CNRD

China National Resources Development Holdings Limited

中國資源開發集團有限公司

(Stock Code: 00661)

ANNUAL REPORT 2008

Contents

Corporate Information

Board of Directors

Executive Directors:

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

Non-executive Director:

Wang Bao Lin

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 Principle 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 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 2008.

Financial review

During the year under review, the Group recorded a turnover of approximately HK$164 million (2007: HK$125 million), representing an increase of approximately 31% against the prior year. Net loss attributable to shareholders amounted to approximately HK$1,166 million (2007: net loss HK$62.5 million). The reason of loss incurred for the year was due to the impairment losses on goodwill arising on acquisition of 51% interest in China Reservoir Mining Limited (a subsidiary of the Company). Details of acquisition were set out in the circular of the Company dated 29 June 2007. Pursuant to the purchase agreement, the purchase consideration was determined at HK$300 million by the issue of shares of the Company at HK$0.30 per share which represented the fair value on acquisition of 51% interest in China Reservoir Mining Limited.

The Company issued 1,000 million shares to vendors at date of completion of acquisition. However, the value of the shares issued was required to state at the market price HK$1.30 per share at the date of allotment of shares to vendors in accordance with the HKFRS3 Business Combinations. The excess value over the fair value of subsidiary acquired was charged to the income statement as impairment loss.

Final dividend

The Board of Directors does not recommend the payment of a final dividend for the year ended 30 April 2008.

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.

Given the continuing economic growth and accelerated industrialization and urbanization in the PRC as well as the development in the global economy, natural resources are in demand at all times and the Board considers that the demand for natural resources will maintain its growth momentum.

Chairman's Statement

In view of the prospects of the natural resources business, during the year, the Company acquired the following assets as part of the Group's strategy to broaden its business scope and earning base:–

Mining and related businesses

(1) The Mines located in The Republic of Mongolia – the Aleinuer Molybdenum Mine, the Burentsogt Wolfram Mine, the Sala Wolfram Mine and the Tuv Province Wolfram Mine

On 25 September 2007, the Company successfully acquired 51% equity interest in CRML Group with the approval at general meeting. CRML Group and its subsidiaries are mainly engaged in exploration and mining of molybdenum and wolfram. CRML Group holds the mining license or exploration licenses of the Aleinuer Molybdenum Mine, the Burentsogt Wolfram Mine, the Sala Wolfram Mine and the Tuv Province Wolfram Mine in Mongolia. The acquisition was completed in September 2007. Details of the acquisition was disclosed in the circular of the Company dated 29 June 2007.

Aleinuer Molybdenum Mine

The molybdenum mine is an outdoor mine with an average grade of 0.062% and molybdenum resources of 26,000 tonnes, the exploration facilities of which have commenced construction. It is expected that upon commencement of commercial operation in early 2009 following the completion of the construction of the facilities, based on findings of a recent infrastructure exploration exercise, the average ore grade of molybdenum in the mine was found upgraded to above 0.081%. The Aleinuer Molybdenum Mine will have a daily ore processing volume of 5,000 tonnes and an annual output of approximately 2,520 tonnes of 45% molybdenum ore and of 3,100 tonnes of 18% associated copper concentrate. Calculated in accordance with the current market price, the price of 45% molybdenum would be approximately RMB180,000 per tonne. In view of the funding to be provided by Approved Contractor for the design, exploration, construction and mining of the Aleinuer Molybdenum Mine, the directors consider that the Company has sufficient resources to meet the financing requirements for the operation of the Aleinuer Molybdenum Mine in the next couple of years.

Tuv Province Wolfram Mine

In February 2008, the Company obtained a mining license from the Mineral Resources and Petroleum Authority of Mongolia Government for the Tuv Province Wolfram Mine in Outer Mongolia which has already obtained exploration permit. Having secured the 30-year license, the Company plans to soon formally start wolfram mining business.

The Tuv Province Wolfram Mine is about 200 km from the south-west of Ulam Bator City, Outer Mongolia. Spanning more than 2.5 sq.km., it is deemed a medium to large mine containing mainly wolfram and also other metals, and is one of the largest wolfram mines in Mongolia. According to the preliminary exploration by the Company and the examination and approval by Mongolia State Reserve Board, it has been revealed that the Tuv Province Wolfram Mine contains a total wolfram ore reserve of approximately 15,000 tonnes of 0.45% grading on average. The Company has authorized National Academy of Design to organize a feasibility study report on the Tuv Province Wolfram Mine, with the aim to moving effectively toward full scale ore dressing and mining.

The Board of the Company believes that securing the wolfram mining license provides a strong proof to our strengths and well-organized development philosophy. Currently, all our mines are operating smoothly and delivering satisfactory performance.

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

(2) The Xinjiang silver and copper mining project located in Xinjiang Uyghur Autonomous Region, the PRC

Another remarkable mining acquisition undertaken by the Company is the Xinjiang silver and copper mining project located in Xinjiang, the PRC.

Chairman's Statement

On 19 November 2007, Profit Jumbo Investment Ltd ("Profit Jumbo"), a wholly owned subsidiary of the Company, entered into an acquisition agreement with independent third parties ("the Vendors") in respect of an acquisition of the entire issued share capital of each of Fuken Investments Limited ("Fuken Investments"), Golden Brand Investments Limited ("Golden Brand Investments") and Giant Strong International Limited ("Giant Strong") from the Vendors. Fuken Investments, Golden Brand Investments and Giant Strong own 80%, 14% and 6% of issued share capital of Gold Way Investment International Limited ("Gold Way Investment") respectively. Gold Way Investment currently owns 55% interest of Xinjiang Mining (Xinjiang Hui Xiang Yong Jin Mining Ltd which is held as to 55% by Gold Way Investment and as to 45% by Xinjiang Kam Hui Geology Mining Ltd, an independent third party) which holds the mining rights of the WQ(SLB) Mine and the exploration rights of the Sa Re West Copper Mine, the Sa Re South Copper Mine and the Guo En De Copper Mine located in the Xinjiang Uygur Autonomous Region, the PRC.

Xinjiang Mining has already completed the exploration and obtained the mining right for the WQ(SLB) Mine. The WQ(SLB) Mine has a copper and silver mine area of approximately 1.02 kilometers. With reference to a survey report of the WQ(SLB) Mine dated 3 December 2007 as prepared by CNFMRGS, on-site exploration works on the WQ(SLB) Mine can be traced back to year 1960, in which the Department of Land and Resources of Xinjiang Uygur Autonomous Region has indicated in its preliminary report that the reserves of copper in the WQ Mine Area is expected to be approximately 1,800 tonnes. Based on on-site exploration works conducted by CNFMRGS in 2007, the proven reserves of copper and silver of the WQ(SLB) Mine are more than 320,000 tonnes and 420 tonnes respectively.

The WQ(SLB) Mine has already commenced trial commercial mining and refining operations. It is expected that when the first phase of the mining and processing facilities of the WQ(SLB) Mine commences its production, with a daily processing capacity of approximately 3,500 tonnes of ores and an annual production capacity of approximately 39,099 tonnes of copper concentrates (representing output of approximately 9,775 tonnes of copper and approximately 8 tonnes of silver), will commence commercial operation by 2009.

Xinjiang Mining has also obtained exploration licences for the Sa Re West Copper Mine, the Sa Re South Copper Mine and the Guo En De Copper Mine. As stated in the exploration licences, the Sa Re West Copper Mine, the Sa Re South Copper Mine and the Guo En De Copper Mine cover an aggregate exploration area of approximately 38 square kilometers. Details of the acquisition was disclosed in the circular of the Company dated 31 January 2008.

The acquisition was completed in February 2008 and marked a further step towards the Company's business in the investment and development in mining industry in the PRC.

