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China National Resources Development Holdings Limited | 中國資源開發集團有限公司

Annual Report 2007

(Stock Code : 00661)

Contents

Corporate Information

Board of Directors

Executive Directors:

Wang Jian Sheng *(Chairman)*
Li Qiao Feng
Zhang He
Chen Shengjie

Independent Non-executive Directors:

Wang Guoqi
Wang Qihong
Wong Sat

Audit Committee

Wang Guoqi
Wang Qihong
Wong Sat

Company Secretary

Lo Chi Ko

Solicitors

As to Bermuda law:
Conyers, Dill & Pearman

Auditors

Patrick Ng & Company

Banker

Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Ltd

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head Office and Principal Place of Business

Room 2201, Lippo Centre
Tower 2, 89 Queensway
Admiralty
Hong Kong

Principal Registrar

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
14 Bermudiana Road
Pembroke
Bermuda

Hong Kong Branch Registrar

Computershare Hong Kong Investor Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Stock Codes

Ordinary shares: 661
Preference shares: 421

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "Board") of China National Resources Development Holdings Limited (the "Company") and its subsidiaries (the "Group"), I am pleased to present the annual results of the Group for the financial year ended 30 April 2007.

Financial review

During the year under review, the Group recorded a turnover of approximately HK$125 million (2006: HK$76 million), representing an increase of approximately 64% against the prior year. Net loss attributable to shareholders amounted to approximately HK$62.5 million (2006: net loss HK$5.6 million). The reason of significant loss incurred for the year was due to the recognition of share-based payments of approximately HK$62 million as expenses which were arising from share options granted to directors, employees and consultants of the Group during the year.

Final dividend

The Board of Directors do not recommend the payment of a final dividend for the year ended 30 April 2007.

Business review and prospect

Business Review

The Group is principally engaged in securities trading and investments, property investment, management consultancy and natural resources investment and development.

Apart from the existing business engaged by the Group, the board is proactively appraising various investment opportunities to explore high potential investment and attractive business opportunities.

Taking the advantage of the current overall business environment in the PRC, the Company is capturing good quality investment and development businesses, mainly in molybdenum/wolfram and silver/copper minings and related businesses.

On 27 March 2007, the Company entered into the agreement with Sherryknoll Enterprises Limited, Kalagate Limited and Choronell Limited (the "Vendors") in relation to the acquisition of 51% equity interest in China Reservior Mining Limited ("CRML") for a total consideration of HK$300 million.

Chairman's Statement

The mines located in The Republic of Mongolia, namely, the Aleinuer Molybdenum Mine, the Burentsogt Wolfram Mine, the Sala Wolfram Mine and the Tuv Province Wolfram Mine the mining licence or exploration licences of which are held by CRML Group. CRML and its subsidiaries ("CRML Group") is principally engaged in exploration and mining of molybdenum and wolfram. Molybdenum has a high melting point of approximately 2,625 ºC and is principally used as an alloys agent in steel, cast iron and super alloys to enhance the properties of the alloys such as hardness, strength, toughness and resistance to wear and corrosion. Wolfram has the highest melting point (of approximately 3,400 ºC) amongst all metals. Wolfram has extensive applications in aerospace, military, shipbuilding, automobile, electric power, electronics and chemical industries.

CRML Group has already obtained the mining licence for the Aleinuer Molybdenum Mine. The Company has engaged the Independent Technical Adviser, John T.Boyd Company, a mining consultant independent of the Company and its associates, to perform a technical review on the Aleinuer Molybdenum Mine. According to the independent technical review by John T.Boyd Company, No. 1 Single Strip Mine（一號單體礦）planned to be explored in a phase I possesses an Indicated Mineral Resources of 26,200 tonnes with an average grade of 0.06%, while the approval report of the National Reserve Committee of Mongolia（蒙古國家儲量委員會）reports that Aleniuer Molybdenum Mine has a reserve of molybdenum of 57,000 tonnes. According to the feasibility report prepared by Changsha Engineering and Research Institute of Nonferrous Metallurgy, CRML Group planned that the construction of the mining facilities in the Aleinuer Molybdenum Mine, which is expected to take about one year to complete, will commerce in April 2008. It is expected that the commercial operation of the Aleinuer Molybdenum Mine will commerce in 2009 following the completion of the construction of the mining facilities. The Aleinuer Molybdenum Mine will have a daily processing volume of approximately 5,000 tonnes and an annual output of approximately 2,450 tonnes of 48% molybdenum ore concentrates. The current market price of 48% molybdenum ore concentrates is about RMB200,000 per tonne.

The acquisition constitutes a very substantial acquisition for the Company under the Listing Rules. Shareholders' approval for the relevant resolutions of the acquisition has been obtained. As at the date of this report, the acquisition has not been completed.

Through the aforesaid acquisition, the Company can successfully taps into the investment and development in mining industry in PRC and further strengthens the Company's business.

Another remarkable mining acquisition undertaking by the Company is Xinjiang silver and copper mining project. On 31 July 2007, the Company entered into the legally binding Framework Agreement in respect of the acquisition of the entire issued share capital of each of Fuken Investments, Golden Brand Investments and Giant Strong Investments from the Vendors. Pursuant to the Framework Agreement, the consideration for the acquisition shall be up to HK$1,980 million, subject to adjustment with reference to the valuation of the mining interests indirectly owned by Gold Way Investment by an independent professional valuer. The consideration, subject to adjustment, will be settled by the issue of new shares of the Company at a price not less than HK$2.2 per share.

Fuken Investments, Golden Brand Investments and Giant Strong Investment own 80%, 14% and 6% of the issued share capital of Gold Way Investment respectively. Gold Way Investment currently owns 55% interest of Xinjiang Mining, which holds the mining rights of the WQ(SLB) Mine and exploration rights of the WQ Mine Area located in the Xinjiang Uygur Autonomous Region, the PRC.

Xinjiang Mining currently owns the mining rights of the WQ(SLB) Mine (for a two-and-a-half-year period commencing from June 2007) and exploration rights (for one-year period commencing from June 2007) of the WQ Mine Area located in the Xinjiang Uygur Autonomous Region, the PRC. Based on the report issued by the China Non-ferrous Metal Mining and Geology Centre, the WQ Mine Area is located in the southern part of the Xinjiang Uyger Autonomous Region with established infrastructure support and water supply which facilities the future development of the WQ Mine Area.

Xianjiang Mining has already completed the exploration and obtained the mining rights for the WQ(SLB) Mine. According to the information provided by the Vendors, the WQ(SLB) Mine has a copper and silver mine area of approximately 1.02 km^2, with an estimated copper metal quantity of approximately 250,000 tonnes and an estimated silver metal quantity of approximately 3.5 tonnes. WQ(SLB) Mine has already commenced trial commercial mining and processing operations. It is expected that first phase of the mining and processing facilities of the WQ(SLB) Mine, with a daily processing capacity of approximately 5,000 tonnes of ores and an annual production capacity of approximately 15,000 tonnes of copper concentrates and 0.18 ton of silver concentrates, will commence commercial operation by end of 2007. The current market price of copper metal was approximately RMB65,500 per ton and the market price of silver was approximately RMB3,720 per kg.

It is expected that a formal sale and purchase agreement will be entered into between the Company and the vendor within these few weeks. Should the said agreement be enterred, it may constitute a notifiable transaction for the Company under the Listing Rules. The Company will make further announcement(s) in accordance with the requirements of the Listing Rules as and when appropriate.

The execution of the agreement will mark a further step towards the Company's business in the investment and development in mining industry in the PRC.

Prospect

In view of the sustaining reliance on the sufficient sources of natural resources for the development of China over the couple of years. The Company will continue to acquire projects in mining related business. Given the continuing increase in the demand and application of molybdenum/wolfram and silver/copper mines and related businesses, we are confident that the investment will produce considerable return to the Company in the future.

Apart from the aforesaid acquisitions, the Company continue to strive for strategic acquisitions in mining and processing of molybdenum/wolfram, silver and copper.

The completion of the aforesaid acquisitions will provide the Company with an immediate stream of revenue and brings in a team of experts in the mining industry which will strengthen our operational capabilities in mining activities.

The Group will be continuously searching for other opportunity to build a portfolio of strong mining businesses with an emphasis on high value added products. This is crucial for the Group's transformation into a substantial participant and ultimately a leading player in the mining sector.

Equity

The Company's issued and fully paid share capital as at 30 April 2007 amount to approximately HK$156,086,000 divided into 3,121,731,727 ordinary shares of HK$0.05 each.

Liquidity and financial resources

As at 30 April 2007, the Group's current ratio was 22.8, based on the current assets of HK$79.8 million and current liabilities of HK$3.5 million. The Group's gearing ratio was insignificant, based on non-current liabilities of HK$110,000 and shareholders' equity of approximately HK$105 million.

As at 30 April 2007, the Group's total liabilities including current liabilities and non-current liabilities were about HK$3.6 million. The Group was in a net cash position and has sufficient funding to pay off all the outstanding liabilities, and meet its working capital requirement.

Bank Borrowings and Pledge of Assets

As at 30 April 2007, the Group had neither bank borrowings nor assets pledged to fund/loan providers.

Capital structure

During the year under review, (i) on 12 February 2007, the authorized share capital of the company was increased from HK$200,000,000 to HK$1,500,000,000 by the creation of 26,000,000,000 ordinary shares of HK$0.05 at par value each; (ii) 1,040,243,909 ordinary shares were issued on the basis of one offer share for every two shares held on 18 May 2006 at subscription price of HK$0.06 per share pursuant of open offer as set out in the Circular dated 1 June 2006; and (iii) the subscription rights attaching to 1,000,000 share options issued pursuant to the share option scheme of the Company were exercised at the subscription price of HK$0.185 per share, resulting in the issue of 1,000,000 shares of HK$0.05 each for a total cash consideration of approximately HK$185,000.

