中國大冶有色金屬礦業有限公司
China Daye Non-Ferrous Metals Mining Limited

(formerly known as China National Resources Development Holdings Limited 中國資源開發集團有限公司*)
(Incorporated in Bermuda with limited liability)
(Stock Code: 00661)

Annual Report 2009

* for identification purpose only

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Corporate Information

Board of Directors

Executive Directors:

Wan Bi Qi *(Chairman)*
Zhang He
Chen Xiang
Yuan Ping

Independent Non-executive Directors:

Wang Guoqi
Wang Qihong
Qiu Quan Zhou

Audit Committee

Wang Guoqi
Wang Qihong
Qiu Quan Zhou

Company Secretary

Chan Yim Kum

Solicitors

As to Bermuda law:
Conyers, Dill & Pearman

Auditors

NCN CPA Limited

Banker

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

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head Office and Principal Place of Business

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

Principal Registrar

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

Hong Kong Branch Registrar

TRICOR INVESTOR SERVICES LIMITED
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

Stock Codes

Ordinary shares: 661
Preference shares: 421

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "Board") of China Daye Non-Ferrous Metals Mining 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 2009.

Financial review

During the year under review, the Group recorded a turnover of approximately HK$20 million (2008: HK$164 million), representing a decrease of approximately 87.8% against the prior year. Net loss attributable to shareholders amounted to approximately HK$123 million (2008: net loss HK$1,166 million). The reason of the loss incurred for the year was due to the impairment losses on the valuation of the mining rights of the Group with reference to the valuation report issued by the independent valuer. Since the value of the mining rights as at 30 April 2009 has been dropped compared to that as at 30 April 2008, the impairment loss of HK$433,719,000 was charged to the income statement to reflect the fair value of the mining right.

Business Review and Prospect

Business Review

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

Given the continuing economic growth and accelerated industrialization and urbanization in the PRC, 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

Mining and related businesses

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

(1) The Mines located in the Republic of Mongolia – the Tuv Province Wolfram Mine（中央鎢礦）and the Aleinuer Molybdenum Mine, etc.

During the year, the Company has obtained a mining license from the Mineral Resources and Petroleum Authority of Mongolia Government（蒙古政府礦產石油管理局）for the Tuv Province Wolfram Mine in Outer Mongolia which has already obtained exploration permit. Having secured the 30-year license, the Company will be able to formally start the mining business in the mine.

The Tuv Province Wolfram Mine, located at about 200 km from the south-west of Ulan Bator City, the capital of Mongolia, is a medium to large mine containing mainly wolfram and also other metals. 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 is actively preparing for the future exploitation of the mine.

The Company also owns mining rights to the Aleinuer Molybdenum Mine in Outer Mongolia. Based on the latest exploration, the ore grade of molybdenum in the mine was found upgraded to 0.11% and the total reserve is estimated at 57,000 tonnes. The Company has engaged Changsha Non-ferrous Metals Design Institute to prepare a report on the feasibility study of the exploitation and construction of the mine, and will commence the development and construction of the processing facility in due course.

The Board of the Company believes that securing the mining license of the Tuv Province Wolfram Mine in Outer Mongolia provides a strong proof for the development potential of the mine and our strengths of such development. We are confident about the future exploration and exploitation of the above mines in Outer Mongolia.

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

During the year, the Company made further investment in the Xingjiang Project.

In October 2008, the Company achieved a breakthrough in the Xingjiang Mining Project with the discovery of new exploitable lodes lying at the southeastern of the external of the Mine where precious metals such as gold and molybdenum have been found recently. According to a report by China Non-Ferrous Metals Resource Geological Survey Centre（中國有色金屬礦產地質調查中心）("CNFMRGS") dated October 2008, metallic grades of the respective newly proven metal reserves are as follow: copper: 0.9%; gold: 0.45g/T, molybdenum: 0.04%; while the copper reserve also increases considerably compared to what had been previously disclosed.

