
	HK$'000	*HK$'000*
0 — 30 days	**2,954**	169,897
31 — 60 days	**14,893**	66,874
61 — 90 days	**26,179**	34,692
Over 90 days	**20,605**	28,564
	64,631	300,027

24. TRADE AND OTHER RECEIVABLES *(CONTINUED)*

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and credit quality attributed to customers are reviewed once a year. As at 31 December 2008, approximately 68% (2007: 99.6%) of the trade receivables that are neither past due nor impaired have the best credit quality assessed by the Group.

As at 31 December 2008, included in the Group's trade receivable balance are debtors with aggregate carrying amount of approximately HK$20,605,000 (2007: HK$1,098,000) which are past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The average age of these receivables is 48 days (2007: 78 days).

Ageing of trade receivables which are past due but not impaired:

	2008	2007
	HK$'000	HK$'000
0 — 30 days	**9,685**	11
31 — 90 days	**9,725**	404
Over 90 days	**1,195**	683
	20,605	1,098

Movement in the allowance for doubtful debts for trade receivables:

	2008	2007
	HK$'000	*HK$'000*
Balance at beginning of the year	**4,455**	1,350
Exchange adjustments	**192**	500
(Disposal) acquisition of subsidiaries	**(6,308)**	1,218
Impairment losses reversal	**(225)**	—
Amount written off as uncollectable	**(1)**	—
Increase in allowance recognised in the consolidated income statement	**5,942**	1,387
Balance at end of the year	**4,055**	4,455

Movement in the allowance for doubtful debts for other receivables:

	2008	2007
	HK$'000	*HK$'000*
Balance at beginning of the year	**11,375**	—
Exchange adjustments	**925**	—
Impairment losses reversal	**(3,807)**	—
Increase in allowance recognised in the consolidated income statement	**6,474**	11,375
Balance at end of the year	**14,967**	11,375

24. TRADE AND OTHER RECEIVABLES *(CONTINUED)*

Included in the Group's allowance for doubtful debts are individually impaired trade receivables and other receivables with an aggregate balance of HK$4,055,000 (2007: HK$4,455,000) and HK$14,967,000 (2007: HK$11,375,000) respectively in which the directors consider the recoverability of these debts is remote.

25. AMOUNTS DUE FROM (TO) JOINTLY CONTROLLED ENTITIES/MINORITY SHAREHOLDERS

The amounts are unsecured, interest-free and repayable on demand.

26. BANK BALANCES AND CASH

Bank balances carry interest at prevailing market rates ranging from 0.01% to 0.72% per annum (2007: ranging from 0.72% to 5.90% per annum).

The Group's bank balances and cash that are denominated in currencies other than functional currencies of the relevant group entities were as follows:

Currency

	2008	2007
	HK$'000	*HK$'000*
Hong Kong dollars ("HK$")	**579,507**	712,136
Canadian dollars ("CAD")	**106,298**	—

The Group has bank balances and deposits of approximately HK$314,603,000 (2007: HK$516,267,000) where the remittance of these funds out of the PRC is subject to exchange restrictions imposed by the Government of the PRC.

27. TRADE AND OTHER PAYABLES

	2008	2007
	HK$'000	*HK$'000*
Trade payables	**21,491**	13,621
Other payables and accruals *(Note)*	**337,404**	239,702
	358,895	253,323

Note: The amount includes HK$108,440,000 (2007: HK$64,653,000) mining right payable. For details please refer to Note 32.

The following is an aged analysis of trade payables at the balance sheet date:

	2008	2007
	HK$'000	*HK$'000*
0 — 90 days	**13,823**	10,287
91 — 180 days	**952**	437
181 — 365 days	**1,145**	225
Over 1 year	**5,571**	2,672
	21,491	13,621

Trade payables principally comprise amounts outstanding for trade purchases.

28. DEFERRED INCOME

In 2007, deferred income included in current liabilities of HK$53,814,000 (2008: nil) represented fees received in advance for the provision of cord blood storage services. The amount was amortised over the remaining service period.

Deferred income included in non-current liabilities represents government grants received by the Group as of the balance sheet date. Certain government grants are received by the Group in respect of acquisition of property, plant and equipment and prepaid lease payments, such government grants are recognised in the balance sheet initially and recognised in the consolidated income statement as other revenue over the useful lives of the assets.

Movements of government grants received during the year are as follows:

	2008	2007
	HK$'000	*HK$'000*
At 1 January	**79,976**	—
Acquisition of subsidiaries	**—**	77,475
Received during the year	**3,586**	693
Recognised in the consolidated income statement for the year	**(42,182)**	(1,248)
Exchange difference	**5,264**	3,056
At 31 December	**46,644**	79,976

During the year, the Group received several one-off government grants for its infrastructure built and mining activities in the Harbin, the PRC. The government grants amounting to HK$42,182,000 were received and recognised in the consolidated income statement for the year ended 31 December 2008 (2007: HK$1,248,000).

29. OTHER BORROWINGS

		2008	2007
	Notes	***HK$'000***	*HK$'000*
Shown as current liabilities	*(i)*	**1,137**	1,067
Shown as non-current liabilities	*(ii)*	**4,877**	4,576
		6,014	5,643

Notes:

(i) A loan with a principal amount of HK$1,137,000 (equivalent to RMB1,000,000) was provided by the Industry Development Fund (工業發展基金) of the Harbin Finance Bureau. The amount is unsecured, interest-free and repayable on demand.

(ii) A loan with a principal amount of HK$4,877,000 (equivalent to RMB4,290,000) was provided by the Harbin Finance Bureau. The amount is unsecured, interest bearing with a fixed rate of 2.55% per annum and repayable after 5 years.