(3) Mining related business

Apart from smooth progress reported for all its mining projects, the Company has been actively seeking cooperation opportunities with other large professional enterprises in the hope of speeding up development of its natural mineral resources business. Reference is made to the announcement of the Company dated 2 April 2008 in relation to the proposed acquisition of 51% equity interest in Beijing Oriental Yanjing Mining Engineering Company Limited ("the Target Company"). The Target Company is carrying out the business of mining engineering design in the PRC. The valuation report and legal opinion on the proposed acquisition have been obtained. Negotiation on details of the acquisition has been undergoing.

The Board has decided that the Group should be focused on the mining business in the PRC for its future prospects and considers that the proposed acquisition will consolidate the foundation of the core business of the Group. The Board expects that the proposed acquisition will generate a synergic effect to the Group in that it can leverage on the expertise of the professional team of the Target Company in mining engineering design.

Prospect

During 2007, China had repeatedly raised the deposit reserve ratio and the lending interest rates, with the monetary policy changed from a stable one to a considerably tightening one. The national economy demonstrated a sound trend of rapid growth, optimized structure and increased efficiency, with a GDP growth of 11.4% over the previous year. Yearly fixed asset investments of the society at large increase of 24.8% over the previous year to approximately RMB13,720 billion, with the growth rate representing a 0.9 percentage-point increase. Yearly investments in property development amounted to approximately RMB253 billion, up 30.2% over the previous year which represents a growth rate of 8.4% percentage-points. The driven impact of investment on the national economy remained significant.

Given the continuing increase in the demand and application of resources of molybdenum, wolfram, silver and copper, the Company is confident that the investment in mining and related businesses will produce considerable return to the Company in the future. The Group will continue its search for the other opportunities in order to build a portfolio of strong mining business with an emphasis on high value added products.

Equity

The Company's issued and fully paid share capital as at 30 April 2008 amount to approximately HK$25,758,397 divided into 5,151,679,552 ordinary shares of HK$0.05 each.

Liquidity and financial resources

As at 30 April 2008, the Group's current ratio was 12.8, based on the current assets of HK$155 million and current liabilities of HK$12 million. The Group's gearing ratio was 24%, based on the total liabilities of HK$634 and total assets of HK$2,646 million.

As at 30 April 2008, 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 2008, the Group had neither bank borrowings nor assets pledged to fund/loan providers.

Capital structure

During the year under review,

(i) On 28 September 2007, the Company's issued share capital was increased by HK$50,000,000 as a result of the issue of 1,000,000,000 shares as consideration for the acquisition of the 51% equity interest of China Reservoir Mining Limited. The fair value of the consideration shares as determined by the closing market price of HK$1.30 per share on 28 September 2007 was HK$1,300,000,000. The premium of the issue of new shares amounted to HK$1,250,000,000 was credited to the Company's share premium account.

(ii) On 29 February 2008, the Company's issued share capital was increased by HK$4,500,000 as a result of the issue of 900,000,000 shares as consideration for the acquisition of the entire issued share capital of each of Fuken Investments Limited, Golden Brand Investments Limited and Giant Strong International Limited. The fair value of the consideration shares as determined by the closing market price of HK$0.68 per share on 29 February 2008 was HK$612,000,000. The premium of the issue of new shares amounted to HK$357,210,000 was credited to the Company's share premium account.

(iii) During the year, 129,947,825 shares of HK$0.05 each were issued as a result of exercise of share options.

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

(1) On 27 March 2007, Ample Year Limited, a wholly-owned subsidiary of the Company, entered into an agreement with the Vendors (Sherryknoll Enterprises Limited, Kalagate Limited and Choronell Limited), pursuant to which the Company has conditionally agreed to acquire an aggregate of 51% equity interest in China Reservoir Mining Limited, a company incorporated in British Virgin Islands, for a total consideration of HK$300 million. The consideration for the acquisition was satisfied by the issue of the consideration shares at HK$0.30 per share to the Vendors. The acquisition was completed on 25 September 2007. Details of the acquisition was disclosed in the circular of the Company dated 29 June 2007.

(2) On 19 November 2007, Profit Jumbo Investment Limited, a wholly-owned subsidiary of the Company, entered into an acquisition agreement with the Vendors (Mr. Chen Liang, Mr. Lu Jian Yang and Mr. Hon Hak Ka) pursuant to which Profit Jumbo Investment Limited has conditionally agreed to acquired the Sale Shares and Sale Loan for an aggregate acquisition consideration of up to HK$1,452 million, which comprises the initial acquisition consideration of HK$1,136 million and the additional acquisition consideration of up to HK$316 million. The initial acquisition consideration was satisfied as to (i) HK$1,106 million by the issue of 700,000,000 new shares upon the acquisition completion to the Vendors by the Company for the partial settlement of the initial acquisition consideration; and (ii) HK$30 million by way of set-off of the amount of the disposal of Sale Shares and Sale Loan of Great Began Holdings Limited and Sharp Faith Holdings Limited (subsidiaries of the Company). The additional acquisition consideration was satisfied by the issue of 200,000,000 new shares. The acquisition was completed in Feb 2008. Details of the acquisition was disclosed in the circular of the Company dated 31 January 2008.

Contingent liabilities

As at 30 April 2008, the Group had no contingent liabilities.

Employees, Remuneration Policy and Share Option Scheme

As at 30 April 2008, the Group had 75 employees (2007: 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.

Chairman's Statement

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, 28 August 2008

Report of the Directors

The Board of Directors (the "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 2008.

Principal Activities

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

An analysis of the Group's revenue and loss for the year by principal activity for the year ended 30 April 2008 is set out in notes 5 to the consolidated financial statement

Results and Appropriations

The results of the Group for the year end 30 April 2008 are set out in the consolidated income statement on page 28.

The Board does not recommend the payment of a final dividend for the year ended 30 April 2008 (2007: Nil). No interim dividend was declared during the year (2007: Nil).

Details of the preference divided 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 25 and 26 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 27 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 purchase attributable to the Group's five largest suppliers were less than 30% of the Group's total purchase 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)*
Mr. Li Qiao Feng *(CEO)*
Mr. Zhang He
Mr. Chen Shengjie *(Deputy Chairman)* (resigned on 13 September 2007)

Non-executive Director

Mr. Wang Bao Lin (appointed on 13 September 2007)

Independent non-executive directors

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

In accordance with bye-law number 86(2) of the Company's bye-laws ("Bye-Laws"), Messrs. Wang Bao Lin, Wang Qihong and Wang Guoqi 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. Wang Bao Lin, Wang Qihong and Wang Guoqi 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 53, 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. Li Qiao Feng, aged 37, 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 47, is an executive director. Mr. Zhang has over 20 years of experience in the aspects of finance/accounting and corporate management. Prior to 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.

Non-executive Director

Mr. Wang Bao Lin, aged 61, is the non-executive director of the Company. Mr. Wang graduated from 西安冶金學院. He worked as the engineer, deputy head and head of mechanic department of China No. 4 Metallurgical Construction Corporation from 1970 to 1986. He worked as the manager of Jordan branch office and the manager of Iraq office of 中國有色對外工程公司 from 1986 to 1990 and then as the deputy general manager and general manager of 中國有色對外工程公司 from 1990 to 1997. From 1997 to 2004, he worked as the general manager and secretary of 中色建設集團公司, the general manager of China Non-ferrous Metal Industry's Foreign Engineering and Construction Co Ltd, an A-share listed company in the PRC. Mr. Wang has assumed important leading positions in nonferrous metal construction industry in the PRC for years. He has worked in the nonferrous metal industry for 35 years with experience in nonferrous metal mining, investment and construction in over ten countries such as Mongolia, Jordan and Iraq.

Independent Non-executive Directors

Mr. Wang Guoqi, aged 47 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 53, 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 43, 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. Wang 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 material interest, whether directly or indirectly, subsisted at the year ended or at any time during the year.