According to our further drillings, the Group and the PRC JV Partner, the PRC shareholder of Xinjiang Hui Xiang Yong Jin Mining Ltd (a subsidiary of the Group) are confident with the prospects of the Xinjiang Copper Mines and contributed an additional of RMB10,000,000 from their internal resources for the year ended 30 April 2009.

Chairman's Statement

According to the 2008 report of CNFMRGS, the latest proven reserves of 332+333 copper in the Xinjiang mine is 400,000 tonnes, far more than the previously disclosed level, which represents a surge in value of the Group's mines. And, it has also been confirmed that copper reserve of at least 500,000 tonnes is found in the prospective northern and southern copper belts of the mining area of the Group. That mine also boasts rich derivative precious metal reserves including gold of average grading 0.44%, the highest grading at 0.58%, 11.48g/T silver, and molybdenum of average grading 0.03% and the highest grading at 0.17%, reflecting the high value of the mine.

The Group also found iron ore of average grading 31.21% and the highest at 49.1% in the outer area of the copper mine. The new finding has expanded the variety of metals that the mines can provide.

The latest finding is another achievement for the Group following the discovery of the new exploitable lode at the southeastern of the external of the mine in last October. The finding made the 2008's top four new achievements in geology technology advancement and geological mine searching in the PRC which highlights management's expertise in selecting mines and provides strong support to the Group for pursuing continuous development. Based on the exploration results in 2008 and efforts made so far this year, the Group has high hope that its integrated mine with copper, gold, silver and molybdenum in Xinjiang has another large copper vein, which if confirmed, is going to provide another big boost to the Group's business.

The development of the copper mine invested by the Group at Shalibai（沙里拜）, Uluqat County, Xinjiang was originally scheduled to commence by the end of 2008 and to complete for production by the end of 2009. Since the outbreak of the financial crisis in early 2008, the prices of various non-ferrous metals have been in substantial decline, among which the price of copper has dropped over 65%. If the Company proceeds with the investment under such circumstance, it would be very likely to suffer from a considerable loss. As such, the Group changed and adjusted its investment and construction plan and has engaged Beijing Non-ferrous Metal Design Institute to prepare the feasibility study and the design of the said development. According to the plan, the feasibility study and the design of the development of the mine, the construction of processing facilities with an estimated preliminary production capacity of 3500-4000 tonnes per day is scheduled to complete by the end of 2009; the construction work will commence in early 2010 and upon which completion a trial production will be launched in mid-2011.

Securities trading and investments

During the year, total revenue from corporate investment and trading in securities was approximately HK$20.2 million (2008: HK$163.2 million).

For the year ended 30 April 2009, due to the global crisis on financial markets, the price of the listed securities held by Group dropped throughout the year under review. Accordingly, the Group recorded a loss of approximately HK$23.2 million (2008: HK$24.3 million) arising from the securities trading and investments where, losses on changes in fair value of investments held for trading amounted to approximately HK$4.2 million (2008: HK$9.1 million).

Change of substantial shareholder

The sole shareholder of China Times Development Limited ("China Times"), the holding company of the Company, entered into a framework agreement dated 15 November 2008 ("Framework Agreement") with Hubei Daye Non Ferrous Metals Company ("Daye Non Ferrous"). Pursuant to the Framework Agreement, Daye Non Ferrous would acquire 49.89% equity interest in China Times (representing 15.03% of the total issued share capital of the Company) (the "Acquisition").

The Framework Agreement was officially approved by the State-owned Assets Supervision and Administration Commission ("SASAC") on 18 November 2008. And the official acquisition agreement in relation to the Acquisition was signed between the sole shareholder of China Times and Daye Non Ferrous on 19 November 2008 (the "Official Acquisition Agreement").

The Ministry of Commerce of the People's Republic of China granted the official approval of the Acquisition on 30 March 2009 and the acquisition was completed in April 2009.