30. PROVISIONS

In accordance with relevant PRC rules and regulations, the Group is obliged to accrue the costs for land reclamation and cavity refill for the Group's existing mine. The provision for land reclamation and cavity refill costs has been determined by the directors based on their best estimations and such costs are expected to be incurred during the period from 2009 to 2012.

	2008	2007
	HK$'000	*HK$'000*
At beginning of the year	**—**	—
Charged to the consolidated income statement (included in cost of sales)	**140,967**	—
At end of the year	**140,967**	—
Shown as current liabilities	**20,363**	—
Shown as non-current liabilities	**120,604**	—
	140,967	—

31. BANK BORROWINGS

	2008	2007
	HK$'000	*HK$'000*
Bank loans — unsecured	**79,583**	52,800
Bank loans — guaranteed by third party	**90,952**	160,000
	170,535	212,800

The maturity profile of the above borrowings is as follows:

On demand or within one year	**136,428**	127,467
More than one year but not exceeding two years	**34,107**	53,333
More than two years but not more than three years	**—**	32,000
	170,535	212,800
Less: Amounts due within one year shown under current liabilities	**(136,428)**	(127,467)
	34,107	85,333

31. BANK BORROWINGS *(CONTINUED)*

The ranges of effective interest rates on the Group's borrowings are as follows:

	2008	2007
Effective interest rate:		
Floating rate borrowings	**5.31% to 7.56%**	6.480% to 7.227%

32. OTHER LONG TERM PAYABLE

Other long term payable comprised of:

	2008	2007
	HK$'000	*HK$'000*
Mining right payables	**194,082**	181,639
Less: Amount included under "Trade and other payables" *(Note 27)*	**(108,440)**	(64,653)
	85,642	116,986

Pursuant to mining rights premium agreements entered into between the Group and the relevant government authorities of the PRC, the mining rights premium in respect of the mining rights of Shanxi Dai County Rutile mine and Wudaoling Molybdenum mine is amounted to approximately HK$76,711,000 and HK$179,386,000 respectively. The mining rights payable in respect of Shanxi Dai County Rutile mine and Wudaoling Molybdenum mine are interest free and shall be settled in four instalments payable on or before 30 June 2012 and 22 May 2011 respectively. The effective interest rate applied to those mining rights are 5.73% and 6.80% for Shanxi Dai Country Rutile Mine and Wudaoling Molybdenum mine respectively.

33. SHARE CAPITAL

	Number of shares		**Share Capital**	
	2008	2007	**2008**	2007
	'000	*'000*	***HK$'000***	*HK$'000*
Authorised				
Ordinary shares of HK$0.1 each	**10,000,000**	10,000,000	**1,000,000**	1,000,000
Issued and fully paid				
At beginning of year	**6,026,653**	4,720,781	**602,665**	472,078
Shares issued under share placing	**—**	1,305,872	**—**	130,587
At end of year	**6,026,653**	6,026,653	**602,665**	602,665

34. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of subsidiaries

(i) Acquisition of Harbin Songjiang Copper (Group) Company Limited

On 5 July 2007, the Group acquired a 75.08% of the issued share capital of Harbin Songjiang Copper (Group) Company Limited and its subsidiaries for a consideration of HK$1,854,636,000. This acquisition has been accounted for using the purchase method. The amount of discount on acquisition arising as a result of the acquisition was HK$281,622,000.

Harbin Songjiang Copper (Group) Company Limited and its subsidiaries contributed HK$97,834,000 to the Group's profit for the period between the date of acquisition and the balance sheet date.

If the acquisition had been completed on 1 January 2007, total group revenue for the period would have been HK$990,316,000, and profit for the period would have been HK$241,640,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2007, nor is it intended to be a projection of future results.

The net assets acquired in the transaction, and the discount on acquisition arising, are as follows:

	Acquiree's carrying amount before combination *HK$'000*	Fair value adjustments *HK$'000*	Fair value *HK$'000*
Net assets acquired:			
Property, plant and equipment and prepaid lease payments	410,952	262,311	673,263
Construction in progress	58,904	—	58,904
Intangible assets	192,857	2,772,571	2,965,428
Deferred tax assets	68,272	—	68,272
Inventories	105,136	217,013	322,149
Trade and other receivables	311,627	—	311,627
Cash and cash equivalents	134,983	—	134,983
Trade and other payable	(240,137)	(24,813)	(264,950)
Bank loans	(276,480)	—	(276,480)
Other loan	(1,026)	—	(1,026)
Deferred income	(77,475)	—	(77,475)
Tax payable	(133,903)	—	(133,903)
Deferred tax liabilities	(5,458)	(831,017)	(836,475)
	548,252	2,396,065	2,944,317
Minority interests			(750,373)
Discount on acquisition			(281,622)
Total consideration satisfied by:			
Cash			1,912,322
Net cash outflow arising on acquisition:			
Cash consideration paid			(1,912,322)
Bank balances and cash acquired			134,983
			(1,777,339)

34. ACQUISITION OF SUBSIDIARIES *(CONTINUED)*

(a) Acquisition of subsidiaries *(CONTINUED)*

(ii) Acquisition of Wuhai Derun Ferroalloy Limited Liability Company

During the year ended 31 December 2007, the Group acquired the entire equity interest in Wuhai Derun Ferroalloy Limited Liability Company ("Wuhai Derun") for a consideration of HK$11,520,000. This acquisition has been accounted for using the purchase method.

Wuhai Derun Ferroalloy Limited Liability Company did not have any business operations at the date of acquisition and the underlying set of assets acquired was not integrated in forming a business to generate revenue. The acquired company did not have any revenue and expenses since acquisition.

The directors considered that the total purchase consideration paid represented the fair value of net assets acquired.