Foreign exchange exposure

The Group's cash balance and short term investments are in the currency of Hong Kong Dollars. Nonetheless, the effect of the exchange rate on the Group's cash flow is minimal and the Group had not employed any financial instrument for hedging purpose.

Material Acquisitions and Disposal of Subsidiaries

The Group has not made any material acquisition or disposal of subsidiaries during the year ended 30 April 2007.

Contingent liabilities

As at 30 April 2007, the Group had no contingent liabilities.

Employees, Remuneration Policy and Share Option Scheme

As at 30 April 2007, the Group had 10 employees (2006: 10). The remuneration package consists of basic salary, mandatory provident fund, medical insurance, and other benefits considered as appropriate. Remuneration packages are generally structured by reference to market terms, individual qualification and performance. They are under periodic review based on individual merit and other market factors.

The Company adopted a share option scheme on 13 October 2003 to enable the Company to grant options to selected participants, including employees and directors of the Group, as incentive or rewards for their contribution to the Group. During the year, the Company granted 312,073,172 options to its directors, employees and eligible grantees pursuant to the scheme.

Appreciation

I would like to express my greatest appreciation to the entire staff of the Group for their hard work and efforts. I would also like to extend my gratitude to the investors, business partners, and shareholders for their support and confidence in the Group over the past years. Thanks to our dedicated staff, the support of our shareholders and the trust of our partners, I am highly confident that the Group will continue to grow and create significant value to the consumers of our services, which shall generate significant shareholder value. I look forward to sharing with you more positive developments in years to come.

Chairman
Wang Jian Sheng
Hong Kong, 30 August 2007

Report of the Directors

The Board of Directors ("Board") is pleased to submit their report together with the audited accounts of the Company and its subsidiaries (the "Group") for the year ended 30 April 2007.

Principal Activities

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are securities trading and investments, property investment and management consultancy.

An analysis of the Group's revenue and loss for the year by principal activity for the year ended 30 April 2007 is set out in note 6 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year ended 30 April 2007 are set out in the consolidated income statement on page 24.

The Board does not recommend the payment of a final dividend for the year ended 30 April 2007 (2006: Nil). No interim dividend was declared during the year (2006: Nil).

Details of the preference dividend payable during the year are set out in note 13 to the consolidated financial statements.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Company and the Group during the year are set out in note 15 to the consolidated financial statements.

Share Capital and Share Options

Details of the movements in the Company's share capital and share options during the year are set out in notes 24 and 25 to the consolidated financial statements.

Reserves

Details of the movements in the reserves of the Company and the Group during the year are set out in note 26 to the consolidated financial statements.

Major Customers and Suppliers

During the year, the aggregate turnover attributable to the Group's five largest customers were less than 30% of the Group's sales for the year. The aggregate purchases attributable to the Group's five largest suppliers were less than 30% of the Group's total purchases for the year.

Directors

The Directors of the Company during the year and as at the date of this report were as follows:

Executive directors

Mr. Wang Jian Sheng *(Chairman)*	(appointed as executive director on 17 November 2006 and re-designated to chairman on 26 July 2007)
Mr. Li Qiao Feng *(CEO)*	(re-designed from chairman to executive director/CEO on 26 July 2007)
Mr. Chen Shengjie *(Deputy Chairman)*	
Mr. Zhang He	

Independent non-executive directors

Mr. Wang Guoqi
Mr. Wang Qihong
Mr. Wong Sat

In accordance with bye-law numbered 86(2) of the Company's bye-laws ("Bye-Laws"), Messrs. Zhang He, Wong Guoqi, Wang Qihong and Wong Sat, being Directors appointed after the 2005 annual general meeting of the Company, shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Pursuant to bye-law numbered 87(2) of the Bye-Laws, Messrs. Zhang He, Wang Guoqi, Wang Qihong and Wong Sat shall retire from office as Directors by rotation at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

Independence Confirmation

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

Biographical Details of Directors

Executive Directors

Mr. Wang Jian Sheng, aged 52, joined the Group on 17 November 2006 as executive director and redesignated to chairman on 26 July 2007. Mr. Wang holds a bachelor from The Luo Yang Industrial College in the PRC and has over 20 years of experience in oil trading and related businesses.

Mr. Chen Shengie, aged 46, is the deputy chairman of the Company. Mr. Chen graduated from Beijing Finance and Trade College, the PRC with a bachelor degree in economics. He previously worked for the State Administration of Audit and the Resources Development in the PRC and has over 8 years of experience in audit and over 10 years of experience in resources-re-cycling. Currently, he is the vice chairman of China Resources Recycling Association, the vice chairman of the committee of "China ISO14000 Accreditation" and the general manager of China Chengtong Resources Recycling Development Utilisation Company.

Mr. Li Qiao Feng, aged 36, is the executive Director/CEO of the Company. Mr. Li graduated from the Graduate School of Chinese Social Science Academy (中國社會科學院研究院), is a holder of a master degree in currency banking (貨幣銀行). He has over ten years' experience in capital administration and corporate management.

Mr. Zhang He, aged 46, is an executive director. Mr. Zhang has over 20 years of experience in the aspects of finance/accounting and corporate management. Prior or joining the Company, Mr. Zhang worked in China Everbright Group in both the Hong Kong and the PRC offices over 13 years. He also worked for Deloitte Touche Tohmatsu, being an international public accounting firm, in Tokyo, Japan in audit aspect. Mr. Zhang holds a bachelor degree of finance and economy from the Renmin University of China, the PRC.

Independent Non-executive Directors

Mr. Wang Guoqi, aged 46 is an independent non-executive Director. Mr. Wang is a qualified accountant of The Chinese Institute of Certified Public Accountants, the PRC. Mr. Wang has extensive experience in accounting and financing areas in different industries. Currently, he is the managing partner of Hua-Ander CPAs in the PRC. Mr. Wang holds a doctor degree in philosophy from The University of London, the United Kingdom.

Mr. Wang Qihong, aged 52, is an independent non-executive Director. Mr. Wang has extensive experience in postal and tele-communications field in PRC. Mr. Wang graduated from Liao Ning University, the PRC.

Mr. Wong Sat, aged 42, is an independent non-executive Director. Mr. Wong has over 15 years of experience in aspects of engineering and management. Currently, he is the general manager of Gold-in Technology Development Limited in Hong Kong. Mr. Wong holds a bachelor degree in engineering from The Tianjin University, the PRC.

Directors' Service Contracts

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Directors' Interests in Contracts

No contract of significance in relation to the Company's business to which the Company, its holding company, or any of its subsidiaries was a party and in which a Director has a material interest, whether directly or indirectly, subsisted at the year end or at any time during the year.

Directors' Interests in Securities

As at 30 April 2007, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company or The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") were as follows:

(i) Long positions in share of the Company

Name of director	Capacity	Number of shares	Approximate percentage of total relevant class of shares in issue
Li Qiao Feng *(Note 1)*	Beneficial owner	330,000 Shares	0.01%
Mr. Wang Jian Sheng *(Note 2)*	Controlled corporation	1,747,468,293 Shares	55.98%
		5,495 CPS	33.33%

Notes:

1. Mr. Li Qiao Feng is an executive Director/CEO of the Company.

2. These Shares and CPS are held by China Times, a company, beneficially wholly-owned by Mr. Wang Jian Sheng, the Chairman of the Company.

(ii) Long positions in underlying share of the Company

Name of Director	Capacity	Number of shares *(Note)*
Li Qiao Feng	Beneficial owner	15,000,000 Shares
Zhang He	Beneficial owner	15,000,000 Shares
Wang Qihong	Beneficial owner	1,500,000 Shares
Wong Sat	Beneficial owner	1,500,000 Shares
Wang Guoqi	Beneficial owner	1,500,000 Shares

Note: The long positions in the underlying Shares mentioned above represent the Shares to be issued and allotted upon the exercise in full of the options granted by the Company to the above mentioned directors pursuant to the share option scheme of the Company.

Save as disclosed above, none of the Directors, chief executives of their associates had any interests and short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations as defined in Part XV of SFO as recorded in the register 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.

Directors' Right to Acquire Shares or Debentures

The share option scheme of the Company adopted on 27 October 1998 had been terminated and simultaneously a new share option scheme (the "Scheme") had been approved and adopted at the annual general meeting of the Company held on 13 October 2003.

The purpose of the Scheme is a share incentive scheme to enable the Company to grant options to selected participants as incentives or rewards for their contribution to the Group. Under the Scheme, the Board may, at its discretion, grant options to any eligible participants (as set out in the Company's circular dated 19 September 2003).

The principal terms of the Scheme are summarized as follows:

(i) The maximum number of Shares in respect of which options may be granted under the Scheme must not, in aggregate, exceed 10% of the issued share capital of the company as at the approval of the Scheme, unless approval or the shareholders has been obtained to renew the limit. The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes adopted of the Group shall not in aggregate exceed 30% of the Shares in issue from time to time.

(ii) The maximum entitlement of each participant under the Scheme in any 12-month period shall not exceed 1% of the Shares in issue as at the date of grant.

(iii) The exercise price is determined by the Board in its absolute discretion at a price not less than the highest of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a trading day; (b) the average the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the date of grant; and (c) the nominal value of a Share.