Daye Non Ferrous is a copper industry state-owned conglomerate in China and owns one of the five largest raw material production bases of copper in the country. Its integrated business operation covers the whole chain of copper industry from mining, processing, smelting and plating, research and development, design, and trading. In 2008, Daye Non Ferrous achieved a sales income of RMB18.9 billion and had reached a high development level in annual production capacity with 2.40 million tonnes of mine exploration, 3.42 million tonnes of ore processed, 0.4 million tonnes of copper cathodes, 10 tonnes of gold, 300 tonnes of silver, 0.6 million tonnes of sulphuric acid, 0.35 million tonnes of iron concentrates and 0.16 million tonnes of processed copper. Moreover it produced a prescribed amount of precious metal products such as platinum, molybdenum, selenium, lead, nickel and bismuth.

Chairman's Statement

The Acquisition signifies the strong belief of Daye Non Ferrous in the corporate resources and development prospect of the Group. The consideration for the Acquisition was approximately HK$190 million. Also, the original sole shareholder of China Times shall not sign any documents with any other third parties to transfer its equity interest in China Times within 3 years after the completion of the Acquisition.

The Board believes that the Group will greatly benefit from the Acquisition by leveraging on Daye Non Ferrous' expertise and experience in mineral resources exploration, exploitation, processing, management and operation. Daye Non Ferrous participates in the management of the Group and will inject capital and projects into the Group, as well as provides support to enhance the Group's management, operation and technical know-how.

Change of Company Name

Following the aforesaid change of substantial shareholder, on 9 July 2009, the change of the English name of the Company from "China National Resources Development Holdings Limited" to "China Daye Non-Ferrous Metals Mining Limited" and the adoption of the new Chinese name "中國大冶有色金屬礦業有限公司" as the Company's secondary name have become effective.

The Board considers that the Change of Company Name will benefit the Company's future business development as the new English and Chinese names of the Company signify the introduction of Hubei Daye Non Ferrous Metals Company as a substantial shareholder of the Company which will result in an overall upgrade of the Company's business development functions in ore exploration, mining and management operation.

Prospect

Subsequent to the balance sheet date, the mining related business of the Group has been strengthened, according to the latest report issued by CNFMRGS on 24 May 2009, the Company's WQ(SLB) copper mine in Uluqat County, Xinjiang, the PRC is proven to have reserves of copper ore of 63,747,600 tonnes, copper metals of 537,585.90 tonnes and 伴生銀 (associated silver) of 668.13 tonnes (which shows an increase compared to the previously disclosed levels).

Such findings have shown the tremendous potential in the copper mine acquired by the Company, which will enhance the Group's business and its asset value.

In addition, a Strategic Cooperation Agreement was signed between the Company and 新疆有色金屬工業(集團)有限公司 (Xinjiang Non-Ferrous Metals Industry (Holdings) Company Limited) ("Xinjiang Non-Ferrous") on 2 July 2009 (the "Strategic Cooperation Agreement"), pursuant to which, the parties will cooperate in the exploration and mining of non-ferrous metals and precious metals in Xinjiang.

According to the Strategic Cooperation Agreement, the Company and Xinjiang Non-Ferrous will establish a strategy alliance to enable both parties to utilize their respective potential to the fullest extent in exploration and development of non-ferrous metals and precious metals in Xinjiang. The parties will adopt flexible approaches in their future cooperation, for example, (i) Xinjiang Non-Ferrous may provide mineral resources bases and the Company may provide the necessary capital and technical know-how; or (ii) Xinjiang Non-Ferrous may provide mineral resources bases while both parties can jointly inject the necessary capital and technical know-how in the mining projects.

The Board believes that the establishment of the aforesaid strategy alliance between the Company and Xinjiang Non-Ferrous will create a synergy effect that will be beneficial to the Xinjiang mining businesses of the Group and the shareholders of the Company as a whole.

On 5 August 2009, the Company signed another strategic cooperation framework agreement with the Government of Xinjiang Ili Kazakh Autonomous Prefecture of China (hereinafter referred to as the "Ili Government") for the joint development of the non-ferrous metals and mineral resources in Xinjiang.