Directors' Interests in Securities

As at 30 April 2008, 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 Exchanged") 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 *(Note1)*	Beneficial owner	6,330,000 Shares	0.12%
Zhang He	Beneficial owner	6,000,000 Shares	0.11%
Wang Qihong	Beneficial owner	500,000 Shares	0.01%
Wong Sat	Beneficial owner	600,000 Shares	0.01%
Wang Guoqi	Beneficial owner	600,000 Shares	0.01%
Wang Jian Sheng *(Note 2)*	Controlled corporation	1,552,116,988 Shares	30.12%
		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 Development Ltd,, 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	9,000,000 Shares
Zhang He	Beneficial owner	9,000,000 Shares
Wang Qihong	Beneficial owner	900,000 Shares
Wong Sat	Beneficial owner	900,000 Shares
Wang Guoqi	Beneficial owner	900,000 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 the share option scheme of the Company.

Save as disclosed above, none of the Directors, chief executives or 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 option 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/lapsed during the year	No. of options outstanding at 30 April 2008
Directors			
– Li Qiao Feng	15,000,000	6,000,000	9,000,000
– Zhang He	15,000,000	6,000,000	9,000,000
– Wang Guoqi	1,500,000	600,000	900,000
– Wang Qihong	1,500,000	600,000	900,000
– Wong Sat	1,500,000	600,000	900,000
Employees and others	276,573,172	116,147,825	160,425,347
Total	311,073,172	129,947,825	181,125,347

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$0.560	HK$0.560

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

Substantial Shareholders' Interest in Securities

As at 30 April 2008, 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 register 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	1,552,116,988 Shares	30.12% *(Note 3)*
Mr. Wang Jian Sheng *(Note 1)*	Controlled corporation	1,552,116,988 Shares	30.12% *(Note 3)*
Choronell Ltd. *(Note 2)*	Beneficial owner	210,000,000 Shares	4.07% *(Note 3)*
Li Xuemei *(Note 2)*	Controlled corporation	210,000,000 Shares	4.07% *(Note 3)*
Kalagate Limited *(Note 4)*	Beneficial owner	400,000,000 Shares	7.76% *(Note 3)*
Zhang Chao *(Note 4)*	Controlled corporation	400,000,000 Shares	7.76% *(Note 3)*
Sherryknoll Enterprises Limited *(Note 5)*	Beneficial owner	390,000,000 Shares	7.57% *(Note 3)*
Yang Hui *(Note 5)*	Controlled corporation	390,000,000 Shares	7.57% *(Note 3)*
Mr. Chen Liang	Beneficial owner	484,541,772 Shares	9.40% *(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 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 5,151,679,552 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 or 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 2008.

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 has 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 report, the Company has maintained the prescribed public float under the Listing Rules.

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 92 of this report.

Auditors

Messrs. Patrick Ng & Company shall retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment in name of NCN CPA Limited which was incorporated to carry on the office of Messrs. Patrick Ng & Company, as auditors.

On behalf of the Board
Wang Jian Sheng
Chairman

Hong Kong, 28 August 2008

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 2008 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 during the year.

Board of Directors

The Board is responsible for the leadership and control of the Group and oversees the Group's business, 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 three executive directors, one non-executive director 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 meeting 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	4/4
Mr. Zhang He	4/4
Mr. Chen Shenjie (resigned on 13 September 2007)	1/1
Non-Executive Director	
Mr. Wang Bao Lin (appointed on 13 September 2007)	1/3
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 13 to 14 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.

Auditor's Remuneration

The Company's external auditors are Patrick Ng & Company. The audit fee of the Company for the year ended 30 April 2008 was approximately HK$742,000.

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	2/2
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 2008 and the unaudited interim financial statements for the six months ended 31 October 2007, 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 2008.

The Chairman of the Audit Committee, Mr. Wang 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 2007 and for the year ended 30 April 2008, 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, though the Audit Committee, conducted interim and annual review of the effectiveness of the internal 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 28 to 91, which comprise the consolidated and company balance sheets as at 30 April 2008, 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 2008 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

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

28 August 2008

Consolidated Income Statement

For the year ended 30 April 2008

	Notes	2008 HK$'000	2007 HK$'000
REVENUE	5	**164,330**	125,001
COST OF SALES		**(142,248)**	(120,747)
		22,082	4,254
OTHER REVENUE	5	**1,733**	961
GENERAL AND ADMINISTRATIVE EXPENSES		**(1,183,864)**	(66,841)
OPERATING LOSS FOR THE YEAR	7	**(1,160,049)**	(61,626)
LOSSES ON CHANGES IN FAIR VALUES – Investments held for trading		**(9,110)**	–
FINANCE COSTS	8	**(452)**	(413)
		(1,169,611)	(62,039)
SHARE OF RESULT OF A JOINTLY CONTROLLED ENTITY		**135**	(441)
GAIN ON DISPOSAL OF A JOINTLY CONTROLLED ENTITY		**4,493**	–
LOSS BEFORE TAX		**(1,164,983)**	(62,480)
INCOME TAX	10	**(1,901)**	–
LOSS FOR THE YEAR		**(1,166,884)**	(62,480)
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Equity holders of the Company		**(1,165,896)**	(62,480)
Minority interests		**(988)**	–
		(1,166,884)	(62,480)
		HK cents	*HK cents*
Loss per share – Basic	14	**(29.50)**	(2.11)

Consolidated Balance Sheet

As at 30 April 2008

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**2,455**	96
Jointly controlled entities	19	**–**	29,025
Mining rights	16	**2,488,859**	–
		2,491,314	29,121
CURRENT ASSETS			
Investments held for trading	20	**33,704**	22,424
Trade and other receivables	21	**80,509**	38,256
Cash and bank balances	22	**40,869**	19,151
TOTAL CURRENT ASSETS		**155,082**	79,831
CURRENT LIABILITIES			
Bank overdraft – unsecured		**187**	–
Trade and other payables	23	**10,028**	3,503
Tax payable		**1,901**	–
TOTAL CURRENT LIABILITIES		**12,116**	3,503
NET CURRENT ASSETS		**142,966**	76,328
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,634,280**	105,449
NON-CURRENT LIABILITIES			
Cumulative redeemable preference shares	24	**110**	110
Deferred tax liabilities	28	**622,214**	–
TOTAL NON-CURRENT LIABILITIES		**622,324**	110
NET ASSETS		**2,011,956**	105,339
CAPITAL AND RESERVES			
Share capital	25	**257,584**	156,086
Reserves	27	**690,425**	(50,747)
Equity attributable to shareholders of company		**948,009**	105,339
Minority interests		**1,063,947**	–
TOTAL EQUITY		**2,011,956**	105,339

Wang Jian Sheng
Chairman

Li Qiao Feng
Executive Director

Company Balance Sheet

As at 30 April 2008

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**92**	96
Subsidiaries	18	**2,019,415**	84,835
Jointly controlled entities	19	**–**	–
TOTAL NON-CURRENT ASSETS		**2,019,507**	84,931
CURRENT ASSETS			
Investments held for trading	20	**4,445**	4,056
Trade and other receivables	21	**1,133**	1,840
Cash and bank balances	22	**36,027**	19,004
TOTAL CURRENT ASSETS		**41,605**	24,900
CURRENT LIABILITIES			
Trade and other payables	23	**4,153**	3,351
TOTAL CURRENT LIABILITIES		**4,153**	3,351
NET CURRENT ASSETS		**37,452**	21,549
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,056,959**	106,480
NON-CURRENT LIABILITIES			
Cumulative redeemable preference shares	24	**110**	110
TOTAL NON-CURRENT LIABILITIES		**110**	110
NET ASSETS		**2,056,849**	106,370
CAPITAL AND RESERVES			
Share capital	25	**257,584**	156,086
Reserves	27	**1,799,265**	(49,716)
TOTAL EQUITY		**2,056,849**	106,370