The acquisition had the following effect on the group's assets and liabilities:

	Acquiree's carrying amount before combination *HK$'000*	Fair value adjustments *HK$'000*	Fair value *HK$'000*
Net assets acquired:			
Property, plant and equipment	12,904	(2,074)	10,830
Inventories	115	—	115
Trade and other receivables	1,291	—	1,291
Cash and cash equivalents	131	—	131
Trade and other payables	(847)	—	(847)
	13,594	(2,074)	11,520
Total consideration satisfied by:			
Cash			11,520
Net cash outflow arising on acquisition:			
Cash consideration paid			(11,520)
Bank balances and cash acquired			131
			(11,389)

35. DISPOSAL OF A SUBSIDIARY

(i) Disposal of CTTC

As set out in Note 10, on 21 November 2008, the Group discontinued its processing and storage of cord blood operation at the time of disposal of its subsidiary, CTTC. The net assets of CTTC at the date of disposal were as follows:

	21.11.2008 *HK$'000*
Net assets disposed of	
Property, plant and equipment	6,322
Deferred tax assets	270
Inventories	1,105
Trade and other receivables	12,425
Amounts due from related parties	17,423
Bank balances and cash	33,904
Trade and other payables	(2,698)
Deferred income	(62,864)
	5,887
Attributable goodwill	8,200
	14,087
Gain on disposal	898
Total consideration	14,985
Satisfied by:	
Cash	14,985
Net cash outflow arising on disposal:	
Cash consideration	14,985
Bank balances and cash disposed of	(33,904)
	(18,919)

The impact of CTTC on the Group's results and cash flows in the current period and prior year is disclosed in Note 10.

35. DISPOSAL OF A SUBSIDIARY *(CONTINUED)*

(ii) Disposal of Alukeerqinqi Manitu Silver & Tin Mining Co. Ltd.

During the year ended 31 December 2007, the Group disposed of 60% equity interest in Alukeerqinqi Manitu Silver & Tin Mining Co. Ltd. to Chifeng Jinjian Copper Company Limited ("Chifeng Jinjian"), the minority shareholder of the subsidiary of the Company. The net assets of Alukeerqinqi Manitu Silver & Tin Mining Co. Ltd. at the date of disposal were as follows:

	HK$'000
Net assets disposed of	
Property, plant and equipment	2,735
Deferred tax assets	310
Trade and other receivables	737
Trade and other payables	(3,248)
Total consideration	534
Satisfied by:	
Cash	534
Net cash inflow arising on disposal	534

The impact of Alukeerqinqi Manitu Silver & Tin Mining Co. Ltd. on the Group's results and cash flows in 2007 was insignificant.

36. LITIGATION

As set out in the announcement of the Company dated 8 August 2007, the Company became aware of a litigation instituted in 深圳市中級人民法院 (Shenzhen City Middle People's Court) (the "Shenzhen City Court") between two former shareholders of Top Rank International Group Limited ("Top Rank"), a subsidiary of the Company (the "Unrelated Litigation"). Insofar as the Company is aware and based on legal advice obtained from the Company's PRC legal adviser, the Unrelated Litigation involves a dispute between two individuals, both of whom are third parties independent of the Company and its connected persons, regarding the transfer of 20% of the issued share capital in Top Rank; none of the Company, Top Rank, or any other subsidiaries of the Company or any of their respective directors and/or employees is a party to the Unrelated Litigation; and the Unrelated Litigation does not involve any allegation against the Company, any of its subsidiaries, or their respective directors and/or employees.

As far as the Company is aware, the Unrelated Litigation involves a dispute regarding the transfer of 20% of the issued share capital in Top Rank (the "Share Transfer") amongst former shareholders of Top Rank, and the plaintiff has made allegations with respect to the authenticity and the legality of the procedures involving the Share Transfer. As advised by the PRC legal adviser of the Company, insofar as Top Rank is concerned, the Shenzhen City Court has made orders (the "Orders") for the former handling agent of Top Rank to (i) preserve the records relating to registration, annual audit and transfer of shares; and (ii) prohibit from arranging for or assisting in the transfer of shares in Top Rank. Based on legal advice sought by the Company from its PRC legal adviser, none of the assets or shares of any member of the group were sealed up or frozen pursuant to any court orders.

36. LITIGATION *(CONTINUED)*

According to legal advice obtained by the Company from its BVI legal adviser and based on the statutory records of Top Rank, Lead Sun Investments Limited ("Lead Sun"), a subsidiary of the Company, has since 1 June 2006 been the legal owner of the entire issued share capital of Top Rank. As such, according to the Company's PRC legal adviser, the Orders do not have any effect on the ownership of Top Rank by Lead Sun as such Orders were made after Lead Sun has become the owner of Top Rank. For the reasons above and based on legal advice obtained from the Company's BVI legal adviser and the PRC legal adviser, the directors of the Company are of the view that the Company has proper and valid title in Top Rank, which owns 90% equity interest in Shanxi Shenli Aerospace Titanium Company Limited ("Shanxi Shenli"), a subsidiary of the Company which holds the mine.

To the best knowledge of the directors of the Company, all the claims made by the plantiff in respect of the Unrelated Litigation were rejected by the Shenzhen City Court pursuant to a judgement（民事判決書(2007)深中法民四初字第20號）made on 17 December 2007.

On 9 August 2007, the Company received a writ issued by the Shenzhen City Court on 6 August 2007 together with a statement of claim dated 2 August 2007 pursuant to which Mr. Tang Yan was the plaintiff (the "Plaintiff"), and Mr. Tse Michael Nam ("Mr. Tse") and Mr. Huang Shi Lin ("Mr. Huang"), being two former shareholders (previously holding 80% and 20%, respectively, of the issued share capital) of Top Rank, together with Lead Sun, Shanxi Shenli and the Company were named as defendants in a litigation concerning the transfer of shares in Top Rank, amongst former shareholders of Top Rank (the "Litigation").