The agreement provides that the parties thereto shall exchange their respective specialized resources in accordance with government directions and market mechanisms, with an aim to expand and strengthen the non-ferrous metals industry in the Ili area by developing and integrating non-ferrous metals enterprises in the area. The project shall involve, in particular, the integration and development of five metallogenic belts, namely the copper-lead-zinc metallogenic belt in Boluokenu（博羅克努）, the iron-copper metallogenic belt in Awulale（阿吾拉勒）, the copper-lead-zinc polymetallic metallogenic belt in Wusun Mountain-Yishijilike（烏孫山－伊什基里克）, the copper-lead-zinc-muscovite rare metal metallogenic belt in Nalati（那拉提）and the black gold（烏金）non-ferrous metallogenic belt in Haerketa（哈爾克他）. In addition, the parties shall actively develop and exploit the non-ferrous metals resources in the neighbouring countries by capitalizing on the location advantage of Ili.

The Ili Government shall support the cooperation between the parties by means of administration and policies within its legal authority. Based on the current development and exploitation of non-ferrous metals and mineral resources in the area, the Ili Government shall promote resources integration and assist the Company in better deployment of non-ferrous metals and mineral resources in Ili, in order to ensure the smooth running of the Company's future investment projects in Ili and to maximize the exploitation of resources. Under its legal authority, the Ili Government shall ensure the stability and continuity of the relevant policies for facilitating the Company's future projects, and shall give the Company preferential treatment in finance, taxation and land.

Chairman's Statement

The Company will establish and invest in a branch company with legal person status in Ili for mineral resources exploration and mining. Such developments to be carried out by the Company in Ili will generate tax income for the local government and offer job opportunities for the local labour market.

The Company is of the opinion that entering into the strategic cooperation framework agreement with the Ili Government will secure the steady increment in mineral reserve of the Company, which is of material importance to the sustainable development of the Company. The Company believes that it will generate a considerable economic benefit to our investors in the long term.

During the year under review, the PRC Government had lowered the deposit reserve ratio and the lending interest rates, with the monetary policy changed from a considerably tightening one to a more flexible one. The national economy demonstrated a sound trend of growth, optimized structure and increased efficiency, with a GDP growth of 9% over the previous year. Yearly fixed asset investments of the society at large increase of 25.5% over the previous year to approximately RMB17.23 trillion, with the growth rate representing a 0.7 percentage-point increase. The driven impact of investment on the national economy remained significant.

Given the continuing economic growth in China, the Board expects that there will be an 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. In order to further enrich the mining business, the Company is actively considering the proposal to increase the registered capital of Xinjiang Gold Forever Mineral Corporation Limited（新疆匯祥永金礦業有限公司）, of which the Company through its wholly-owned subsidiary Gold Way Investment International Limited holds 55% shares to RMB120,000,000 and discussing the necessary arrangement for the proposal with the joint venture partner. Looking ahead, the Group will continue to strengthen development of its internal resources and fortify its foundation while keeping its eyes on cooperation opportunities conduction to its development in order to build a portfolio of strong mining business with an emphasis on high value added products.

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
Wan Bi Qi
Hong Kong, 21 August 2009

Management Discussion and Analysis

Financial and operating highlights

- Revenue of the Group for 2009 was HK$20.2 million, representing a decrease of HK$144.1 million (or 87.7%) over 2008.

- Loss attribute to equity shareholders of the Company for 2009 was HK$123.3 million, representing a decrease HK$1,042.6 million (or 89.4%) over 2008.

- Basic loss per share for 2009 was HK cents 2.39, representing a decrease of HK cents 27.11 (or 92%) over 2008.

- Total assets decreased from HK$2,646.4 million to HK$2,186.5 million.

Management Discussion and Analysis

Final dividend

The Board of Directors does not recommend the payment of a final dividend for the year ended 30 April 2009.