Wang Jian Sheng
Chairman

Li Qiao Feng
Executive Director

Consolidated Statement of Changes in Equity

For the year ended 30 April 2008

	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Share-based payment reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 May 2006	104,024	754,414	2,241	–	(38,244)	(779,382)	43,053	–	43,053
Issue of ordinary shares	52,012	10,402	–	–	–	–	62,414	–	62,414
Share issue expenses	–	(461)	–	–	–	–	(461)	–	(461)
Recognition of share-based Payment	–	–	–	62,157	–	–	62,157	–	62,157
Share option exercised	50	366	–	(231)	–	–	185	–	185
Exchange differences arising on translation of a jointly controlled entity	–	–	–	–	471	–	471	–	471
Loss for the year	–	–	–	–	–	(62,480)	(62,480)	–	(62,480)
At 30 April 2007 and 1 May 2007	156,086	764,721	2,241	61,926	(37,773)	(841,862)	105,339	–	105,339
Issue of ordinary Shares	95,000	1,817,000	–	–	–	–	1,912,000	–	1,912,000
Recognition of share-based Payment	–	–	–	50,826	–	–	50,826	–	50,826
Share option exercised	6,498	88,824	–	(48,615)	–	–	46,707	–	46,707
Minority interests arising on acquisition of interests in subsidiaries	–	–	–	–	–	–	–	1,064,935	1,064,935
Exchange differences arising on acquisition of subsidiaries	–	–	–	–	290	–	290	–	290
Disposal of jointly controlled entity	–	–	–	–	(1,257)	–	(1,257)	–	(1,257)
Loss for the year	–	–	–	–	–	(1,165,896)	(1,165,896)	(988)	(1,166,884)
At 30 April 2008	**257,584**	**2,670,545**	**2,241**	**64,137**	**(38,740)**	**(2,007,758)**	**948,009**	**1,063,947**	**2,011,956**

Consolidated Cash Flow Statement

For the year ended 30 April 2008

	2008 *HK$'000*	2007 *HK$'000*
OPERATING ACTIVITIES		
Operating loss for the year	**(1,164,983)**	(62,480)
Adjustments for:		
Interest income	**(651)**	(1,995)
Finance costs	**452**	413
Impairment loss on goodwill	**1,117,030**	–
Share-based payment expenses	**50,826**	62,157
Losses/(gains) on changes in fair values		
– investments held for trading	**9,110**	(810)
Share of result of a jointly controlled entity	**(135)**	441
Gain on disposal of jointly controlled entity	**(4,493)**	–
Depreciation	**125**	46
Operating profit/(loss) before changes in working capital	**7,281**	(2,228)
Increase in investments held for trading	**(20,390)**	(14,954)
Increase in trade and other receivables	**(21,853)**	(35,350)
Increase in trade and other payables	**1,156**	115
Exchange adjustments	**246**	–
Minority interest	**237**	–
Cash used in operations	**(33,323)**	(52,417)
Interest paid	**(452)**	(413)
Net cash used in operating activities	**(33,775)**	(52,830)
INVESTING ACTIVITIES		
Interest received	**651**	1,995
Acquisition of subsidiaries *(note 12)*	**8,167**	–
Net proceed from disposal of jointly controlled entity	**45**	–
Purchase of property, plant and equipment	**(265)**	(18)
Net cash generated from investing activities	**8,598**	1,977
FINANCING ACTIVITIES		
Net proceeds from issue of ordinary shares and convertible preference shares	**46,708**	62,179
Net cash generated from financing activities	**46,708**	62,179
INCREASE IN CASH AND CASH EQUIVALENTS	**21,531**	11,326
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**19,151**	7,825
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**40,682**	19,151
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**40,869**	19,151
Bank overdraft	**(187)**	–
	40,682	19,151

Notes to the Consolidated Financial Statements

For the year ended 30 April 2008

1. CORPORATE INFORMATION

The Company was 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;

- Property investment and management consultancy; and

- Mineral exploration.

In the opinion of the directors, as at 30 April 2008 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 May 2007. The adoption of these new and revised Standards or 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 and revised standards or interpretations that have been issued but are not yet effective. The directors are in the process of making an assessment of the expected impact of these new and revised standards or interpretations upon initial application and so far consider that the application of these new standards or interpretations will have no material impact on the results and the financial position of the Group.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

HKAS 1 (Revised)	Presentation of Financial Statements [3]
HKAS 23 (Revised)	Borrowing Costs [3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [4]
HKAS 32 & 1, Amendments	Puttable Financial Instruments and Obligations arising on Liquidation [3]
HKFRS 2 Amendment	Share-based Payment – Vesting Conditions and Cancellations [3]
HKFRS 3 (Revised)	Business Combinations [4]
HKFRS 8	Operating Segments [3]
HK(IFRIC)-Int 12	Service Concession Arrangements [1]
HK(IFRIC)-Int 13	Customer Loyalty Arrangements [2]
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction [1]

(1) *Effective for annual periods beginning on or after 1 January 2008*
(2) *Effective for annual periods beginning on or after 1 July 2008*
(3) *Effective for annual periods beginning on or after 1 January 2009*
(4) *Effective for annual periods beginning on or after 1 July 2009*

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(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 2008.

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

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

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

Minority interests in the net assets of consolidated subsidiaries are 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.

Investment in subsidiaries is included in the Company's balance sheet at cost less any impairment losses, unless it is classified as held for sale. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(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.

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 and jointly controlled entities

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A jointly controlled entity is an entity which operates under a contractual arrangement between the Group and other parties, where the contractual arrangement establishes that the Group and one or more of the other parties share joint control over the economic activity of the entity.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Associates and jointly controlled entities *(Continued)*

An investment in an associate or a jointly controlled entity is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post-acquisition change in the Group's share of the associate's or the jointly controlled entity's net assets, unless it is classified as held for sale. The consolidated income statement includes the Group's share of the post-acquisition, post-tax results of the associates and jointly controlled entities for the year, including any impairment loss on goodwill relating to the investment in associates and jointly controlled entities recognised for the year.

When the Group's share of losses exceeds its interest in the associate or the jointly controlled entity, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or the jointly controlled entity. For this purpose, the Group's interest in the associate or the jointly controlled entity is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the jointly controlled entity.

Unrealised profits and losses resulting from transactions between the Group and its associates and jointly controlled entities are eliminated to the extent of the Group's interest in the associate or jointly controlled entity, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

In the Company's balance sheet, investment in associates and jointly controlled entities is stated at cost less impairment losses, unless it is classified as held for sale.

(g) Goodwill

Goodwill arising on an acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiary at the date of acquisition. Goodwill arising on an acquisition of an associate or a jointly controlled entity represents the excess of the cost of the acquisition over the Group's share of the relevant associate's or jointly controlled entity's net assets at the date of acquisition.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Goodwill *(Continued)*

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

On subsequent disposal of a subsidiary, an associate or a jointly controlled entity, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

(h) Revenue recognition

Revenue, which is measured at the fair value of the consideration received or receivable, is recognised when it is probable that the economic benefits will flow to the Group and 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Revenue recognition *(Continued)*

(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 recognised when the shareholder's right to receive payment is established.

(i) Leases

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

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis. Interest in leasehold land is amortised over the lease term on a straight-line basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Foreign currencies *(Continued)*

Goodwill and fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate prevailing on the balance sheet date. Exchange differences arising are included in the translation reserve.

(k) 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.