(iv) An option may be accepted by a proposed grantee within 7 days from the date of the offer of grant of the option. There is no minimum period for which an option must be held before it can be exercised. An option may be exercised at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of ten years from that date.

(v) Upon acceptance of the option, the grantee shall pay of HK$1.00 to the Company by way of consideration for the grant of the option.

(vi) Subject to earlier termination by the Company in general meeting, the Scheme will remain valid for a period of 10 years commencing on 13 October 2003, being the date on which it was adopted.

The following table discloses movements in the Company's share options during the year:

	No. of options granted during the year	No. of options exercised during the year	No. of options outstanding at 30 April 2007
Directors			
— Li Qiao Feng	15,000,000		15,000,000
— Zhang He	15,000,000		15,000,000
— Wang Guoqi	1,500,000		1,500,000
— Wang Qihong	1,500,000		1,500,000
— Wong Sat	1,500,000		1,500,000
Employees and others	277,573,172	1,000,000	276,573,172
Total	312,073,172	1,000,000	311,073,172

Details of share options granted are as follows:

Date of grant/ acceptance	Exercise period	Exercise price per share	Closing price immediate before date of offer	Closing price immediate before date of grant
23 Nov 2006	23 Nov 2006 — 6 Nov 2016	HK$0.107	HK$0.109	HK$0.162
7 Dec 2006	7 Dec 2006 — 28 Nov 2016	HK$0.185	HK$0.170	HK$0.233
4 Apr 2007	4 Apr 2007 — 3 Apr 2017	HK$0.550	HK$0.56	HK$0.56

At no time during the year was the Company, its holding company, or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholders' Interests in Securities

As at 30 April 2007, so far as is known to the Directors, the following persons (other than the Directors and Chief Executives of the Company) had interests or short positions in the Shares and underlying Shares of the Company as recorded in the required to be kept under section 336 of the SFO.

Long positions in shares of the Company

Name of Shareholder	Capacity	Number of shares	Approximate percentage of total relevant class of shares in issue
China Times *(Note 1)*	Beneficial owner	1,747,468,293 Shares	55.98%
Mr. Wang Jian Sheng *(Note 1)*	Controlled corporation	1,747,468,293 Shares	55.98%
Choronell Ltd. *(Note 2)*	Beneficial owner	210,000,000 Shares	6.73% *(Note 3)*
Li Xuemei *(Note 2)*	Controlled corporation	210,000,000 Shares	6.73% *(Note 3)*
Kalagate Limited *(Note 4)*	Beneficial owner	400,000,000 Shares	12.81% *(Note 3)*
Zhang Chao *(Note 4)*	Controlled corporation	400,000,000 Shares	12.81% *(Note 3)*
Sherryknoll Enterprises Limited *(Note 5)*	Beneficial owner	390,000,000 Shares	12.49% *(Note 3)*
Yang Hui *(Note 5)*	Controlled corporation	390,000,000 Shares	12.49% *(Note 3)*
China Times *(Note 1)*	Beneficial owner	5,495 CPS	33.33%
Mr. Wang Jian Sheng *(Note 1)*	Controlled corporation	5,495 CPS	33.33%

Notes:

1. These Shares are held by China Times, the entire issued share capital of which is beneficially owned by Mr. Wang Jian Sheng who is the sole shareholder and sole director of China Times and the Chairman and Controlling Shareholder of the Company.

2. These Shares are held by Choronell Limited, the entire issued share capital of which is beneficially owned by Li Xuemei.

3. The percentage is calculated based on 3,121,731,727 Shares in issue.

4. These Shares are held by Kalagate Limited, the entire issued share capital of which is beneficially owned by Zhang Zhao.

5. These Shares are held by Sherryknoll Enterprises Limited, the entire issued share capital of which is beneficially owned by Yang Hui.

Save as disclosed above, the Directors are not aware of any other persons who have interests or short positions in the Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under section 336 of the SFO.

Purchase, Sale or Redemption of Securities

During the year under review, the Company has not redeemed any of its securities and neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities.

Pre-emptive Rights

No pre-emptive rights exist in the jurisdiction of Bermuda in which the Company is incorporated.

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

Audit Committee

The Company established an audit committee in accordance with the requirements of the Code, for the purpose of reviewing and providing supervising over the Group's financial reporting process and internal controls. The audit committee comprising of three independent non-executive Directors, Messrs. Wang Guoqi, Wang Qihong and Wong Sat. The audit committee of the Company has reviewed the final results for the year ended 30 April 2007.

Model Code for Securities Transactions by Directors

The Company had complied with the code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in the Model Code. Having made specific enquiry of all Directors, they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transaction by the Directors adopted by the Company.

Compliance with the Code of Best Practice

In the opinion of the Directors, the Company has complied with the Code of Best Practice ("Code") as set out in Appendix 14 to the Listing Rules throughout the year under review, except that the independent non-executive Directors are not appointed for a specific term as required by paragraph 7 of the Code, but are subject to retirement by rotation in accordance with the Bye-Laws.

The Code as set out in Appendix 14 to the Listing Rules was replaced by the Code on Corporate Governance Practices ("Code on CG Practices") which as become effective for accounting periods commencing on or after 1 January 2005. Appropriate actions are being taken by the Company for complying with the Code on CG Practices.

Sufficiency of Public Float

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

Subsequent Events

Details of subsequent events are shown in note 34 to the consolidated financial statements.

Five Year Financial 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 page 74 of this report.

Auditors

Messrs. Patrick Ng & Company shall retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment.

On behalf of the Board
Wang Jian Sheg
Chairman

Hong Kong, 30 August 2007

Corporate Governance Report

In the opinion of the board of directors of the Company (the “Board”), the Company has complied with the Code of Corporate Governance Practices (the “Code”) set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the year ended 30 April 2007 except for certain deviations disclosed herein.

Directors’ Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by its directors. Having made specific enquiry, all directors have confirmed that they have fully complied with the required standard set out in the Model Code during the year.

Board of Directors

The Board is responsible for the leadership and control of the Group and oversees the Group’s businesses, strategic decisions and performance. The Board has delegated the day-to-day responsibility to the executive directors and senior management who perform their duties under the leadership of the Chief Executive Officer.

The Board currently consists of four executive directors and three Independent non-executive directors. One of our Independent non-executive directors has relevant financial management expertise required by the Listing Rules.

The Board schedules four meetings a year and also meets as and when required. During the year, the Board held four regular meetings.

The members of the Board and the attendance of each member are as follows:

Directors	**Number of attendance**
Executive Directors	
Mr. Wang Jian Sheng *(Chairman)*	4/4
Mr. Li Qiao Feng	
Mr. Zhang He	4/4
Mr. Chen Shengjie	4/4
Independent Non-executive Directors	
Mr. Wang Guoqi	2/4
Mr. Wang Qihong	2/4
Mr. Wong Sat	2/4

The Company has received annual confirmations of independence from independent non-executive directors and the Company considers them to be independent.

Given the nature and business objective of the Company, the Board has a balance of skill and experience appropriate for the requirements of the business of the Company. The list of directors and their respective biographies are set out on pages 10 to 11 of this annual report respectively.

Chairman and Chief Executive Officer

Mr. Wang Jian Sheng is the Chairman of the Board and Mr. Li Qiao Feng is the Chief Executive Officer ("CEO") of the Company. The roles of the Chairman and the CEO are two distinctively separate positions. The Chairman is responsible for providing leadership for the Board of Directors and ensuring that the Board of Directors works effectively. The CEO is responsible for the Group's business development and management.

Independent Non-executive Directors

Under A.4.1 of the Code, the independent non-executive directors should be appointed for a specific term, subject to re-election. Currently, none of the three Independent Non-executive Directors is appointed for a specific term, but are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Company's Bye-laws.

Remuneration Committee

The Company has established its Remuneration Committee with specific written terms of reference. The Remuneration Committee is responsible for making recommendations to the Board on, among other things, the Company's policy and structure for the remuneration of all directors and senior management of the Company and is delegated by the Board with the responsibility to determine on behalf of the Board the specific remuneration packages for all executive directors and senior management of the Company.

The Remuneration Committee comprises three independent non-executive directors, namely Mr. Wang Guoqi, Mr. Wang Qihong and Mr. Wong Sat. The Remuneration Committee has not held any meeting during the year.

Nomination of Directors

The Company has not established a Nomination Committee. The duties and functions of the Nomination Committee recommended in the Code are performed by the Board collectively with no director being involved in fixing his/her own terms of appointment and no Independent Non-executive Director being involved in assessing his/her own independence.

Auditors' Remuneration

The Company's external auditors are Messrs. Patrick Ng & Company. The audit fee of the Company for the year ended 30 April 2007 was approximate HK$330,000.

Audit Committee

The Audit Committee is responsible for reviewing and supervising the financial reporting process and internal control system of the Group and providing advice and comments to the Board.

During the year, the Audit Committee held two meetings. Members of the Audit Committee and the attendance of each member are as follows:

Directors	Number of attendance
Independent Non-executive Directors	
Mr. Wang Guoqi	2/2
Mr. Wang Qihong	1/2
Mr. Wong Sat	2/2

During the year, the Audit Committee has performed the following duties:

— reviewed with the management and the external auditors the audited financial statements for the year ended 30 April 2007 and the unaudited interim financial statements for the six months ended 31 October 2006, with recommendations to the Board for approval;

— reviewed reports on internal control system covering financial, operational, procedural compliance and risk management functions; and

— reviewed the compliance issues with the regulatory and statutory requirements.

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and the financial statements for the year ended 30 April 2007.