Equity

The Company's issued and fully paid share capital as at 30 April 2009 amounted to approximately HK$257,583,985 divided into 5,151,679,552 ordinary shares of HK$0.05 each.

Capital structure

During the year, there was no change in the Capital Structure of the Company.

Warrants

During the year, the Company has issued 60,000,000 warrants at an issue price of HK$0.05 per warrant which attaching the rights to subscribe for 60,000,000 ordinary shares of the Company at a subscription price of HK$0.60 per share to a placing agent. Details of placing of warrants are set out in the announcement dated 24 April 2009.

During the year ended 30 April 2009, no warrant has been exercised.

Liquidity and financial resources

As at 30 April 2009, the Group's current ratio was 8.25, based on the current assets of HK$113 million and current liabilities of HK$13.7 million. The Group's gearing ratio was 31.8%, based on the total liabilities of HK$527.6 million and total equity of HK$1,659 million.

As at 30 April 2009, 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 2009, the Group had neither bank borrowings nor assets pledged to fund/loan providers.

Management Discussion and Analysis

Foreign exchange exposure

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

Material Acquisitions and Disposal of Subsidiaries

The Group has not made any material acquisition or disposal of subsidiaries during the year 30 April 2009,

Contingent liabilities

As at 30 April 2009, the Group had no contingent liabilities.

Employees, remuneration policy and share option scheme

As at 30 April 2009, the Group had 53 employees (2008: 75). The remuneration package consists of basic salary, mandatory provident fund, medical insurance, and other benefits considered as appropriate. 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.

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 2009.

Change of Company Name

Pursuant to a special resolution passed at the special general meeting held subsequent to the balance sheet date on 29 June 2009 and an approval by the Registrar of Companies in Bermuda, the change of the English name of the Company from "China National Resources Development Holdings Limited" to "China Daye Non-Ferrous Metals Mining Limited" and the adoption of the new Chinese name "中國大冶有色金屬礦業有限公司" as the Company's secondary name have become effective on 9 July 2009, and the Company has thereafter ceased to use the Chinese name "中國資源開發集團有限公司" for identification purpose.

Principal Activities

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are securities trading and investments, 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 2009 is set out in note 5 to the financial statements.

Results and Appropriations

The results of the Group for the year ended 30 April 2009 are set out in the consolidated income statement on page 32.

The Board does not recommend the payment of a final dividend for the year ended 30 April 2009 (2008: Nil). No interim dividend was declared during the year (2008: Nil).

Details of the preference dividend payable during the year are set out in note 13 to the 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 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 27 and 28 to the financial statements.

Report of the Directors

Reserves

Details of the movements in the reserves of the Company and the Group during the year are set out in note 29 to the 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. Wan Bi Qi *(Chairman)*	(appointed on 20 April 2009)
Mr. Zhang He	
Mr. Chen Xiang	(appointed on 20 April 2009)
Mr. Wang Jian Sheng	(resigned on 20 April 2009)
Mr. Li Qiao Feng	(resigned on 16 April 2009)
Ms. Yuan Ping	(appointed on 20 April 2009)

Non-executive Director

Mr. Wang Bao Lin	(resigned on 20 April 2009)

Independent non-executive directors

Mr. Wang Guoqi	
Mr. Wang Qihong	
Mr. Wong Sat	(resigned on 14 May 2009)
Mr. Qiu Quan Zhou	(appointed on 14 May 2009)

In accordance with the Company's bye-laws and the agreement among the directors, Mr. Wan Bi Qi, Mr. Chen Xiang, Ms. Yuan Ping, Mr. Zhang He and Mr. Qiu Quan Zhou shall retire as directors of the Company at the forthcoming annual general meeting of the Company. The above retiring directors, being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company.

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 independent.