(l) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised 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 recognised until the time of leave.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Employee benefits *(Continued)*

(ii) Profit sharing and bonus plans

Provision for profit sharing and bonus payments due wholly within twelve months after balance sheet date are recognised 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 recognised 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 behavioral considerations.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) 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.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2008

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) 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%
Plant and machineries	15%

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

(o) Mining right

Mining rights are stated at cost less accumulated amortisation and accumulated impairment losses and are amortised on a straight line basis over the shorter of their useful life based on the total proven and probable reserves of the mines or contractual period of the right using the straight-line method.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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 recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under other standard, in which case the impairment loss is treated as revaluation decrease under other standard.

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

Impairment losses recognised in an interim financial report prepared in compliance with “HKAS 34 Interim Financial Reporting” are not reversed at the end of the financial year to which the interim period relates even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of that financial year.

(q) Financial instruments

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Financial instruments *(Continued)*

(i) Financial assets

The Group's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognized and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

(1) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated as at fair value through profit or loss on initial recognition.

A financial asset is classified as held for trading if:

– it has been acquired principally for the purpose of selling in the near future; or

– it is a part of and identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

– it is a derivative that is not designated and effective as a hedging instrument.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Financial instruments *(Continued)*

(i) Financial assets (Continued)

(1) Financial assets at fair value through profit or loss. (Continued)

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

– such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

– the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

– it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Financial instruments *(Continued)*

(i) Financial assets (Continued)

(2) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade receivables, loan receivables, other receivables and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses.

(3) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. At each balance sheet date subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any identified impairment losses.

(4) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Financial instruments *(Continued)*

(i) Financial assets (Continued)

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

(ii) Financial liabilities

The Group's financial liabilities are generally classified into financial liabilities at fair value through profit or loss and other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

(1) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss has two subcategories, including financial liabilities held for trading and those designated as at fair value through profit or loss on initial recognition.

A financial liability is classified as held for trading if:

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Financial instruments *(Continued)*

(ii) Financial liabilities (Continued)

(1) Financial liabilities at fair value through profit or loss (Continued)

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

– such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

– the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

– it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

At each balance sheet date subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognized in profit or loss includes any interest paid on the financial liability.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Financial instruments *(Continued)*

(ii) Financial liabilities *(Continued)*

(2) Other financial liabilities

Other financial liabilities (including bank and other borrowings, trade and other payables) are subsequently measured at amortized cost, using the effective interest method.

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

(iii) Convertible bonds

Convertible bonds issued by the Company that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate of similar non-convertible debts. The difference between the proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the conversion option for the holder to convert the convertible bonds into equity, is included in equity (convertible bonds equity reserve).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Financial instruments *(Continued)*

(iii) Convertible bonds *(Continued)*

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds equity reserve until the conversion option is exercised (in which case the balance stated in convertible bonds equity reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible bonds equity reserve will be released to the retained profits. No gain or loss is recognized in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and amortised over the period of the convertible bonds using the effective interest method.

(iv) Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Financial guarantees, provisions and contingent liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. The Group has asserted to regard financial guarantee contracts as insurance contracts and elect to apply "HKFRS 4 Insurance Contracts" to account for such contracts. The election applies to all existing contracts and new contracts on a contract-by-contract basis and is irrevocable for each contract elected.

Provisions are recognised when the Group has a present obligation as a result of a past event, and 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.

Present obligation is disclosed as a contingent liability where it is not probable that an outflow of economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliably. Possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future event(s) is also disclosed as a contingent liability unless the probability of outflow of economic benefits is remote.

(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;

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Related parties *(Continued)*

(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);

(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); or

(vii) The party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) Segment reporting *(Continued)*

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 JUDGMENTS AND ESTIMATES

(a) Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations as discussed below, which have the most significant effect on the amounts recognised in the financial statements.

(i) Impairment of assets

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the Group has to exercise judgment in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES *(Continued)*

(a) Judgments *(Continued)*

(ii) Income taxes

Deferred tax is provided using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for unused tax losses carried forward to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised, based on all available evidence. Recognition primarily involves judgment regarding the future performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all or the deferred tax assets will ultimately be realised, such as the existence of taxable temporary differences, tax planning strategies and the periods in which estimated tax losses can be utilised. The carrying amount of deferred tax assets and related financial models and budgets are reviewed at each balance sheet date and to the extent that there is insufficient convincing evidence that sufficient taxable profits will be available within the utilisation periods to allow utilisation of the carry forward tax losses, the asset balance will be reduced and charged to the income statement.

(b) Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of the Group's assets and liabilities within the next financial year are discussed below.

(i) Impairment test of assets

The Group determines whether an asset is impaired at least on an annual basis or where an indication of impairment exists. This requires an estimation of the value in use of the asset. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES *(Continued)*

(b) Estimation uncertainty *(Continued)*

(ii) Income taxes

The Group reviews the carrying amount of deferred tax assets at each balance sheet date and reduces the amount to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised. This requires an estimation of the future taxable profits. Estimating the future taxable profits requires the Group to make an estimate of the expected future earnings from the Group and also to choose a suitable discount rate in order to calculate the present value of the earnings.

(iii) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account of their estimated residual value. The determination of the useful lives and residual values involve management's estimation. The Group assesses annually the residual value and the useful life of the property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year the estimate is changed and the future period.

(iv) 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.

For the year ended 30 April 2008

5. REVENUE

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

	2008 HK$'000	2007 HK$'000
Sales of marketable securities	163,208	122,917
Other interest income	651	1,995
Dividend income	471	89
	164,330	125,001

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

	2008 HK$'000	2007 HK$'000
Gain on revaluation of securities	–	810
Miscellaneous income	1,732	151
Exchange gain	1	–
	1,733	961

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.

2008
Income statement

	Property investment and management consultancy *HK$'000*	Corporate investment and trading in securities *HK$'000*	Mineral exploration *HK$'000*	Total for continuing operations *HK$'000*
Revenue	–	163,208	14	163,222
Segment results from continuing operations	–	(24,348)	(2,143)	(26,491)
Unallocated corporate income				2,841
Unallocated corporate expenses				(28,478)
Share of result of a jointly controlled entity				135
Finance cost				(452)
Gain on disposal of jointly controlled entity				4,493
Impairment loss on goodwill				(1,117,031)
Income tax expenses				(1,901)
Loss for the year				**(1,166,884)**

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*	Mineral exploration *HK$'000*	Total *HK$'000*
Capital expenditure	–	42	223	265
Depreciation	–	46	79	125

2008
Balance sheet

	Property investment and management consultancy *HK$'000*	Corporate investment and trading in securities *HK$'000*	Mineral exploration *HK$'000*	Total *HK$'000*
Assets				
Segment assets	–	127,803	2,518,562	2,646,365
Unallocated assets				31
Total assets				2,646,396
Liabilities				
Segment liabilities	–	6,191	628,130	634,321
Unallocated liabilities				119
Total liabilities				634,440

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

(i) Business segments *(Continued)*

2007

Income statement

	Property investment and management consultancy *HK$'000*	Corporate investment and trading in securities *HK$'000*	Mineral exploration *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)
Loss for the year				(62,480)

Other information

	Property investment and management consultancy *HK$'000*	Corporate investment and trading in securities *HK$'000*	Mineral exploration *HK$'000*	Total *HK$'000*
Capital expenditure	–	18	–	18
Depreciation	–	46	–	46

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

(i) Business segments *(Continued)*

2007
Balance sheet

	Property investment and management consultancy *HK$'000*	Corporate investment and trading in securities *HK$'000*	Mineral exploration *HK$'000*	Total *HK$'000*
Assets				
Segment assets	–	79,886	–	79,886
Unallocated assets				29,066
Total assets				108,952
Liabilities				
Segment liabilities	–	4,529	–	4,529
Unallocated liabilities				134
Total liabilities				4,663

(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:

	2008 *HK$'000*	2007 *HK$'000*
Staff costs (including directors' remuneration – note 9)		
Salaries and allowances	**1,377**	1,269
Share-based payments *(note a)*	**2,849**	3,917
Other staff costs	**157**	70
Mandatory provident fund contributions	**24**	19
	4,407	5,275
Depreciation	**125**	46
Auditors' remuneration	**742**	387
Operating leases on land and buildings	**799**	662
Share-based payments-consultants *(note a)*	**48,020**	58,240
Impairment losses on goodwill	**1,117,031**	–

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

	2008 *HK$'000*	2007 *HK$'000*
Directors' emolument	**2,478**	3,451
Staff costs	**371**	466
Professional fees	**48,020**	58,240
	50,869	62,157

8. FINANCE COSTS

	2008 *HK$'000*	2007 *HK$'000*
Interest on other loans	**447**	407
Dividends on cumulative redeemable preference shares *(note 13)*	**5**	6
	452	413

For the year ended 30 April 2008

9. DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

(i) Directors' emoluments

2008

		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	–	360	1,315	–	1,675
Zhang He	–	340	895	2	1,237
Chen Shengjie	–	–	–	–	–
Non-Executive Directors					
Wang Bao Lin	–	76	–	–	76
Independent Non-executive Directors					
Wang Guoqi	–	30	90	–	120
Wang Qihong	–	–	89	–	89
Wong Sat	–	–	89	–	89
	–	806	2,478	2	3,286

9. DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS *(Continued)*

(i) Directors' emoluments *(Continued)*

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
Wong Sat	–	–	127	–	127
	–	600	3,451	–	4,051

9. DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS *(Continued)*

(ii) Five highest paid employees

During the year, the five highest paid individuals included four directors (2007: three), details of whose emoluments are set out above. The emoluments of the remaining highest paid individual were as follows:

	2008	2007
	HK$'000	*HK$'000*
Salaries and allowances	**388**	637
Retirement benefits scheme contributions	**12**	19
Employee share-based payment	**298**	466
	698	1,122

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

	Number of individuals	
	2008	2007
HK$ Nil to HK$1,000,000	**1**	2

10. TAXATION

	2008	2007
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**(1,901)**	–
Other jurisdictions	**–**	–
Tax expense for the year	**(1,901)**	–

Provision for Hong Kong profits tax has been made on the estimated assessable profits arising in or derived from Hong Kong during the year (2007: 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 (2007: Nil).

Reconciliation between tax expense and accounting loss for the year is as follows:

	2008	2007
	HK$'000	*HK$'000*
Loss for the year	**(1,166,884)**	(62,480)
Notional tax on loss before tax, calculated at the tax rates applicable to profits in the jurisdictions concerned	**(179,754)**	(10,934)
Tax effect of income not taxable	**(185)**	(684)
Tax effect of expenses not deductible and loss not allowable	**180,695**	10,910
Tax effect of temporary differences not recognised for the year	**(10)**	2
Tax effect of estimated tax losses not recognised for the year	**1,175**	706
Tax effect of utilization of tax loss previously not recognised	**(20)**	–
	1,901	–

11. DISPOSAL OF SUBSIDIARIES

On 29 February, 2008, The Group disposed of its wholly-owned subsidiaries, Great Began Holdings Limited and Sharp Faith Holdings Limited.

An analysis of the financial effects arising on the disposal is follows:

	2008
	HK$'000
Net assets disposed of	
Interests in jointly controlled entities	32,397
Trade and other payables	(46)
	32,351
Satisfied by:	
Set-off against the purchase consideration on acquisition of subsidiary	32,351

12. ACQUISITION OF SUBSIDIARIES

On 25 September, 2007, the Company acquired 51% equity interest in China Reservoir Mining Limited (CRML), at a total consideration of HK$1,300 million satisfied by the issue of 1,000 million ordinary shares. Details of the acquisition are set out in the circular dated 29 June, 2007.

12. ACQUISITION OF SUBSIDIARIES *(Continued)*

On 29 February 2008, the Company acquired 100% equity interest in Fuken Investments Limited, Golden Brand Investments Limited and Giant Strong International Limited (Target Companies), at a total consideration of 1,944,351,000. Details of acquisition are set out in the circular dated 31 January, 2008.

	CRML			Target Companies			
	Acquiree's carrying amount before combination	Fair value adjustment	Fair Value	Acquiree's carrying amount before combination	Fair value adjustment	Fair Value	Total Fair Value
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Net assets acquired:							
Properties, plant and equipment	301	–	301	1,876	–	1,876	2,177
Mining right	–	1,056,111	1,056,111	–	1,432,747	1,432,747	2,488,858
Bank balances and cash	313	–	313	7,854	–	7,854	8,167
Trade and other receivables	48	–	48	20,352	–	20,352	20,400
Trade and other payables	(2,149)	–	(2,149)	(3,219)	–	(3,219)	(5,368)
Deferred tax liabilities	–	(264,028)	(264,028)	–	(358,187)	(358,187)	(622,215)
	(1,487)	792,083	790,596	26,863	1,074,560	1,101,423	1,892,019
Fair value of acquiree's net assets attributable to minority interests			(569,060)			(495,638)	(1,064,698)
Fair value of net assets attributable to interests acquired by the company			221,536			605,785	827,321
Goodwill			1,078,464			38,566	1,117,030
			1,300,000			644,351	1,944,351
Total consideration satisfied by:							
Issue of ordinary shares at fair value			1,300,000			612,000	1,912,000
Net realizable value of subsidiaries			–			32,351	32,351
			1,300,000			644,351	1,944,351
Net cash inflow arising on acquisition of subsidiaries							
Bank balances and cash							8,167

13. DIVIDENDS ON CUMULATIVE REDEEMABLE PREFERENCE SHARES

	2008 **HK$'000**	2007 *HK$'000*
Preference dividends		
Payable of HK$0.151 per share on 16,485 shares (2007: HK$0.151 on 16,485 shares)	**3**	3
Payable of HK$0.149 per share on 16,485 shares (2007: HK$0.149 on 16,485 shares)	**2**	3
	5	6

14. LOSS PER SHARE

The basic loss per share is calculated based on the loss attributable to shareholders of HK$1,165,896,000 (2007: HK$62,480,000) and the weighted average number of 3,952,289,745 (2007: 2,958,315,554) ordinary shares in issue during the year.

The diluted loss per share for the years ended 30 April 2008 and 30 April 2007 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.

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15 PROPERTY, PLANT AND EQUIPMENT

Group

	Furniture, Fixtures, and Equipment	Motor Vehicle	Plant and machineries	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cost				
At 1 May 2006	219	–	–	219
Additions	18	–	–	18
At 30 April 2007 and at 1 May 2007	237	–	–	237
Additions	82	–	183	265
Acquisition of subsidiaries	1,206	1,367	102	2,675
Exchange adjustment	–	12	42	54
At 30 April 2008	1,525	1,379	327	3,231
Accumulated depreciation and impairment losses				
At 1 May 2006	95	–	–	95
Charge for the year	46	–	–	46
At 30 April 2007 and at 1 May 2007	141	–	–	141
Charge for the year	46	79	–	125
Acquisition of subsidiaries	8	442	50	500
Exchange adjustment	–	5	5	10
At 30 April 2008	195	526	55	776
Net carrying amount				
At 30 April 2008	1,330	853	272	2,455
At 30 April 2007	96	–	–	96

For the year ended 30 April 2008

15 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Company

	Furniture, Fixtures, and Equipment HK$'000
Cost	
At 1 May 2006	219
Additions	18
At 30 April 2007 and at 1 May 2007	237
Additions	42
At 30 April 2008	279
Accumulated depreciation and impairment losses	
At 1 May 2006	95
Charge for the year	46
At 30 April 2007 and at 1 May 2007	141
Charge for the year	46
At 30 April 2008	187
Net carrying amount	
At 30 April 2008	92
At 30 April 2007	96

16. MINING RIGHTS

	Total
	HK$'000
Cost	
At 1 May 2007	–
Additions	2,488,859
At 30 April 2008	2,488,859

No amortization was provided during the year as the Group has not yet commenced to explore the ores.