The Chairman of the Audit Committee, Mr. Wong Guoqi, possesses relevant financial management expertise and meets the requirements of rule 3.21 of the Listing Rules.

Accountability

The directors are responsible for the preparation of the accounts of the Group for the relevant accounting periods under applicable statutory and regulatory requirements which give true and fair view of the state of affairs, the results of operations and cash flows of the Group. In preparing the accounts for the six months ended 31 October 2006 and for the year ended 30 April 2007, the directors have adopted suitable accounting policies and applied them consistently. The accounts for the reporting year have been prepared on a going concern basis.

Internal Controls

The Board has, through the Audit Committee, conducted interim and annual review of the effectiveness of the internal control system of the Group covering the financial, operational, procedural compliance and risk management functions. The internal control system is designed to provide reasonable, but not absolute, assurance of no material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievements of the Group's objectives.

Independent Auditors' Report

TO THE SHAREHOLDERS OF
CHINA NATIONAL RESOURCES DEVELOPMENT HOLDINGS LIMITED
(incorporated in the Bermuda with limited liability)

We have audited the consolidated financial statements of China National Resources Development Holdings Limited set out on pages 24 to 73, which comprise the consolidated and company balance sheets as at 30 April 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of the 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 auditors' judgement, 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 auditors consider 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 Company and of the Group as at 30 April 2007 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.

PATRICK NG & COMPANY
Certified Public Accountants

20/F., Hong Kong Trade Centre,
161-167 Des Voeux Road,
Central, Hong Kong,
Hong Kong S.A.R., China

30 August 2007

Consolidated Income Statement

For the year ended 30 April 2007

	Notes	2007 HK$'000	2006 HK$'000
REVENUE	5	**125,001**	76,399
COST OF SALES		**(120,747)**	(75,561)
		4,254	838
OTHER REVENUE	5	**961**	1,383
GENERAL AND ADMINISTRATIVE EXPENSES		**(66,841)**	(8,283)
OPERATING LOSS FOR THE YEAR	7	**(61,626)**	(6,062)
LOSSES ON CHANGES IN FAIR VALUES — Investments held for trading		**—**	(1,246)
FINANCE COSTS	8	**(413)**	(371)
		(62,039)	(7,679)
SHARE OF RESULT OF A JOINTLY CONTROLLED ENTITY		**(441)**	(627)
GAIN ON DISPOSAL OF SUBSIDIARIES	11	**—**	2,700
LOSS FOR THE YEAR		**(62,480)**	(5,606)
		HK cents	*HK cents*
Loss per share — Basic	14	**(2.11)**	(0.29)

Consolidated Balance Sheet

As at 30 April 2007

	Notes	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**96**	124
Jointly controlled entities	17	**29,025**	28,995
		29,121	29,119
CURRENT ASSETS			
Investments held for trading	18	**22,424**	6,660
Trade and other receivables	19	**38,256**	2,906
Cash and bank balances	20	**19,151**	7,825
TOTAL CURRENT ASSETS		**79,831**	17,391
CURRENT LIABILITIES			
Trade and other payables	21	**3,503**	3,388
TOTAL CURRENT LIABILITIES		**3,503**	3,388
NET CURRENT ASSETS		**76,328**	14,003
TOTAL ASSETS LESS CURRENT LIABILITIES		**105,449**	43,122
NON-CURRENT LIABILITIES			
Convertible notes	22	**—**	—
Cumulative redeemable preference shares	23	**110**	69
TOTAL NON-CURRENT LIABILITIES		**110**	69
NET ASSETS		**105,339**	43,053
CAPITAL AND RESERVES			
Share capital	24	**156,086**	104,024
Reserves	26	**(50,747)**	(60,971)
TOTAL EQUITY		**105,339**	43,053

Wang Jian Sheng
Chairman

Li Qiao Feng
Executive Director

Company Balance Sheet

As at 30 April 2007

	Notes	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**96**	124
Subsidiaries	16	**84,835**	45,958
Jointly controlled entities	17	**—**	—
TOTAL NON-CURRENT ASSETS		**84,931**	46,082
CURRENT ASSETS			
Investments held for trading	18	**4,056**	—
Trade and other receivables	19	**1,840**	936
Cash and bank balances	20	**19,004**	146
TOTAL CURRENT ASSETS		**24,900**	1,082
CURRENT LIABILITIES			
Trade and other payables	21	**3,351**	3,292
TOTAL CURRENT LIABILITIES		**3,351**	3,292
NET CURRENT ASSETS /(LIABILITIES)		**21,549**	(2,210)
TOTAL ASSETS LESS CURRENT LIABILITIES		**106,480**	43,872
NON-CURRENT LIABILITIES			
Convertible notes	22	**—**	—
Cumulative redeemable preference shares	23	**110**	69
TOTAL NON-CURRENT LIABILITIES		**110**	69
NET ASSETS		**106,370**	43,803
CAPITAL AND RESERVES			
Share capital	24	**156,086**	104,024
Reserves	26	**(49,716)**	(60,221)
TOTAL EQUITY		**106,370**	43,803

Wang Jian Sheng
Chairman

Li Qiao Feng
Executive Director

Consolidated Statement of Changes in Equity

For the year ended 30 April 2007

	Share capital HK$'000	Share premium HK$'000	Convertible notes reserve HK$'000	Capital redemption reserve HK$'000	Share-based payment reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total equity HK$'000
At 1 May 2005	93,831	754,414	1,331	2,241	—	(39,030)	(773,776)	39,011
Issue of ordinary shares	10,193	—	(1,331)	—	—	—	—	8,862
Exchange differences arising on translation of a jointly controlled entity	—	—	—	—	—	786	—	786
Loss for the year	—	—	—	—	—	—	(5,606)	(5,606)
At 30 April 2006 and 1 May 2006	104,024	754,414	—	2,241	—	(38,244)	(779,382)	43,053
Issue of ordinary shares	52,012	10,402	—	—	—	—	—	62,414
Share issue expenses	—	(461)	—	—	—	—	—	(461)
Recognition of share-based payment	—	—	—	—	62,157	—	—	62,157
Share option exercised	50	366	—	—	(231)	—	—	185
Exchange differences arising on translation of a jointly controlled entity	—	—	—	—	—	471	—	471
Loss for the year	—	—	—	—	—	—	(62,480)	(62,480)
At 30 April 2007	156,086	764,721	—	2,241	61,926	(37,773)	(841,862)	105,339

Consolidated Cash Flow Statement

For the year ended 30 April 2007

	2007	2006
	HK$'000	*HK$'000*
OPERATING ACTIVITIES		
Operating loss for the year	**(62,480)**	(5,606)
Adjustments for:		
Interest income	**(1,995)**	(499)
Finance costs	**413**	371
Gain on disposal of property, plant and equipment	**—**	(165)
Unrealized gain on conversion of convertible notes	**—**	(1,151)
Share-based payment expenses	**62,157**	—
(Gains)/Losses on changes in fair values		
— investments held for trading	**(810)**	1,246
Share of loss of a jointly controlled entity	**441**	627
Gain on disposal of subsidiaries	**—**	(2,700)
Depreciation	**46**	41
Operating loss before changes in working capital	**(2,228)**	(7,836)
Increase in investments held for trading	**(14,954)**	(7,081)
Increase in trade and other receivables	**(35,350)**	(1,332)
Decrease in loan receivables	**—**	14,500
Increase/(decrease) in trade and other payables	**115**	(1,410)
Cash used in operations	**(52,417)**	(3,159)
Interest paid	**(413)**	(371)
Net Cash used in operating activities	**(52,830)**	(3,530)
INVESTING ACTIVITIES		
Interest received	**1,995**	499
Proceeds on disposal of property, plant and equipment	**—**	335
Proceeds on disposal of subsidiaries	**—**	100
Purchase of property, plant and equipment	**(18)**	(26)
Net cash generated from investing activities	**1,977**	908
FINANCING ACTIVITIES		
Net proceeds from issue of ordinary shares and convertible preference shares	**62,179**	—
Net cash generated from financing activities	**62,179**	—
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**11,326**	(2,622)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**7,825**	10,447
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**19,151**	7,825
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**19,151**	7,825

1. Corporate Information

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and Room 2201, Lippo Centre Tower 2, 89 Queensway, Hong Kong respectively.

During the year, the Group was involved in the following principal activities:

— Corporate investment and trading in securities; and

— Property investment and management consultancy.

In the opinion of the directors, as at 30 April 2007 the ultimate holding company is China Times Development Limited ("China Times"), a company incorporated with limited liability under the laws of the British Virgin Islands.

2. Application of New and Revised Hong Kong Financial Reporting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operations and effective for annual reporting periods beginning on 1 April 2006. The adoption of these new and revised Standards and Interpretations did not result in substantial changes to the Group's accounting policies nor have affected the amounts reported for the current or prior years.

The Group has not early applied the following new standards, amendment or interpretations that have been issued but are not yet effective. The directors anticipate that the application of these new standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital Disclosures (1)
HKAS 23 (Revised)	Borrowing Costs (2)
HKFRS 7	Financial Instruments: Disclosures (1)
HKFRS 8	Operating Segments (2)
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives (3)
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment (4)
HK(IFRIC)-Int 11	HKFRS 2-Group and Treasury Share Transactions (5)
HK(IFRIC)-Int 12	Service Concession Arrangements (6)

2. Application of New and Revised Hong Kong Financial Reporting Standards *(Continued)*

(1) Effective for annual periods beginning on or after 1 January 2007
(2) Effective for annual periods beginning on or after 1 January 2009
(3) Effective for annual periods beginning on or after 1 June 2006
(4) Effective for annual periods beginning on or after 1 November 2006
(5) Effective for annual periods beginning on or after 1 March 2007
(6) Effective for annual periods beginning on or after 1 January 2008

3. Significant Accounting Policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the The Stock Exchange of Hong Kong Limited.