Pursuant to the statement of claim dated 2 August 2007, the Plaintiff claimed for an order involving the following: (i) to invalidate the agreement effecting the transfer of shares from the former shareholders to Lead Sun; (ii) Mr. Tse to transfer the shares in Top Rank back to the Plaintiff at US$1; (iii) the defendants to issue an apology to the plaintiff; and (iv) the defendants to jointly bear the legal costs in relation to the Litigation.

As advised by the PRC legal adviser of the Company, the direct claims made to the Company only involve (iii) and (iv) above, and which is to issue an apology to the Plaintiff and bear legal costs in relation to the Litigation.

A judgement was made by the Shenzhen City Court on 17 December 2007 (the "Judgement") pursuant to which: (1) all claims of the Plaintiff were rejected; (2) the counter-claims of each of Lead Sun and Shanxi Shenli were rejected; (3) as the Company has no direct relationship whatsoever in relation to the dispute involving the Share Transfer, the joining of the company as one of the co-defendants by the Plaintiff is not appropriate, and as such, the Plaintiff was ordered to bear the notarisation and translation costs of the Company which were necessarily incurred by the Company in connection with the Litigation; and (4) the other counter-claims of the Company were rejected.

On 6 March 2008, the Company received a copy of the Application for Civil Appeal (民事上訴狀) (the "Application") dated 3 March 2008 issued by the Plaintiff and which has been lodged with the Guangdong Province High Court, pursuant to which the Plaintiff has made an application to the Guangdong Province High Court to appeal for the revocation of the orders (2) and (3) of the Judgement made against the Plaintiff as stated above and for the support of all claims of the Plaintiff. The court heaving was held in June 2008 and as at the date hereof, the Company has not received any judgement issued by the Guangdong Province High Court in relation to the Application.

Based on advice from the Company's PRC legal adviser, it is unlikely that the PRC courts will support the Plaintiff's claims against the Company and its relevant subsidiaries. The directors of the Company do not anticipate any significant adverse impact on the financial position or operating results of the Group resulting from the Application up to the date of this report. The directors of the Company are of the view that the group has proper and valid defences to the claims, and accordingly, no provision has been accounted for in this consolidated financial statements.

37. OPERATING LEASES

The Group as lessee

	2008 HK$'000	2007 HK$'000
Minimum lease payments paid under operating leases during the period:		
Premises	**1,843**	1,421

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2008 HK$'000	2007 HK$'000
Within one year	**725**	3,851
In the second to fifth years inclusive	**—**	4,873
	725	8,724

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of 2 years and rentals are fixed for an average of 2 years.

38. CAPITAL COMMITMENTS

	2008 HK$'000	2007 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**15,301**	32,813
Capital expenditure in respect of the acquisition of property, plant and equipment authorised but not contracted for	**132**	1,206,899

39. RETIREMENT BENEFITS PLAN

The PRC employees of the Group are members of state-managed retirement benefit scheme operated by the local government. The Group is required to contribute a specified percentage of their payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The contributions paid/payable to the scheme by the Group at rate specified in the rules of the scheme included in staff costs are disclosed in Notes 9 and 11 for employees and directors respectively.

40. SHARE OPTION SCHEME

(a) 2002 Option Scheme

The Company has a share options scheme which was adopted on 26 June 2002 ("2002 Option Scheme") whereby the directors of the Company may, at their discretion, invite directors and employees of the Company or its subsidiaries to subscribe for shares in the Company subject to terms and conditions stipulated therein. The options granted were vested immediately at the date of grant and were exercisable within a period of three years. Each option gives the holder the right to subscribe for one ordinary share in the Company. Details of the terms and movements of the share options granted pursuant to the 2002 Option Scheme are as follows:

				Number of options				
Category of grantee	**Date of grant**	**Exercise price per share**	**Expiry date**	**Balance as at 01.01.2008**	**Granted during the year**	**Exercised during the year**	**Cancelled during the year** *(Note 2)*	**Balance as at 31.12.2008**
Directors	06.07.2007	HK$1.82	05.07.2010	173,000,000	–	–	(173,000,000)	–
	25.09.2007	HK$1.30	24.09.2010	12,000,000	–	–	(12,000,000)	–
	31.01.2008	HK$0.60	30.01.2011	–	10,000,000	–	(10,000,000)	–
	14.10.2008	HK$0.275	13.10.2013	–	163,000,000	–	–	163,000,000
Employees	06.07.2007	HK$1.82	05.07.2010	40,000,000	–	–	(40,000,000)	–
	11.07.2007	HK$1.82	10.07.2010	1,000,000	–	–	(1,000,000)	–
	14.10.2008	HK$0.275	13.10.2013	–	91,600,000	–	–	91,600,000
Other *(Note 1)*	06.07.2007	HK$1.82	05.07.2010	2,000,000	–	–	(2,000,000)	–
	14.10.2008	HK$0.275	13.10.2013	–	50,000,000	–	–	50,000,000
				228,000,000	314,600,000	–	(238,000,000)	304,600,000
Exercisable at the end of the year								304,600,000
Weighted average exercise price				1.79	0.29	–	(1.74)	0.275

				Number of options				
Category of grantee	**Date of grant**	**Exercise price per share**	**Expiry date**	**Balance as at 01.01.2007**	**Granted during the year**	**Exercised during the year**	**Cancelled during the year**	**Balance as at 31.12.2007**
Directors	06.07.2007	HK$1.82	05.07.2010	–	173,000,000	–	–	173,000,000
	25.09.2007	HK$1.30	24.09.2010	–	12,000,000	–	–	12,000,000
Employees	06.07.2007	HK$1.82	05.07.2010	–	40,000,000	–	–	40,000,000
	11.07.2007	HK$1.82	10.07.2010	–	1,000,000	–	–	1,000,000
Other *(Note 1)*	06.07.2007	HK$1.82	05.07.2010	–	2,000,000	–	–	2,000,000
				–	228,000,000	–	–	228,000,000
Exercisable at the end of the year								228,000,000
Weighted average exercise price				–	1.79	–	–	1.79

Notes:

1. Other represented former director or employee of the Group.

2. On 14 October 2008, the Company cancelled the outstanding options granted to them under the 2002 Share Option Scheme which were not exercised as the exercise prices for the Options which range from HK$0.6 to HK$1.82 were significantly higher than the recent market prices of the Shares of the Company, and option holders had no intention to exercise such options to subscribe for the shares.