17. GOODWILL

The amount of goodwill capitalized as assets in the consolidated balance sheet arising from the acquisition of subsidiaries is as follows:–

	2008	2007
	HK$'000	*HK$'000*
Goodwill	**1,117,031**	–
Less: Impairment losses	**(1,117,031)**	–
	–	–

18. SUBSIDIARIES

	Company	
	2008	2007
	HK$'000	*HK$'000*
Unlisted shares, at cost	**612,000**	–
Amounts due from subsidiaries	**1,440,867**	118,283
Amounts due to subsidiaries	**–**	–
	2,052,867	118,283
Allowance for impairment losses	**(33,452)**	(33,448)
	2,019,415	84,835

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 2008, which materially affected the Group's results or net assets, are set out in note 32.

19. JOINTLY CONTROLLED ENTITIES

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Share of net liabilities	**(69,990)**	(40,965)	**–**	–
Amounts due from jointly controlled entities	**136,311**	136,311	**16,301**	16,301
Amounts due to jointly controlled entities	**(20)**	(20)	**–**	–
Allowance for impairment losses	**(66,301)**	(66,301)	**(16,301)**	(16,301)
	–	29,025	**–**	–

19. JOINTLY CONTROLLED ENTITIES *(Continued)*

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.

The Group's interest in 中環資源再生 was disposed of on 29 February 2008. Details of the disposal are set out in note 11.

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

	1 May 2007 to 29 February 2008 *HK$'000*	1 May 2006 to 30 April 2007 *HK$'000*
Revenue	**1,522**	1,406
Profit/loss for the period/year	**252**	(723)
Profit/loss from ordinary activities before taxation	**252**	(723)
Profit/loss from ordinary activities before taxation attributable to the Group	**153**	(441)

Notes to the Consolidated Financial Statements

For the year ended 30 April 2008

19. JOINTLY CONTROLLED ENTITIES *(Continued)*

	At 29 February 2008 HK$'000	At 30 April 2007 HK$'000
Financial position		
Non-current assets	**21,371**	19,902
Current assets	**34,853**	31,710
Current liabilities	**(2,518)**	(2,843)
Non-current liabilities	**(406)**	(1,015)
Net assets	**53,300**	47,754
Net assets attributable to the Group	**32,397**	29,025

(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.

20. INVESTMENTS

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Investments held for trading				
– at fair value	**33,704**	22,424	**4,445**	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.

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade receivables	**–**	36,760	**–**	–
Other receivables	**57,202**	160	**412**	536
Prepayments and deposits	**23,307**	1,336	**721**	1,304
	80,509	38,256	**1,133**	1,840

The aging analysis of trade receivables is as follows:

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
0 – 3 months	**–**	36,760	**–**	–

22. 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.

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade payables	**–**	–	**–**	–
Temporary deposits, accruals and other payables	**10,028**	3,503	**4,153**	3,351
	10,028	3,503	**4,153**	3,351

The aging analysis of trade payable is as follows:

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
0 – 3 months	**–**	–	**–**	–

24. CUMULATIVE REDEEMABLE PREFERENCE SHARES

	Number 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 2006	10,990	69
Issue of cumulative redeemable preference shares	5,495	41
Balance at 30 April 2007 and at 30 April 2008	16,485	110

24. CUMULATIVE REDEEMABLE PREFERENCE SHARES *(Continued)*

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.

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.

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25. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Authorised:		
Ordinary shares of HK$0.05 each		
Balance at 1 May 2006	4,000,000,000	200,000
Increase in share capital	26,000,000,000	1,300,000
Balance at 30 April 2007 and at 30 April 2008	30,000,000,000	1,500,000
Issued and fully paid:		
Ordinary shares of HK$0.05 each		
Balance at 1 May 2006	2,080,487,818	104,024
Shares issued on open offer	1,040,243,909	52,012
Share issued on exercise of options	1,000,000	50
Balance at 30 April 2007 and at 1 May 2007	3,121,731,727	156,086
Shares issued on acquisition of interests in subsidiaries *(note (i) to (ii))*	1,900,000,000	95,000
Share issued on exercise of options *(note (iii))*	129,947,825	6,498
Balance at 30 April 2008	5,151,679,552	257,584

Notes:

(i) On 28 September 2007, the company's issued share capital was increased by HK$50,000,000 as a result of the issue of 1,000,000,000 shares as consideration for the acquisition of the 51% equity interest of China Reservoir Mining Limited. The fair value of the consideration shares as determined by the closing market price of HK$1.30 per share on 28 September 2007 was HK$1,300,000,000. The premium of the issue of new shares amounted to HK$1,250,000,000 was credited to the Company's share premium account.

(ii) On 29 February 2008, the Company's issued share capital was increased by HK$4,500,000 as a result of the issue of 900,000,000 shares as consideration for the acquisition of the entire issued share capital of each of Fuken Investments Limited, Golden Brand Investments Limited and Giant Strong International Limited. The fair value of the consideration shares as determined by the closing market price of HK$0.68 per share on 29 February 2008 was HK$612,000,000. The premium of the issue of new shares amounted to HK$357,210,000 was credited to the Company's share premium account.

(iii) During the year, 129,947,825 shares of HK$0.05 each were issued as a result of exercise of share options.

26. 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.

(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.

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26. SHARE OPTIONS SCHEME *(Continued)*

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 2007	Granted during the year	Exercised during the year	Cancelled during the year	At 30 April 2008
Director	23 November 2006	0.107	23.11.2006 – 6.11.2016	19,500,000	–	(7,800,000)	–	11,700,000
	7 December 2006	0.185	7.12.2006 – 28.11.2016	15,000,000	–	(6,000,000)	–	9,000,000
Other employees	23 November 2006	0.107	23.11.2007 – 6.11.2016	5,500,000	–	(3,700,000)	–	1,800,000
Consultants	23 November 2006	0.107	23.11.2006 – 6.11.2016	21,686,381	–	(10,620,000)	–	11,066,381
	7 December 2006	0.185	7.12.2006 – 28.11.2016	89,000,000	–	(35,000,000)	–	54,000,000
	4 April 2007	0.550	4.4.2007 – 3.4.2017	160,386,791	–	(66,827,825)	–	93,558,966
				311,073,172	–	129,947,825	–	181,125,347

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

27. RESERVES

Group

	Share premium	Capital redemption reserve	Share-based payment reserve	Exchange reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 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 and 1 May 2007	764,721	2,241	61,926	(37,773)	(841,862)	(50,747)
Issue of ordinary shares	1,817,000	–	–	–	–	1,817,000
Recognition of share-based payment	–	–	50,826	–	–	50,826
Share option exercised	88,824	–	(48,615)	–	–	40,209
Exchange difference arising on acquisition of subsidiaries	–	–	–	290	–	290
Disposal of jointly controlled entity	–	–	–	(1,257)	–	(1,257)
Loss for the year	–	–	–	–	(1,165,896)	(1,165,896)
At 30 April 2008	**2,670,545**	**2,241**	**64,137**	**(38,740)**	**(2,007,758)**	**690,425**

For the year ended 30 April 2008

27. RESERVES *(Continued)*

Company

	Share premium HK$'000	Capital redemption reserve HK$'000	Share-based payment reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 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 and 1 May 2007	764,721	2,241	61,884	(878,562)	(49,716)
Issue of ordinary shares	1,817,000	–	–	–	1,817,000
Recognition of share-based payment	–	–	50,868	–	50,868
Share option exercised	88,824	–	(48,615)	–	40,209
Loss for the year	–	–	–	(59,096)	(59,096)
At 30 April 2008	**2,670,545**	**2,241**	**64,137**	**(937,658)**	**1,799,265**

At the balance sheet date, the Company had no reserves available for distribution to shareholders (2007: Nil).