(b) Basis of preparation of financial statements

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments, which are measured at fair value.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries for the year made up to 30 April 2007.

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.

3. Significant Accounting Policies *(Continued)*

(c) Basis of consolidation *(Continued)*

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

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) 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.

(d) Subsidiary

A subsidiary is an enterprise in which the Group has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another enterprise.

Investments in subsidiaries are included in the Company's balance sheet at cost less any impairment loss. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(e) Business combinations

The acquisition of subsidiaries 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 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale, which are recognised and measured at fair value less costs to sell.

3. Significant Accounting Policies *(Continued)*

(e) Business combinations *(Continued)*

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 profit or loss.

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.

(f) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale. Under the equity method, investments in associates 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 associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. 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 profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

3. Significant Accounting Policies *(Continued)*

(g) Joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Where a group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using equity method of accounting, except when the investment is classified as held for sale. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a subsidiary.

Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture.

(h) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary, associate or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill on acquisitions of subsidiaries is presented separately.

3. Significant Accounting Policies *(Continued)*

(h) Goodwill *(Continued)*

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Gain or loss on the disposal of a subsidiary includes the carrying amount of goodwill relating to the subsidiary.

(i) Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

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

(ii) Income arising from sales of trading securities is recognised on the completion of transfer of risks and rewards of ownership of the investments to the transferee and the legal title being passed.

(iii) Interest income 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 estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(iv) Dividend income is recognized when the shareholder's right to receive payment is established.

3. Significant Accounting Policies *(Continued)*

(j) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, payments made under operating leases net of any incentives received from the lessor are charged to the profit and loss account on a straight line basis over the lease periods.

(k) Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Hong Kong dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

3. Significant Accounting Policies *(Continued)*

(k) Foreign currencies *(Continued)*

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Hong Kong dollars using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(m) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity or paternity leaves are not recognized until the time of leave.

3. Significant Accounting Policies *(Continued)*

(m) Employee benefits *(Continued)*

(ii) Profit sharing and bonus plans

Provision for profit sharing and bonus payments due wholly within twelve months after balances sheet date are recognized as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(iii) Retirement benefit costs

The Group's contributions to the defined contribution retirement scheme set up pursuant to the Hong Kong Mandatory Provident Fund Schemes Ordinance (the "MPF" Scheme) for all qualifying employees are expensed as incurred. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

(iv) Share-based payments

The Group operates equity-settled share-based payments to certain directors, employees and other parties.

Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period with a corresponding increase in a capital reserve within equity, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. The equity amount is recognized in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained earnings).

Fair value is measured using the Binomial Option Pricing Model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

3. Significant Accounting Policies *(Continued)*

(n) Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes 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 financial statements and the corresponding tax base 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 profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, 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 profits 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 in the period when the liability is settled or the asset is realized, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

3. Significant Accounting Policies *(Continued)*

(o) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of property, plant and equipment over their estimated useful lives, using the straight-line method. The principal annual rates are as follows:

Furniture, fixtures and equipment	15%
Motor vehicles	25%

An item of property, plant and equipment is derecognized 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 income statement in the year in which the item is derecognized.

(p) Impairment of tangible and intangible assets excluding goodwill

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. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease.

3. Significant Accounting Policies *(Continued)*

(p) Impairment of tangible and intangible assets excluding goodwill *(Continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) 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 recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(q) Financial instruments

Financial assets and financial liabilities are recognised in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument.

(i) Trade receivables

Trade receivables are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

(ii) Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs.

3. Significant Accounting Policies *(Continued)*

(q) Financial instruments *(Continued)*

(ii) Investments *(Continued)*

At subsequent reporting dates, debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. 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 investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Investments other than held-to-maturity debt securities are classified as either investments held for trading or as available-for-sale, and are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the profit or loss for the period. Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

(iii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3. Significant Accounting Policies *(Continued)*

(q) Financial instruments *(Continued)*

(iv) Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an 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. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(v) Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see above).

(vi) Convertible loan notes

Convertible loan notes that consist of a liability and an equity components are regarded as compound instruments. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible loan notes and the fair value assigned to the liability component, representing the embedded option for the holder to convert the loan note into equity of the Group, is included in equity (capital reserves).

Issue costs are apportioned between the liability and equity components of the convertible loan notes based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly to equity.

The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the convertible loan note.

3. Significant Accounting Policies *(Continued)*

(q) Financial instruments *(Continued)*

(vii) Trade payables

Trade payables are subsequently measured at amortised cost, using the effective interest rate method.

(viii) Equity instruments

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

(r) Provisions and contingent liabilities

Provisions are recognized for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3. Significant Accounting Policies *(Continued)*

(s) Related parties

A party is considered to be related to the Group if:

(i) The party, directly or indirectly through one or more intermediaries, (1) controls, is controlled by, or is under common control with, the Group; (2) has an interest in the Group that gives it significant influence over the Group; or (3) has joint control over the Group;

(ii) The party is an associate;

(iii) The party is a jointly-controlled entity;

(iv) The party is a member of the key management personnel of the Group or its parent;

(v) The party is a close member of the family of any individual referred to in (i) or (iv); or

(vi) The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides, with directly or indirectly, any individual referred to in (iv) or (v).

(t) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

3. Significant Accounting Policies *(Continued)*

(t) Segment reporting *(Continued)*

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between Group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowing, tax balances, corporate and financing expenses.

4. Critical Accounting Estimates and Judgements

In preparing these financial statements, management is required to exercise significant judgements in the selection and application of accounting principles, including making estimates and assumptions. The following is a review of the more significant accounting policies that are impacted by judgements and uncertainties and for which different amounts may be reported under a different set of conditions or using different assumptions.

Estimated recoverability of trade and other receivables

The Group's management determines the provision for impairment of trade and other receivables based on an assessment of the recoverability of the receivables. This assessment is based on the credit history of its customers and other debtors and the current market condition, and requires the use of judgments and estimates. Management reassesses the provision at each balance sheet date.

Valuation of share options

Share option expense is subject to the limitations of the option pricing models adopted and the uncertainty in estimates used by management in the assumptions. Should the estimates including limited early exercise behaviour, expected interval and frequency of open exercise periods in the share option life and the relevant parameters of the share option model be changed, there would be material changes in the amount of share option benefits recognised in the income statement and share-based payment reserve.

5. Revenue

(a) An analysis of the Group's revenue for the year is as follows:

	2007	2006
	HK$'000	*HK$'000*
Corporate investment and trading in securities	**122,917**	76,131
Other interest income	**1,995**	215
Dividend income	**89**	53
	125,001	76,399

(b) An analysis of the Group's other revenue for the year is as follows:

	2007	2006
	HK$'000	*HK$'000*
Gain on revaluation of securities	**810**	—
Miscellaneous income	**151**	67
Gain on disposal of property, plant and equipment	**—**	165
Unrealised gain on conversion of preference shares	**—**	1,151
	961	1,383

6. Business and Geographical Segments

(i) Business segments

The following continuing operations are the basis on which the Group reports its primary segment information. There are no sales or other transactions between the business segments.

2007
Income statement

	Property investment and management consultancy *HK$'000*	Corporate investment and trading in securities *HK$'000*	Total for continuing operations *HK$'000*
Revenue	—	122,917	122,917
Segment results from continuing operations	—	806	806
Unallocated corporate income			62
Unallocated corporate expenses			(62,494)
Share of loss of a jointly controlled entity			(441)
Finance costs			(413)
Gain on disposal of subsidiaries			—
Loss for the year			(62,480)

6. Business and Geographical Segments *(Continued)*

(i) Business segments *(Continued)*

Other information

	Property investment and management consultancy *HK$'000*	Corporate investment and trading in securities *HK$'000*	Total *HK$'000*
Capital expenditure	—	18	18
Depreciation	—	46	46
Impairment loss on trade receivables	—	—	—
Gain on disposal of property, plant and equipment	—	—	—

2007

Balance sheet

	Property investment and management consultancy *HK$'000*	Corporate investment and trading in securities *HK$'000*	Total *HK$'000*
Assets			
Segment assets	—	79,886	79,886
Unallocated assets			29,066
Total assets			108,952
Liabilities			
Segment liabilities	—	3,479	3,479
Unallocated liabilities			134
Total liabilities			3,613

6. Business and Geographical Segments *(Continued)*

(i) Business segments *(Continued)*

2006
Income statement

	Property investment and management consultancy *HK$'000*	Corporate investment and trading in securities *HK$'000*	Total for continuing operations *HK$'000*
Revenue	—	76,131	76,131
Segment results from continuing operations	(6,447)	631	(5,816)
Unallocated corporate income			1,372
Unallocated corporate expenses			(1,618)
Share of loss of a jointly controlled entity			(627)
Loss on changes in fair values — investments held for trading			(1,246)
Finance costs			(371)
Gain on disposal of subsidiaries			2,700
Loss for the year			(5,606)

Other information

	Property investment and management consultancy *HK$'000*	Corporate investment and trading in securities *HK$'000*	Total *HK$'000*
Capital expenditure	26	—	26
Depreciation	41	—	41
Impairment loss on trade receivables	18	—	18
Gain on disposal of property, plant and equipment	165	—	165

6. Business and Geographical Segments *(Continued)*

(i) Business segments *(Continued)*

2006
Balance sheet

	Property investment and management consultancy *HK$'000*	Corporate investment and trading in securities *HK$'000*	Total *HK$'000*
Assets			
Segment assets	829	8,996	9,825
Unallocated assets			36,685
Total assets			46,510
Liabilities			
Segment liabilities	3,361	8	3,369
Unallocated liabilities			88
Total liabilities			3,457

(ii) Geographical segments

No geographical segment information of the Group is shown as the Group's operations, turnover by geographical market and assets are wholly located in Hong Kong and the People's Republic of China ("PRC").