40. SHARE OPTION SCHEME *(CONTINUED)*

(a) 2002 Option Scheme *(CONTINUED)*

Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the share and the corresponding capital reserve are recorded by the Company in the share premium account.

The options outstanding at 31 December 2008 had an exercise price of HK$0.275 and a weighted average remaining contractual life of 4.79 years.

(i) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a Black-Scholes model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the Black-Scholes model.

The options granted under the 2002 Option Scheme are vested immediately.

These fair values were calculated by using the Black-Scholes model based on each tranche of the 2002 Option Scheme with reference to the vesting period respectively. The inputs into the model with different issue dates were as follows:

Grant date	**31 January 2008**	**14 October 2008**
Valuation date	31 January 2008	14 October 2008
Share price	HK$0.60	HK$0.275
Exercise price	HK$0.60	HK$0.275
Expected volatility	62.55%	67.21%
Risk-free rate	1.50%	1.54%
Expected dividend yield	—	—
Exercisable period	3 years	5 years
Fair value per option	HK$0.1837	HK$0.1144

The expected volatility is based on the average annualised standard deviations of the continuously compounded rates of return on the average share prices of similar companies as of the measurement date publicly quoted. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

40. SHARE OPTION SCHEME *(CONTINUED)*

(b) Discounted Shares Subscription

The Company entered into the subscription agreement with the directors and senior management of the Group ("the subscribers") on 13 July 2007. The Company has agreed to issue, and the subscribers have agreed to subscribe a total of 157,070,000 shares before the completion date of such agreement (the date being the first anniversary date of the subscription agreement or, if such date is not a business day, the immediately preceding day which is a business day), at a subscription price of HK$1.10 per subscription share in cash ("Discounted Share Subscription"). The subscription price represented a discount of approximately 34.13% to the closing price of HK$1.67 per share as quoted in the stock market on 12 July 2007 (being the last day of trading in stock market before the date of the subscription agreement), with a lock-up period ranged from one to three years. If any terms and conditions of the subscription agreement are not fulfilled before the completion date, the arrangement should terminate. In the event that the subscribers ceases to be employed by a member of the Group for whatever reason during the lock-up period, the Company has the right to repurchase the relevant portion of subscription shares at a share repurchase price of HK$1.10 per subscription share.

The Discounted Share Subscription was approved in the special general meeting held on 21 August 2007.

The share invitations issued under the Discounted Shares Subscription vest as follows:

On 1st anniversary of the date of grant	$33^1/_3$% vest
On 2nd anniversary of the date of grant	Further $33^1/_3$% vest
On 3rd anniversary of the date of grant	Remaining $33^1/_3$% vest

No discounted shares were subscribed by the subscribers during the year.

A deed of termination of the subscription agreement date 26 May 2008 was entered into between the Company and the subscribers, pursuant to which the subscription agreement was terminated with immediate effect.

40. SHARE OPTION SCHEME *(CONTINUED)*

(b) Discounted Shares Subscription *(CONTINUED)*

The fair value of services received in return for discounted shares offered is measured by reference to the fair value of discount offered. The estimation of fair value is based on Black-Scholes model. The three years' lock-up period of the discounted share is used as an input into this model.

These fair values were calculated by using the Black-Scholes model based on each tranche of the Discounted Shares Subscription with reference to the vesting period respectively. The inputs into the model with different issue dates were as follows:

Grant date	**21 August 2007**
Valuation date	21 August 2007
Share price	
Exercise price	HK$1.10
Expected volatility	47.27% — 52.64%
Risk-free rate	3.84% — 3.95%
Expected dividend yield	—
Exercisable period	3 years
Vesting period	1-3 years
Fair value per option	HK$0.1471 to HK$0.2406

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 10 years.

The Group recognised the total expense of HK$36,697,000 and HK$10,848,000 for the year ended 31 December 2008 (2007: HK$137,291,000 and HK$5,685,000) in relation to share options granted under the 2002 Option Scheme and Discounted Shares Subscription of the Company.

The expected volatility is based on the average annualised standard deviations of the continuously compounded rates of return on the average share prices of similar companies as of the measurement date publicly quoted. Changes in the subjective input assumptions could materially affect the fair value estimate.

Subscription of discounted shares were granted under a service condition. This condition has been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with grant of discounted shares subscription.

41. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2008 HK$'000	2007 HK$'000
Financial assets		
Held-for-trading investments	**590**	—
Available-for-sale investments	**72,121**	—
Loans and receivables (including cash and cash equivalents)	**1,100,966**	1,682,013
Financial liabilities		
Financial liabilities at amortised cost	**702,858**	652,958

(b) Financial risk management objectives and polices

The Group's major financial instruments include available-for-sale investments, other receivables, trade and other receivables, held-for-trading investments, amounts due from (to) jointly controlled entities and minority shareholders, bank balances and cash, trade and other payables, other borrowings, bank borrowings and other long term payable. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. Approximately 40% of the Group's sales are denominated in currencies other than the functional currency of the group entity making the sale, whilst almost 90% of costs are denominated in the group entity's functional currency.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
United States Dollars ("USD")	**—**	—	**2,754**	2,160
HK$	**150,782**	—	**579,507**	712,136
CAD	**—**	—	**106,298**	—

41. FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Financial risk management objectives and polices *(CONTINUED)*

Market risk *(CONTINUED)*

(i) Currency risk (CONTINUED)

Sensitivity analysis

The Group is mainly exposed to the USD, HK$ and CAD.