Biographical Details of Directors

Executive Directors

Mr. Wan Bi Qi, aged 44, is an associate professor. Mr. Wan has studied in the Faculties of Geography and Social Science of Central South Industrial University（中南工業大學）; and also the Economics School of Wuhan University. He has been the associate professor, the head of Economics Research Institute and the associate editor of the journal of Hubei Business Institute（湖北商業高等專科學校）(now known as Hubei University of Economics（湖北經濟學院）); the senior manager of investment banking division of China Eagle Securities Company Limited; the deputy general manger of investment banking division of Three Gorges Securities; the general manager of investment banking division of Fortune Securities and Wanlian Securities（萬聯證券）; the deputy general manager of Flying Pace Investment Limited in Hong Kong; and the assistant manager of Daye Non Ferrous Metals Company（大冶有色金屬公司）. Mr. Wan possesses extensive experience in merger and acquisition reorganization, financing through listing and financing for listed firms throughout the years. He has also obtained a degree in engineering, a master degree in philosophy and a doctorate in economics.

Mr. Chen Xiang, aged 40, is an economist and licensed lawyer in PRC. Mr. Chen is a graduate of Wuhan University in law. He was previously a solicitor at 黃石市律師事務所, deputy officer of Daye Non Ferrous Metals Company and secretary to the board of directors of Daye Non Ferrous Metals Company. He principally engaged in areas like material investment and fund raising, merger and acquisition, contract management, dispute management as well as providing legal advice in respect to the material operating decision of senior management. Mr. Chen has 15 years of experience in corporate management, investment, merger and acquisition and legal fields. Mr. Chen obtained a master degree in Law from Wuhan University, corporate lawyer license（公司律師執業證）from Ministry of Justice of the People's Republic of China and qualified secretary to the board certificate（董事會秘書資格證書）from Shanghai Stock Exchange.

Ms. Yuan Ping, aged 40, is an accountant. Ms. Yuan is a graduate of Zhongnan University of Economics and Law in accounting. Ms. Yuan was previously the chief financial officer of Changzhou Dajiang Copper Industry Co.,Ltd（常州市大江銅業有限公司）and deputy officer of the finance department of Daye Non Ferrous Metals Company. Ms. Yuan has 19 years of experience in financial management and investment.

Mr. Zhang He, aged 48, 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.

Independent Non-executive Directors

Mr. Wang Guoqi, aged 48 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 54, 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. Qiu Quan Zhou, aged 60, obtained his bachelor's, master's and doctor's degree of engineering from the Guangdong University of Technology and the Central South University of Technology. Mr. Qiu has gained extensive and practical experience during his term of service as an officer responsible for administration and technology on the front line of a copper smelting enterprise. Mr. Qiu has been focusing on the teaching of and scientific research on mining engineering in the Central South University of Technology since 1987. Since 1990, he has acted as head of the Department of Mining Engineering of the Central South University of Technology and vice-president of the Central South University of Technology and the Central South University. Mr. Qiu is a renowned expert, professor and supervisor of doctorate students in the field of mining engineering in China.

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 end or at any time during the year.

Directors' Interests in Securities

As at 30 April 2009, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company or The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") were as follows:

(i) Long positions in share of the Company

Name of director	Capacity	Number of shares	Approximate percentage of total relevant class of shares in issue
Zhang He	Beneficial owner	23,100,000 Shares	0.45%
Wang Qihong	Beneficial owner	1,500,000 Shares	0.03%
Wong Sat *(Note 1)*	Beneficial owner	600,000 Shares	0.01%
Wang Guoqi	Beneficial owner	600,000 Shares	0.01%

Notes:

1. Mr. Wong Sat resigned as independent non-executive director on 14 May 2009.

(ii) Long positions in underlying share of the Company

Name of director	Capacity	Number of shares (Note)
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 above options were subsequently cancelled on 15 May 2009.

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.