7. Operating Loss for the Year

Operating loss of the Group for the year has been arrived at after charging the followings:

	2007 **HK$'000**	2006 HK$'000
Staff costs (including directors' remuneration — note 9):		
Salaries and allowances	**1,269**	1,353
Share-based payments *(note a)*	**3,917**	—
Other staff costs	**70**	36
Mandatory provident fund contributions	**19**	42
	5,275	1,431
Depreciation	**46**	41
Auditors' remuneration	**387**	341
Operating leases on land and buildings	**662**	369
Share-based payments-consultants *(note a)*	**58,240**	—

Note a:

During the year, share-based payments arising from share options granted to directors, employees and consultants of the Group recognized as expenses in the consolidated income statement are as follows:

	2007 **HK$'000**	2006 HK$'000
Directors' emolument	**3,451**	—
Staff costs	**466**	—
Professional fees	**58,240**	—
	62,157	—

8. Finance Costs

	2007 **HK$'000**	2006 HK$'000
Interest on other loans	**407**	241
Interest on convertible notes	**—**	122
Dividends on cumulative redeemable preference shares *(note 13)*	**6**	8
	413	371

9. Directors' and Five Highest Paid Employees' Emoluments

(i) Directors' emoluments

2007

		Other emoluments			
	Fees	Salaries and other benefits	Employee share option benefits	MPF contribution	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive Directors					
Wang Jian Sheng	—	—	—	—	—
Li Qiao Feng	—	180	1,800	—	1,980
Zhang He	—	390	1,270	—	1,660
Chen Shengjie	—	—	—	—	—
Independent Non-executive Directors					
Wang Guoqi	—	30	127	—	157
Wang Qihong	—	—	127	—	127
Wang Sat	—	—	127	—	127
	—	600	3,451	—	4,051

9. Directors' and Five Highest Paid Employees' Emoluments *(Continued)*

(i) Directors' emoluments *(Continued)*

2006

		Other emoluments			
	Fees	Salaries and other benefits	Employee share option benefits	MPF contribution	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive Directors					
Li Qiao Feng	—	—	—	—	—
Zhang He	90	140	—	—	230
Seto Man Fai	135	—	—	—	135
Li Yi	—	—	—	—	—
Tsoi Chi Keung	—	—	—	—	—
Chen Shengjie	—	—	—	—	—
Independent Non-executive Directors					
Wang Guoqi	—	—	—	—	—
Wang Qihong	—	—	—	—	—
Wang Sat	—	—	—	—	—
	225	140	—	—	365

9. Directors' and Five Highest Paid Employees' Emoluments *(Continued)*

(ii) Five highest paid employees

During the year, the five highest paid individuals included three directors (2006: two), details of whose emoluments are set out above. The emoluments of the remaining highest paid individual were as follows:

	2007	2006
	HK$'000	*HK$'000*
Salaries and allowances	**637**	736
Retirement benefits scheme contributions	**19**	22
Employee share-based payment	**466**	—
	1,122	758

Emoluments of the non-director highest paid individuals fell within the following bands:

	Number of individuals	
	2007	2006
HK$Nil to HK$1,000,000	**2**	3

10. Taxation

No provision for Hong Kong profits tax has been made as the Group has no assessable profits arising in or derived from Hong Kong during the year (2006: Nil). No provision for overseas income taxes has been made as the Group's operation in these countries was operating at a loss during the year (2006: Nil).

The taxation on the Group's loss for the year differs from the theoretical amount that would arise using the transaction rate of 17.5% (2006: 17.5%) is as follows:

	2007	2006
	HK$'000	*HK$'000*
Loss for the year	**(62,480)**	(5,606)
Taxation at the rate of 17.5%	**(10,934)**	(981)
Income not taxable	**(684)**	(295)
Tax effect of expenses not deductible for taxation purpose	**10,910**	450
Tax effect of temporary differences not recognized for the year	**2**	39
Tax effect of estimated tax losses not recognized for the year	**706**	787
	—	—

11. Disposal of Subsidiaries

On 1 March 2006, The Group disposed of some of its subsidiaries, namely, Success Luck Limited, Success Honest Group Limited, Advance Victory Investments Limited, Keung Tai Holdings Limited, Sino Forward International Limited and Great Shanghai Investments (Holdings) Limited.

The results of the disposed subsidiaries for the period from 1 May 2005 to 28 February 2006 are as follows:

	Period ended 28 February 2006 *HK$'000*
Turnover	140
Cost of sales	(92)
Other revenue	6
Administrative expenses	(2,338)
Loss for the period	(2,284)

The carrying amounts of the assets and liabilities of these subsidiaries at the date of disposal were as follows:

	28 February 2006 *HK$'000*
Trading securities	612
Trade and other receivables	554
Trade and other payables	(3,766)
	(2,600)
Gain on disposal	2,700
Total consideration	100
Satisfied by:	
Cash	100
Net cash inflow arising on disposal	
Cash consideration received	100

In last year, these subsidiaries contributed HK$239,000 to the Group's net operating cash flow and paid HK$239,000 in respect of financing activities.

12. Loss for the Year

The loss attributable to shareholders is dealt with in the accounts of the Company to the extent of a loss of HK$61,686,000 (2006: HK$5,202,000)

13. Dividends on Cumulative Redeemable Preference Shares

	2007	2006
	HK$'000	*HK$'000*
Preference dividends		
Payable of HK$0.151 per share on 16,485 shares (2006: HK$0.151 on 41,990 shares)	**3**	7
Payable of HK$0.149 per share on 16,485 shares (2006: HK$0.149 on 10,990 shares)	**3**	1
	6	8

14. Loss per Share

The basic loss per share is calculated based on the loss attributable to shareholders of HK$62,480,000 (2006: HK$5,606,000) and the weighted average number of 2,958,315,554 (2006: 1,955,556,995) ordinary shares in issue during the year.

The diluted loss per share for the years ended 30 April 2007 and 30 April 2006 has not been disclosed as the potential shares arising from the exercise and conversion of the Company's share options, convertible notes and convertible preference shares would decrease the loss per share of the Group for the year and is regarded as anti-dilutive.

15. Property, Plant and Equipment

Group and Company

	Furniture, Fixtures, and Equipment *HK$'000*	Motor Vehicle *HK$'000*	Total *HK$'000*
Cost			
At 1 May 2005	193	226	419
Additions	26	—	26
Disposals	—	(226)	(226)
At 30 April 2006 and at 1 May 2006	219	—	219
Additions	18	—	18
At 30 April 2007	237	—	237
Accumulated depreciation and impairment losses			
At 1 May 2005	54	56	110
Charge for the year	41	—	41
Written back on disposal	—	(56)	(56)
At 30 April 2006 and at 1 May 2006	95	—	95
Charge for the year	46	—	46
At 30 April 2007	141	—	141
Net carrying amount			
At 30 April 2007	96	—	96
At 30 April 2006	124	—	124

16. Subsidiaries

	Company	
	2007	2006
	HK$'000	*HK$'000*
Unlisted shares, at cost	**—**	—
Amounts due from subsidiaries	**118,283**	80,282
Amounts due to subsidiaries	**—**	(876)
	118,283	79,406
Allowances for impairment losses	**(33,448)**	(33,448)
	84,835	45,958

The amounts due from/(to) subsidiaries are unsecured, interest free and have no fixed terms of repayment.

Details of principal subsidiaries as at 30 April 2007, which materially affected the Group's results or net assets, are set out in note 32.

17. Jointly Controlled Entities

	Group		Company	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Share of net assets/(liabilities)	**(40,965)**	(40,995)	**—**	—
Amounts due from jointly controlled entities	**136,311**	136,311	**16,301**	16,301
Amounts due to jointly controlled entities	**(20)**	(20)	**—**	—
Allowances for impairment losses	**(66,301)**	(66,301)	**(16,301)**	(16,301)
	29,025	28,995	**—**	—

The directors consider that the carrying amount of the jointly controlled entities approximates their fair value.

17. Jointly Controlled Entities

Details of jointly controlled entity of the Group at the balance sheet date are as follows:

(a) (i) The Group entered into a joint venture agreement through two of the company's indirect wholly owned subsidiaries, namely Trade Epoch International Limited and China Valley Investments Limited, to establish a jointly controlled entity, 中環資源再生開發利用有限公司(「中環資源再生」), a company incorporated and operated in PRC. The Group's interest in the jointly controlled entity represents 60.78% interest in the registered capital of 中環資源再生, which is principally engaged in trading of recycling materials and investment holdings .

The Group's interest in 中環資源再生 has not been accounted for as a subsidiary of the Company as according to the terms of the joint venture agreement, 中環資源再生 is subject to joint control resulting in none of the participating parties having unilateral control over the economic activity of the jointly controlled entity. Accordingly, the equity method of accounting is used to account for the Group's interest in this jointly controlled entity.