The following table details the Group's sensitivity to a 5% (2007: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% (2007: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items for a 5% (2007: 5%) change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A negative number below indicates an increase in post-tax loss in 2008 (2007: a decrease in post-tax profit) and other equity where RMB strengthen 5% (2007: 5%) against the relevant currency. For a 5% (2007: 5%) weakening of RMB against the relevant currency, there would be an equal and opposite impact on the Group's result, and the balances below would be positive.

	USD Impact		**HK$ Impact**		**CAD Impact**	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Consolidated income statement	**(138)**	(108)	**(21,436)**	(35,607)	**(8,950)**	—

(ii) Interest rate risk

The Group's interest risk primarily arises from bank borrowings (see Note 31). Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of prevailing borrowing rate quoted by the PRC arising from the Group's RMB denominated bank borrowings.

41. FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Financial risk management objectives and polices *(CONTINUED)*

Market risk *(CONTINUED)*

(ii) Interest rate risk (CONTINUED)

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments. The analysis is prepared assuming the financial instruments outstanding at the balance sheet date were outstanding for the whole year. A 150 basis point (2007: 150 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 150 basis points (2007: 150 basis points) higher/lower and all other variables were held constant, the Group's:

- post-tax loss for the year ended 31 December 2008 would increase/decrease by HK$12,375,000 (2007: post-tax profit decrease/increase by HK$15,453,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

Credit risk

As at 31 December 2008, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counter parties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet. For both mining operations and processing and storage of cord blood, in order to minimise the credit risk, the management of the group has reviewed the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made to irrecoverable amounts.

In respect of mining operations, credit evaluations are performed on all customers requiring credit over a certain amount. These receivables are due within 90 days from the date of billing. Billings to customers are normally made immediately after the date of delivery except for billings to copper and zinc customers which are made after 1 to 2 months from the date of delivery when metal contents are tested and confirmed by the customers. Overseas customers are required to settle in cash on delivery. Normally, the Group does not obtain collateral from customers. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

41. FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Financial risk management objectives and polices *(CONTINUED)*

Credit risk *(CONTINUED)*

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its financial liabilities. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

For derivative instruments settle on a net basis, undiscounted net cash (inflows)/outflows are presented. Whereas they require gross settlement, the undiscounted gross (inflows) and outflows on these derivatives are shown in the tables.

Liquidity tables

	Weighted average interest rate %	Within 1 year HK$'000	1-2 years HK$'000	2-5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31/12/2008 HK$'000
2008							
Non-derivative financial liabilities							
Trade and other payables	—	289,273	—	—	—	289,273	289,273
Other long term payable	6.8	—	46,842	46,842	—	93,684	85,642
Bank borrowings	5.31	145,565	35,949	—	—	181,514	170,535
Other borrowings	2.55	1,448	124	1,431	4,133	7,136	6,014
Amounts due to jointly controlled entities	—	758	—	—	—	758	758
Amounts due to minority shareholders	—	150,636	—	—	—	150,636	150,636
		587,680	82,915	48,273	4,133	723,001	702,858

41. FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Financial risk management objectives and polices *(CONTINUED)*

Credit risk *(CONTINUED)*

Liquidity tables (CONTINUED)

	Weighted average interest rate %	Within 1 year *HK$'000*	1-2 years *HK$'000*	2-5 years *HK$'000*	More than 5 years *HK$'000*	Total undiscounted cash flows *HK$'000*	Carrying amount at 31/12/2007 *HK$'000*
2007							
Non-derivative financial liabilities							
Trade and other payables	—	164,222	—	—	—	164,222	164,222
Other long term payable	6.8	5,474	44,328	88,657	—	138,459	116,986
Bank borrowings	5.31	139,414	58,575	33,901	—	231,890	212,800
Other borrowings	2.55	1,184	117	766	4,743	6,810	5,643
Amounts due to minority shareholders	—	153,307	—	—	—	153,307	153,307
		463,601	103,020	123,324	4,743	694,688	652,958

(c) Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices.

- the fair value of other financial assets and financial liabilities determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions as inputs.

42. NON CASH TRANSACTION

In 2008, Harbin Songjiang Copper (Group) Company Limited, a subsidiary of the Company, acquired additional interest in another subsidiary of the Company — Xinganmeng Songjiang Mining Co. Ltd. from the minority shareholder. The consideration of acquisition of HK$1,132,000 (RMB1,000,000) was net off with the amounts due from minority shareholders.

43. POST BALANCE SHEET EVENTS

(a) On 22 December 2008, the Company, entered into an agreement with Joy Success Limited and Master Long Limited, pursuant to which the Company has conditionally agreed to acquire 80% of the issued share capital of King Gold for an aggregate consideration of HK$640,000,000 (the "King Gold Acquisition"). The King Gold Acquisition was approved by the independent shareholders of the Company at a special general meeting of the Company on 20 April 2008 and the King Gold Acquisition is not yet completed up to the date that these financial statements are approved for issue.

The sole asset of King Gold is 100% interest in Desire Star (China) Tea Industrial Co, Ltd ("Desire Star"), which is incorporated in the PRC. Desire Star is principally engaged in the cultivation, production, sales and research of oolong tea, green tea, jasmine tea, black tea and in particular, WuYi rock-essence tea in the PRC. Details of the King Gold Acquisition are set out in the announcement and circular of the Company dated 7 January 2009 and 27 March 2009 respectively.