28. DEFERRED TAXATION

(a) The major deferred tax liabilities/(assets) recognised are analysed below:

Group

	Mining right HK$'000
At 1 May 2006, 30 April 2007 and 1 May 2007	–
Charge to reserves for the year	622,215
At 30 April 2008	622,215

28. DEFERRED TAXATION *(Continued)*

(b) The major deferred tax assets/(liabilities) not recognised are analysed below:

Group

	Property, plant and equipment *HK$'000*	Unused tax losses *HK$'000*	Total *HK$'000*
At 1 May 2006	30	9,166	9,196
Net change in deferred tax assets/ (liabilities) not recognised for the year	(34)	553	519
At 30 April 2007 and 1 May 2007	(4)	9,719	9,715
Change in tax rate	1	(556)	(555)
Net change in deferred tax assets/ (liabilities) not recognised for the year	(2)	518	516
At 30 April 2008	**(5)**	**9,681**	**9,676**

Company

	Property, plant and equipment *HK$'000*	Unused tax losses *HK$'000*	Total *HK$'000*
At 1 May 2006	30	9,148	9,178
Net change in deferred tax assets/ (liabilities) not recognised for the year	(34)	549	515
At 30 April 2007 and 1 May 2007	(4)	9,697	9,693
Change in tax rate	1	(554)	(553)
Net change in deferred tax assets/ (liabilities) not recognised for the year	(2)	538	536
At 30 April 2008	**(5)**	**9,681**	**9,676**

29. COMMITMENTS

(a) Capital commitments

	Group	
	2008	2007
	HK$'000	*HK$'000*
At the balance sheet date, the capital commitments outstanding not provided for in the financial statements are as follows:		
Contracted but not provided for:		
Construction of plant and machinery	**3,507**	–

(b) Commitments under operating leases

	Group	
	2008	2007
	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	**304**	254

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:

	2008	2007
	HK$'000	*HK$'000*
Jointly controlled entities:		
Balance due from the Group	–	20
Balance due to the Group	–	136,311
Allowances for impairment losses	–	(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.

For the year ended 30 April 2008

32. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Company	Place of incorporation/ operation	Form of legal entity	Issue and paid up capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company Directly	Indirectly	Principal activities
Ample Year Limited	British Virgin Islands	International business company	US$1	100	–	Investment holding
China National Recycling Int'l Limited	Hong Kong	Limited liability company	HK$1	–	100	Investment holding
China National Information Resources Holdings Limited	Hong Kong	Limited liability company	HK$2	–	100	Investment holding
China National Resources Investments Limited	Hong Kong	Limited liability company	HK$2	–	100	Investment holding
China Reservoir Mining Limited	British Virgin Islands	International business company	US$10,000	–	51	Investment holding
Fuken Investments Limited	British Virgin Islands	International business company	US$1	–	100	Investment holding
Giant Strong International Limited	British Virgin Islands	International business company	US$3	–	100	Investment holding
Gold Way Investment International Limited	Hong Kong	Limited liability company	HK$100	–	100	Investment holding

32. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Company	Place of incorporation/ operation	Form of legal entity	Issue and paid up capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company Directly	Indirectly	Principal activities
Golden Brand Investments Limited	British Virgin Islands	International business company	US$1	–	100	Investment holding
Goldright Finance Limited	British Virgin Islands	International business company	US$1	100	–	Securities trading
Reservoir (Mongolia) Limited	The Republic of Mongolia	Limited liability company	US$10,000	–	51	Mineral exploration
Reservoir Moly Mongolia Limited	The Republic of Mongolia	Limited liability company	US$10,000	–	28	Mineral exploration
Reservoir Tungs Limited	The Republic of Mongolia	Limited liability company	US$10,000	–	33	Mineral exploration
Jetlight Investments Limited	British Virgin Islands	International business company	US$1	100	–	Investment holding
Keytrade Investments Limited	British Virgin Islands	International business company	US$1	100	–	Securities trading
Profit Jumbo Investment Limited	British Virgin Islands	International business company	US$1	100	–	Investment holding

For the year ended 30 April 2008

32. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Company	Place of incorporation/ operation	Form of legal entity	Issue and paid up capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company Directly	Indirectly	Principal activities
Shinemax Group Limited	British Virgin Islands	International business company	US$1	100	–	Investment holding
新疆匯祥永金礦業有限公司	People's Republic of China	Sino-foreign equity joint venture company	RMB29,000,000	–	55	Mineral exploration

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Currency risk

The Group's main operations are in the PRC and have no significant exposure to any specific foreign currency other than Renminbi. The Group's cash and cash equivalents are mainly deposits with major banks located in Hong Kong and the PRC.

Certain trade and other receivables and borrowings of the Group are denominated in Renminbi. The Group currently does not have a foreign currency hedging policy. However, the management does closely monitor foreign exchange exposure and will consider undertaking foreign exchange hedging activities to neutralise the impact of foreign exchange rate movements on the Group's operating results.

(b) Liquidity risk

The Group will consistently implement a prudent liquidity risk management and ensure that it maintains sufficient cash and cash equivalents to meet its liquidity requirements. Banking facilities have also been arranged with different banks in order to fund the liquidity requirements. The management monitors the utilisation of borrowings and ensures compliance with loan covenants.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(c) Fair value and cash flow interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to fair value and cash flow interest risks is minimal as the Group has no significant long-term financial assets and liabilities, as such its income and operating cash flows are substantially independent of changes in market interest rates.

34. CAPITAL DISCLOSURE

The Group's objectives when managing capital are:

(i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

(ii) to provide an adequate return to shareholders.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. No changes were made in the objectives, policies and processes during the years ended 30 April 2007 and 2008.

The Group monitors capital on the basis of gearing ratio, which is calculated as total borrowings over total assets. The Group's strategy is to maintain the gearing ratio at a satisfactory level. The gearing ratio as at 30 April 2008 is 24% (2007: 3%).

35. APPROVAL OF ACCOUNTS

The accounts were approved and authorized for issue by the board of directors on 28 August 2008.

Financial Summary

For the year ended 30 April 2008

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				
	2004	2005	2006	2007	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Revenue	43,930	49,063	76,399	125,001	**164,330**
Operating loss after finance costs	(35,223)	(46,348)	(7,679)	(62,039)	**(1,169,611)**
Share of results of associates and a jointly controlled entities	–	(407)	(627)	(441)	**135**
Gain on disposal of a jointly controlled entity	–	–	–	–	**4,493**
Gain on disposal of subsidiaries	–	–	2,700	–	**–**
Loss before taxation	(35,223)	(46,755)	(5,606)	(62,480)	**(1,164,983)**
Taxation	–	–	–	–	**(1,901)**
Loss after taxation	(35,223)	(46,755)	(5,606)	(62,480)	**(1,166,884)**
Minority interests	–	–	–	–	**988**
Loss attributable to shareholders	(35,223)	(46,755)	(5,606)	(62,480)	**(1,165,896)**

ASSETS AND LIABILITIES

	As at 30 April				
	2004	2005	2006	2007	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Non-current assets	274	29,145	29,119	29,121	**2,491,314**
Current assets	120,565	28,512	17,391	79,831	**155,082**
Total assets	120,839	57,657	46,510	108,952	**2,646,396**
Current liabilities	25,435	8,564	3,388	3,503	**12,116**
Non-current liabilities	19,573	10,082	69	110	**622,324**
Total liabilities	45,008	18,646	3,457	3,613	**634,440**
Net assets	75,831	39,011	43,053	105,339	**2,011,956**