(ii) Extracts of the audited financial information regarding 中環資源再生 are set out below:

	2007 ***HK$'000***	2006 *HK$'000*
Revenue	**1,406**	660
Loss for the year	**723**	1,031
Loss from ordinary activities before taxation	**723**	1,031
Loss from ordinary activities before taxation attributable to the Group	**441**	627
Financial position		
Non-current assets	**19,902**	19,595
Current assets	**31,710**	31,783
Current liabilities	**(2,843)**	(2,668)
Non-current liabilities	**(1,015)**	(1,007)
Net assets	**47,754**	47,703
Net assets attributable to the Group	**29,025**	28,995

17. Jointly Controlled Entities *(Continued)*

(b) Apart from the foregoing, there are other jointly controlled entities, of which their major operations have been under receivership since 2002, as follows:

Company	Place of Incorporation/ operation	Principal activities	Attributable equity interest
Yetcome Investments Limited	British Virgin Islands	Investments holding	33%
T & T Properties Sdn. Bhd	Malaysia	Property development	33%
Prizevest Sdn. Bhd	Malaysia	Property development	23%
Top Priority Sdn. Bhd.	Malaysia	Property development	23%
Victec Enterprise Sdn. Bhd.	Malaysia	Property development	23%

Equity accounting for the Group's interests in all these jointly controlled entities has been discontinued since 2004 as the operations of these entities had ceased and Receivers were appointed. The carrying amounts of these jointly controlled entities have been fully impaired.

The amounts due from/(to) these jointly controlled entities are unsecured, interest free and have no fixed terms of repayment.

18. Investments

	Group		Company	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Investments held for trading — at fair value	**22,424**	6,660	**4,056**	—

The investments included above represent investments in listed equity securities that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of these securities are based on quoted market prices.

19. Trade and other Receivables

	Group		Company	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade receivables	**36,760**	2,333	**—**	—
Other receivables	**160**	27	**536**	515
Prepayments and deposits	**1,336**	546	**1,304**	421
	38,256	2,906	**1,840**	936

The aging analysis of trade receivables is as follows:

	Group		Company	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
0 — 3 months	**36,760**	2,333	**—**	—

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

20. Cash and Bank Balances

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

21. Trade and other Payables

	Group		Company	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade payables	**—**	—	**—**	—
Temporary deposits, accruals and other payables	**3,503**	3,388	**3,351**	3,292
	3,503	3,388	**3,351**	3,292

The aging analysis of trade payable is as follows:

	Group		Company	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
0 — 3 months	**—**	—	**—**	—

The directors consider that the carrying amount of trade and other payables approximates their fair value.

22. Convertible Notes

	Group and Company	
	2007	2006
	HK$'000	*HK$'000*
Liability component at the beginning of the year	**—**	9,820
Interest expenses	**—**	302
Interest paid	**—**	(122)
Conversion of convertible notes	**—**	(10,000)
Liability component at the end of the year	**—**	—

22. Convertible Notes *(Continued)*

(i) The convertible notes matured on the third anniversary date from the date of 16 December 2002 on which they were issued by the Company. The convertible notes bore interest at the rate of 2% per annum payable semi-annually in arrear. The whole of the principal amount of each convertible note of HK$1,000,000 was converted into ordinary shares of the Company by the holder of the convertible notes on 9 December 2005.

(ii) The fair values of the liability component and the equity conversion component of the convertible notes were determined at the date of issuance of the notes.

(iii) The fair value of the liability component was calculated using a market interest rate for an equivalent non-convertible notes. The residue amount, representing the value of the equity conversion component, was included in reserves.

(iv) Interest expense on the convertible notes was calculated using the effective interest method by applying the effective interest rate of 5% to the liability component.

23. Cumulative Redeemable Preference Shares

	No. of shares	Amount *HK$'000*
Authorised:		
6% Convertible cumulative redeemable preference shares of HK$1 each	100,000,000	100,000
Issued and fully paid:		
Balance at 1 May 2005	41,990	262
Conversion of cumulative redeemable preference shares	(31,000)	(193)
Balance at 30 April 2006 and at 1 May 2006	10,990	69
Issue of cumulative redeemable preference shares	5,495	41
Balance at 30 April 2007	16,485	110

During the year, 5,495 convertible cumulative redeemable preference shares ("CPS") were issued on the basis of one offer CPS for every two CPS held on 18 May 2006 at a subscription price of HK$7.50 per CPS pursuant to the open offer as contained in the Circular dated 1 June 2006.

A holder of the convertible cumulative redeemable preference shares ("CPS") is entitled to receive a fixed cumulative preferential dividend at the rate of 6% per annum on the notional value of HK$5 per CPS to be paid half-yearly on 30 June and 31 December in each year.

23. Cumulative Redeemable Preference Shares *(Continued)*

A holder of the CPS may convert his shares held at any time into Ordinary Shares at the conversion price of HK$0.036 per share, subject to adjustment.

The CPS may be redeemed by the holders of the CPS at any time after 30 June 1996 at a redemption price per share equal to the notional value plus accrued dividend.

The Company has the option to redeem all or some of the CPS at any time at the notional value of the CPS if the average of the closing prices of the Ordinary Share quoted on the Stock Exchange over the preceding 30 consecutive dealing days ending on the seventh day prior to the date upon which notice of redemption is given is greater than or equal to 150% of the conversion price in effect on such seventh day.

24. Share Capital

	Number of shares	**Amount**
		HK$'000
Authorised:		
Ordinary shares of HK$0.05 each		
Balance at 1 May 2005 and at 30 April 2006	4,000,000,000	200,000
Increase in share capital	26,000,000,000	1,300,000
Balance at 30 April 2007	30,000,000,000	1,500,000
Issued and fully paid:		
Ordinary shares of HK$0.05 each		
Balance at 1 May 2005	1,876,612,818	93,831
Issue of shares upon conversion of preference shares	3,875,000	193
Issue of shares upon conversion of convertible notes	200,000,000	10,000
Balance at 30 April 2006 and at 1 May 2006	2,080,487,818	104,024
Issue of shares	1,040,243,909	52,012
Share options exercised	1,000,000	50
Balance at 30 April 2007	3,121,731,727	156,086

24. Share Capital *(Continued)*

During the year, the movements in ordinary share capital were as follows:

(i) On 12 February 2007, the authorized ordinary share capital of the company was increased from HK$200,000,000 to HK$1,500,000,000 by the creation of 26,000,000,000 ordinary shares of HK$0.05 at par value each;

(ii) 1,040,243,909 ordinary shares were issued on the basis of one offer share for every two shares held on 18 May 2006 at subscription price of HK$0.06 per share pursuant to the open offer as contained in the Circular dated 1 June 2006; and

(iii) The subscription rights attaching to 1,000,000 share options issued pursuant to the share option scheme of the Company were exercised at the subscription price of HK$0.185 per share, resulting in the issue of 1,000,000 shares of HK$0.05 each for a total cash consideration of approximately HK$185,000.

(iv) All of the above new shares rank pari passu with the then existing shares in all respects.

25. Share Options Scheme

The Company's share options scheme was adopted by the Company on 13 October 2003 (the "Scheme") for the purpose of enabling the Company to grant options to selected participants as incentives or rewards for their contribution to the Group. Under the Scheme, the Board of Directors of the Company may, at it's discretion, invite eligible participants (as contained in the Company's circular of 19 September 2003) to take up options to subscribe for shares of the Company. The principal terms of the Scheme are as follows:

(i) The maximum number of shares in respect of which options may be granted under the Scheme must not, in aggregate, exceed 10% of the issued share capital of the Company as at the date of approval of the Scheme, unless approval of the shareholders has been obtained to renew the limit, and which must not in aggregate (including all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Group) exceed 30% of the shares of the Company in issue from time to time.

(ii) The number of shares in respect of which options may be granted to any individual in any 12-month period must not exceed 1% of the shares of the Company in issue as at the date of grant.

25. Share Options Scheme *(Continued)*

(iii) The exercise price is determined by the Board in its absolute discretion at a price not less than the highest of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a trading day; (b) the average closing prices of the shares of the Company as stated in the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the date of grant; and (c) the nominal value of share.

(iv) An option may be accepted by a proposed grantee within 7 days from the date of the offer of grant of the option. There is no minimum period for which an option must be held before it can be exercised. An option may be exercised at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of ten years from that date.

(v) Upon acceptance of the option, the grantee shall pay of HK$1.00 to the Company by way of consideration for the grant of the option.

(vi) The Scheme will remain valid for a period of 10 years commencing on October 2003, being the date on which it was adopted.

Details of the movement of the share options during the year under the Scheme are as follows:

	Date of Grant	Exercise price *HK$*	Exercise period	At 1 May 2006	Granted during the year	Exercised during the year	Cancelled during the year	At 30 April 2007
Director	23 November 2006	0.107	23.11.2006-6.11.2016	—	19,500,000	—	—	19,500,000
	7 December 2006	0.185	7.12.2006-28.11.2016	—	15,000,000	—	—	15,000,000
Other employees	23 November 2006	0.107	23.11.2006-6.11.2016	—	5,500,000	—	—	5,500,000
Consultants	23 November 2006	0.107	23.11.2006-6.11.2016	—	21,686,381	—	—	21,686,381
	7 December 2006	0.185	7.12.2006-28.11.2016	—	90,000,000	1,000,000	—	89,000,000
	4 April 2007	0.550	4.4.2007-3.4.2017	—	160,386,791	—	—	160,386,791
					312,073,172	1,000,000	—	311,073,172

Note: All the above share options were granted to directors, employees and consultants of the Group.