43. POST BALANCE SHEET EVENTS *(CONTINUED)*

(b) On 12 January 2009, the Company announced that Best Tone Holdings Limited ("Best Tone"), a wholly owned subsidiary of the Company, which owned 2,650,900 shares in Quadra Mining Limited ("Quadra"), representing 4.02% of issued share capital of Quadra, and intends to make further acquisition of the shares of Quadra subject to certain conditions as set out in the circular of the Company dated 23 March 2009 (the "Quadra Acquisition"). In addition, in the event that the Quadra Acquisition is completed, to allow flexibility for making investment, the Company also sought for shareholders approval to dispose of all or any of the shares of Quadra (the "Quadra Disposal") from time to time subject to certain conditions as set out in the circular of the Company dated 23 March 2009. The Quadra Acquisition and the Quadra Disposal were approved by the independent shareholders of the Company at a special general meeting of the Company on 8 April 2009 and the Quadra Acquisition is not yet completed up to the date that these financial statements are approved for issue.

Between 27 March 2009 to 3 April 2009, Best Tone has disposed of 2,650,900 shares of Quadra at an aggregate consideration of HK$101,841,245 (equivalent to approximately CAD15,991,402) with a gain on disposal of approximately HK$66,000,000.

Quadra is incorporated in British Columbia with its shares are listed on the Toronto Stock Exchange. Quadra is principally engaged in the business of developing and operating mines in United States of America. Details of the Quadra Acquisition and Quadra Disposal are set out in certain announcement and circular of the Company dated 12 January 2009 and 23 March 2009 respectively and details of the Quadra Disposal are set out in announcement of the Company dated 6 April 2009.

(c) On 19 March 2009, Harbin Songjiang Copper (Group) Company Limited ("Harbin Songjiang"), a subsidiary of the Company, entered into an agreement with 哈爾濱市阿城區人民政府, pursuant to which the Harbin Songjiang has conditionally agreed to dispose of the assets including the land use right, property, plant and equipment of Harbin Songjiang for a consideration of RMB30,000,000 (equivalent to approximately HK$34,107,000) (the "Disposal"). The Disposal is not yet completed up to the date that these financial statements are approved for issue.

44. MATERIAL RELATED PARTY TRANSACTIONS

During the year, the Group entered into the following material transactions with related parties:

(a) Recurring transactions

	Sales of goods		Loan from minority shareholders	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Minority shareholders (Chifeng Jinjian)	**40,730**	94,467	**(150,636)**	(153,307)

(b) Non-recurring transactions

	2008	2007
	HK$'000	*HK$'000*
Disposal of a subsidiary to Chifeng Jinjian	**—**	534

(c) Guarantee

A Guarantee of HK$128,000,000 (equivalent to RMB120,000,000) was given by Chifeng Jinjian to a subsidiary of the Group against certain bank loans totalling HK$128,000,000 (equivalent to RMB120,000,000) as at 31 December 2007 as disclosed in Note 31. As at 31 December 2008, no Guarantee was given by related party.

44. MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

(d) Exploration rights

Exploration in certain locations in Inner Mongolia was conducted by the Group during the year ended 31 December 2007. The exploration rights are provided by Chifeng Jinjian to the Group at no cost. Expenditure of HK$7,318,000 (equivalent to RMB6,861,000) has been incurred for the exploration in such locations and capitalised as exploration and evaluation assets included in intangible assets (see Note 15). In 2008, no exploration rights were provided by related party.

(e) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2008	2007
	HK$'000	*HK$'000*
Short-term benefits	**12,171**	11,010
Post-employment benefits	**261**	118
Share-based payments	**38,779**	145,250
	51,211	156,378

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE GROUP

Details of the Group's principal subsidiaries as at 31 December 2008 and 2007 are set as follows:

		Particulars	Proportion of ownership interest			
Name of company	**Place of incorporation/ operation**	**of issued and paid up capital**	**Group's effective interest**	**Held by the Company**	**Held by a subsidiary**	**Principal activities**
Biogrowth Assets Limited	British Virgin Islands/ Hong Kong	1 share of US$1	100%	100%	—	Investment holding
Cell Therapy Technologies Centre Limited**	Hong Kong/ Hong Kong	20,000,000 shares of HK$0.01 each	100%	—	100%	Provision of cord blood bank and its relevant laboratory service
China Kent Development Limited*	Hong Kong/ Hong Kong	2 ordinary shares and 10,000 non-voting deferred shares of HK$1 each	100%	—	100%	Provision of administrative support to group companies
INNOMAXX Investment Holdings Limited*	Hong Kong/ Hong Kong	2 shares of HK$1 each	100%	100%	—	Investment holding
Lead Sun Investments Limited	British Virgin Islands/ Hong Kong	1,000 shares of US$1 each	57%	57%	—	Investment holding

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE GROUP *(CONTINUED)*

Name of company	Place of incorporation/ operation	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Longship Limited*	British Virgin Islands/ Hong Kong	1 share of US$1	100%	—	100%	Investment holding
Fullgain International Investment Limited*	Hong Kong/ Hong Kong	2 shares of HK$1 each	100%	—	100%	Securities investment holding and trading of securities investment
INNOMAXX International Trading Company Limited*	Hong Kong/ Hong Kong	1 share of HK$1	100%	—	100%	Trading of pharmaceutical ingredients and chemicals
New Legend International Group Limited	Hong Kong/ Hong Kong	1 share of HK$1	100%	100%	—	Provision of administrative support to group companies
Offspring Investments Limited*	British Virgin Islands/ Hong Kong	1 share of US$1	100%	100%	—	Inactive
Shanxi Shenli Aerospace Titanium Company Limited# ("Shanxi Shenli")	The PRC/ The PRC	Registered capital RMB184,800,000	51.3%	—	90%	Rutile mining
Sinorich Technology Development Limited*	Hong Kong/ Hong Kong	2 shares of HK$1 each	100%	—	100%	Inactive
Titanspeed Investments Limited	British Virgin Islands/ Hong Kong	1 share of US$1	100%	100%	—	Inactive
Top Rank International Group Limited	British Virgin Islands/ Hong Kong	50,000 shares of US$1 each	57%	—	100%	Investment holding
United Profit Investments Limited*	British Virgin Islands/ Hong Kong	1 share of US$1	100%	100%	—	Investment holding
Saxony Goal Limited	Hong Kong/ Hong Kong	10,000 shares of HK$1 each	100%	100%	—	Inactive
Best Tone Holdings Limited	Hong Kong/ Hong Kong	1 share of US$1	100%	100%	—	Investment holding
Will Win Group Limited	Hong Kong/ Hong Kong	1 share of HK$1	100%	100%	—	Investment holding
Harbin Songjiang Copper (Group) Company Limited# (哈爾濱松江銅業(集團)有限公司)	The PRC/ The PRC	RMB240,788,100	75.08%	75.08%	—	Sales of copper, zinc, molybdenum and other nonferrous metals
Acheng Xiaoling Iron & Zinc Co. Ltd.# (阿城市小嶺鐵鋅有限公司)	The PRC/ The PRC	RMB3,866,000	75.08%	—	100%	Processing of molybdenum and iron
Harbin Songjiang Copper Enterprise Co. Ltd.# (哈爾濱松江銅業實業有限公司)	The PRC/ The PRC	RMB50,962,500	75.08%	—	100%	Mining, processing and sales of copper and zinc

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE GROUP *(CONTINUED)*

Name of company	Place of incorporation/ operation	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Harbin Songjiang Molybdenum Ltd.# (哈爾濱松江鉬業有限公司)	The PRC/ The PRC	RMB128,782,900	75.08%	—	100%	Mining, processing and sales of molybdenum
Xinganmeng Songjiang Mining Co. Ltd# (興安盟松江礦業有限公司)	The PRC	RMB10,000,000	75.08%	—	100%	Under construction of smelting and mining plant
Shangzhi Zhuhe Mining Co. Ltd.# (尚志珠河礦業有限公司)	The PRC/ The PRC	RMB50,000,000	75.08%	—	100%	Processing of molybdenum
Ejinaqi Qiaolun Engeci Quartz Production Co. Ltd# (額濟納旗喬倫恩格茨石英有限公司)	The PRC	RMB500,000	75.08%	—	100%	Not yet commenced business
Inner Mongolia Zhongrun Magnesium Co. Ltd.# (內蒙古中潤鎂業有限公司)	The PRC	RMB50,000,000	75.08%	—	100%	Under construction of smelting plant
Wuhai Derun Ferroalloy Limited Liability Company# (烏海市德潤鐵合金有限責任公司)	The PRC/ The PRC	RMB10,000,000	75.08%	—	100%	Inactive
Chifeng Songjiang Jinjian Mining Limited Liability Company#** (赤峰松江金劍礦業有限責任公司)	The PRC/ The PRC	RMB10,000,000	45.05%	—	60%	Investment holding
Balinyouqi Nuoergai Copper Mining Co. Ltd.#** (巴林右旗諾爾蓋銅礦有限責任公司)	The PRC/ The PRC	RMB500,000	45.05%	—	100%	Mining, processing and sales of copper
Alukeerqinqi Manitu Silver & Tin Mining Co. Ltd*# (阿魯科爾沁旗瑪尼吐銀錫礦有限責任公司)	The PRC	RMB500,000	45.05%	—	100%	Not yet commenced business

The above table lists the subsidiaries of the Group which, in the opinion of the Directors, principally affected the results or assets and liabilities of the Group.

None of the subsidiaries had issued any debt securities during the year and at the end of the year.

\# A limited liability company established in the PRC.
* Disposed of/de-registered during 2007.
** Disposed of/de-registered during 2008.

FIVE YEARS FINANCIAL SUMMARY

YEAR ENDED 31 DECEMBER

	Year Ended 31 December				
	2004	2005	2006	2007	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Restated)	***HK$'000***
RESULTS					
Turnover					
Continuing operations	11,724	15,634	17,366	674,955	**493,767**
Discontinued operations	230,735	175,204	138,207	21,461	**25,037**
	242,459	190,838	155,573	696,416	**518,804**
Profit/(loss) before taxation					
Continuing operations	(86,385)	(25,134)	(20,558)	251,647	**(5,376,638)**
Discontinued operations	345	(30,725)	12,267	53	**2,056**
	(86,040)	(55,859)	(8,291)	251,700	**(5,374,582)**
Taxation credit/(charge)					
Continuing operations	—	(75)	366	(27,388)	**628,661**
Discontinued operations	(175)	734	(1,317)	80	**(176)**
	(175)	659	(951)	27,308	**628,485**
Profit/(loss) for the year					
Continuing operations	(86,385)	(25,209)	(20,192)	224,259	**(4,747,977)**
Discontinued operations	170	(29,991)	10,950	133	**1,880**
	(86,215)	(55,200)	(9,242)	224,392	**(4,746,097)**
Attributable to:					
Equity shareholders of the Company	(86,215)	(55,200)	(8,244)	212,297	**(3,174,608)**
Minority interests	—	—	(998)	12,095	**(1,571,489)**
	(86,215)	(55,200)	(9,242)	224,392	**(4,746,097)**

FIVE YEARS FINANCIAL SUMMARY

YEAR ENDED 31 DECEMBER

	Year Ended 31 December				
	2004	2005	2006	2007	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Total assets	484,225	297,041	2,172,179	7,439,339	**2,360,299**
Total liabilities	(203,971)	(69,614)	(239,759)	(1,786,305)	**(1,102,704)**
NET ASSETS	280,254	227,427	1,932,420	5,653,034	**1,257,595**
REPRESENTED BY:					
Equity attributable to shareholders of the Company	280,254	227,427	1,121,572	3,992,892	**1,132,280**
Minority interests	—	—	810,848	1,660,142	**125,315**
TOTAL EQUITY	280,254	227,427	1,932,420	5,653,034	**1,257,595**