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For the year ended 30 April 2007

26. Reserves

Group

	Share premium HK$'000	Convertible notes reserve HK$'000	Capital redemption reserve HK$'000	Share-based payment reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 May 2005	754,414	1,331	2,241	—	(39,030)	(773,776)	(54,820)
Issue of ordinary shares	—	(1,331)	—	—	—	—	(1,331)
Exchange differences arising on translation of a jointly controlled entity	—	—	—	—	786	—	786
Loss for the year	—	—	—	—	—	(5,606)	(5,606)
At 30 April 2006 and 1 May 2006	754,414	—	2,241	—	(38,244)	(779,382)	(60,971)
Issue of ordinary shares	10,402	—	—	—	—	—	10,402
Share issue expenses	(461)	—	—	—	—	—	(461)
Recognition of share-based payment	—	—	—	62,157	—	—	62,157
Share option exercised	366	—	—	(231)	—	—	135
Exchange differences arising on translation of a jointly controlled entity	—	—	—	—	471	—	471
Loss for the year	—	—	—	—	—	(62,480)	(62,480)
At 30 April 2007	**764,721**	**—**	**2,241**	**61,926**	**(37,773)**	**(841,862)**	**(50,747)**

Company

	Share premium HK$'000	Convertible notes reserve HK$'000	Capital redemption reserve HK$'000	Share-based payment reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 May 2005	754,414	1,331	2,241	—	(811,674)	(53,688)
Conversion of preference shares	—	(1,331)	—	—	—	(1,331)
Loss for the year	—	—	—	—	(5,202)	(5,202)
At 30 April 2006 and 1 May 2006	754,414	—	2,241	—	(816,876)	(60,221)
Issue of ordinary shares	10,402	—	—	—	—	10,402
Share issue expenses	(461)	—	—	—	—	(461)
Recognition of share-based payment	—	—	—	62,115	—	62,115
Share option exercised	366	—	—	(231)	—	135
Loss for the year	—	—	—	—	(61,686)	(61,686)
At 30 April 2007	**764,721**	**—**	**2,241**	**61,884**	**(878,562)**	**(49,716)**

At the balance sheet date, the Company had no reserves available for distribution to shareholders (2006: Nil).

27. Deferred Taxation

Deferred tax (liability)/asset has not been recognized in respect of the following items:

	Group		Company	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Taxable temporary differences	**(21)**	70	**(21)**	70
Tax losses	**55,639**	52,379	**55,411**	52,276

The temporary differences arising in connection with interests in joint ventures are insignificant. Tax losses do not expire under current tax legislation.

28. Contingent Liabilities

At the balance sheet date, the Group had no contingent liabilities.

In previous year, the Company entered into letters of guarantee with a financial creditor to provide unlimited corporate guarantee and an aggregate amount not exceeding HK$10,000,000 to its wholly owned subsidiaries to secure general facilities granted to them.

29. Commitments

(a) Capital commitments

The Group did not have any capital commitments at the balance sheet date.

(b) Commitments under operating leases

	Group	
	2007	2006
	HK$'000	*HK$'000*
At the balance sheet date, the Group's future minimum lease payments under non-cancellable operating leases are payable as follows:		
Land and buildings		
— within one year	**254**	215

Operating lease payments represent rental payable by the Group for its office properties.

30. Transactions and Balances with Related Parties

(a) Details of the Group's significant transactions with related parties during the year together with balances with them at the balance sheet date are as follows:

	2007	2006
	HK$'000	*HK$'000*
Jointly controlled entities:		
Balance due from the Group	**20**	20
Balance due to the Group	**136,311**	136,311
Allowances for impairment losses	**(66,301)**	(66,301)

It is opined that the above transactions were entered into on normal commercial terms. The balances are unsecured, interest free and with no fixed repayment terms.

(b) Compensation of key management personnel of the Group.

During the year, there are two key personnel of the Group being executive directors of the Group. Details of remuneration and related benefits are disclosed in note 9.

31. Retirement Benefit Schemes

The Group operates a MPF Scheme for all employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee.

Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions at 5% of relevant payroll costs to the scheme, which contribution is matched by employees. The only obligation of the Group with respect to MPF Scheme is to make the required contributions under the scheme. The contributions arising from the MPF Scheme charged to the profit and loss account represent contributions payable to the fund by the Group at rates specified in the rules of the scheme.

No forfeited contribution is available to reduce the contribution payable in the future years.

32. Particulars of Principal Subsidiaries

Company	Place of incorporation/ operation	Issue and paid up capital	Attributable percentage of shares held Directly	Indirectly	Class of shares held	Principal activities
Ample Year Limited	British Virgin Islands	US$1	100	—	Ordinary	Investment holding
China National Recycling Int'l Limited	Hong Kong	HK$1	—	100	Ordinary	Investment holding
China Valley Investments Limited	Hong Kong	HK$1	—	100	Ordinary	Investment holding
China National Information Resources Holdings Limited	Hong Kong	HK$2	—	100	Ordinary	Investment holding
China National Resources Investments Limited	Hong Kong	HK$2	—	100	Ordinary	Investment holding
Goldright Finance Limited	British Virgin Islands	US$1	100	—	Ordinary	Securities trading
Great Began Holdings Limited	British Virgin Islands	US$1	100	—	Ordinary	Investment holding
Jetlight Investments Limited	British Virgin Islands	US$1	100	—	Ordinary	Investment holding
Keytrade Investments Limited	British Virgin Islands	US$1	100	—	Ordinary	Securities trading
Sharp Faith Holdings Limited	British Virgin Islands	US$1	—	100	Ordinary	Investment holding
Shinemax Group Limited	British Virgin Islands	US$1	100	—	Ordinary	Investment holding
Trade Epoch International Limited	Hong Kong	HK$1	—	100	Ordinary	Investment holding
Vast Profits Limited	British Virgin Islands	US$3	67	—	Ordinary	Investment holding

33. Financial Risk Management Objectives and Policies

The Group is exposed to a variety of financial risks which result from its operating and investing activities.

Management regularly manage the financial risks of the Group. Because of the simplicity of the financial structure and the current operation of the Group, no major hedging activities are undertaken by management.

The most significant financial risks to which the Group is exposed to are as follows:

(a) Foreign exchange risk

The Group has adopted the Hong Kong dollar as its functional and presentation currency. The jointly controlled entity is operated in the People's Republic of China, and is therefore exposed to foreign exchange risk. However in view of the stable currency policies adopted by the PRC government, the directors consider that the foreign exchange risk is insignificant.

The Group currently does not have a foreign exchange rate hedging policy in respect of commercial transactions denominated in foreign currencies. However, the directors monitors exchange rate exposure and will consider hedging significant exchange rate exposure should the need arise.

(b) Credit risk

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations at 30 April 2007 in relation to each class of recognized financial assets is the carrying amounts of those assets as stated in the consolidated balance sheet. The Group's credit risk is primarily attributable to its trade receivables and amounts due from subsidiaries. In order to minimize credit risk, management reviews the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognized for irrecoverable debts. In this regard, management considers that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks of good standing.

At the balance sheet date, the Group has no significant concentration of credit risk.

34. Events after Year-End Date

(a) The shareholders of the Company have passed an ordinary resolution at a special general meeting held on 16 July 2007 to approve the acquisition of 51% interest in China Reservoir Mining Limited through Ample Year Limited, a wholly owned subsidiary of the Company. Details of the acquisition are contained in the circular dated 29 June 2007.

(b) On 31 July 2007, Profit Jumbo Investment Limited, a wholly owned subsidiary of the Company, entered into a legally binding Framework Agreement in respect of the acquisition of the entire issued share capital of Gold Way Investment International Limited, a company incorporated in Hong Kong. Gold Way Investment International Limited currently owns 55% interest of 新疆匯祥永金礦業有限公司 (Xinjiang Hui Xiang Yong Jin Mining Limited), a company incorporated in the PRC, which holds the mining rights of the WQ(SLB) Mine and exploration rights of the WQ Mine Area located in the Xinjiang Uygur Autonomous Region, the PRC.

35. Approval of Accounts

The accounts were approved and authorized for issue by the board of directors on 30 August 2007.

Financial Summary

For the year ended 30 April 2007

The summarised consolidated results, assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements of the Group, were set out below:

Results

	Year ended 30 April				
	2003	2004	2005	2006	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Revenue	20,798	43,930	49,063	76,399	**125,001**
Operating profit/(loss) after finance costs	685,010	(35,223)	(46,348)	(7,679)	**(62,039)**
Share of results of associates and jointly controlled entities	(4,561)	—	(407)	(627)	**(441)**
Gain on disposal of subsidiaries	—	—	—	2,700	**—**
Profit/(loss) before taxation	680,449	(35,223)	(46,755)	(5,606)	**(62,480)**
Taxation	(5)	—	—	—	**—**
Profit/(loss) after taxation	680,444	(35,223)	(46,755)	(5,606)	**(62,480)**
Minority interests	—	—	—	—	**—**
Profit/(loss) attributable to shareholders	680,444	(35,223)	(46,755)	(5,606)	**(62,480)**

Assets and liabilities

	As at 30 April				
	2003	2004	2005	2006	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Non-current assets	19,469	274	29,145	29,119	**29,121**
Current assets	29,220	120,565	28,512	17,391	**79,831**
Total assets	48,689	120,839	57,657	46,510	**108,952**
Current liabilities	22,372	25,435	8,564	3,388	**3,503**
Non-current liabilities	157,008	19,573	10,082	69	**110**
Total liabilities	179,380	45,008	18,646	3,457	**3,613**
Net assets/(liabilities)	(130,691)	75,831	39,011	43,053	**105,339**