Report of the Directors

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

	No. of options outstanding at 30 April 2008	No. of options lapsed during the year	No. of options exercised during the year	No. of options outstanding at 30 April 2009 *(Note)*
Directors				
– Li Qiao Feng	9,000,000	(9,000,000)	–	–
– Zhang He	9,000,000	–	–	9,000,000
– Wang Guoqi	900,000	–	–	900,000
– Wang Qihong	900,000	–	–	900,000
– Wong Sat	900,000	–	–	900,000
Employees and others	160,425,347	(1,500,000)	–	158,925,347
Total	181,125,347	(10,500,000)	–	170,625,347

Note: These options were subsequently cancelled on 15 May 2009.

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 Shares in, or debentures of, the Company or any other body corporate.

Note: These options were subsequently cancelled on 15 May 2009.

Substantial Shareholders' Interest in Securities

As at 30 April 2009, 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 2)*
Mr. Wang Jian Sheng *(Note 1)*	Controlled corporation	777,765,823 Shares	15.09% *(Note 2)*
Hubei Daye Non Ferrous Metals Co. *(Note 1)*	Controlled corporation	774,351,165 Shares	15.03% *(Note 2)*
Mr. Chen Liang	Beneficial owner	484,541,772 Shares	9.40% *(Note 2)*
China Times *(Note 1)*	Beneficial owner	5,495 CPS	33.33%
Mr. Wang Jian Sheng *(Note 1)*	Controlled corporation	2,753 CPS	16.70%
Hubei Daye Non Ferrous Metals Co. *(Note 1)*	Controlled corporation	2,742 CPS	16.63%

Notes:

1. These Shares are held by China Times, the entire issued capital of which are beneficially owned by Mr. Wang Jian Sheng (15.09%) and Hubei Daye Non Ferrous Metals Co. (15.03%) respectively.

2. The percentage is calculated based on 5,151,679,552 Shares in issue.

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

Purchase, Sale or Redemption of Securities

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

Pre-emptive Rights

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

Management Contracts

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

Related Party Transactions

During the year under review, there was no significant related party transaction.

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 currently comprises of three independent non-executive Directors, Messrs. Wang Guoqi, Wang Qihong, Wong Sat (resigned on 14 May 2009) and Qiu Quan Zhou (appointed on 14 May 2009). The audit committee of the Company has reviewed the final results for the year ended 30 April 2009.

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 110 of this report.

Independent Auditors

Messrs. NCN CPA Limited shall retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment.

On behalf of the Board
Wan Bi Qi
Chairman

Hong Kong, 21 August 2009

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 2009 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 four executive directors and three Independent non-executive directors. One of our independent non-executive directors has relevant financial management expertise required by the Listing Rules.

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

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

Directors	Number of attendance
Executive Directors	
Mr. Wan Bi Qi *(Chairman)* (appointed on 20 April 2009)	2/2
Mr. Zhang He	7/7
Mr. Chen Xiang (appointed on 20 April 2009)	2/2
Mr. Wang Jian Sheng (resigned on 20 April 2009)	6/6
Mr. Li Qiao Feng (resigned on 16 April 2009)	4/6
Ms. Yuan Ping (appointed on 20 April 2009)	2/2
Non-Executive Director	
Mr. Wang Bao Lin (resigned on 20 April 2009)	2/6
Independent Non-executive Directors	
Mr. Wang Guoqi	2/2
Mr. Wang Qihong	2/2
Mr. Wong Sat (resigned on 14 May 2009)	2/2
Mr. Qiu Quan Zhou (appointed on 14 May 2009)	0/0

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 17 to 18 of this annual report respectively.

Chairman and Chief Executive Officer

Mr. Wan Bi Qi is the Chairman of the Board and Mr. Zhang He 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 currently comprises three independent non-executive directors, namely Mr. Wang Guoqi, Mr. Wang Qihong, Mr. Wong Sat (resigned on 14 May 2009) and Mr. Qiu Quan Zhou (appointed on 14 May 2009). 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.

Corporate Governance Report

Auditor's Remuneration

The Company's external auditors are NCN CPA Limited. The audit fee of the Company for the year ended 30 April 2009 was approximately HK$746,000.

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 and at the date of this report, 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 (resigned on 14 May 2009)	1/1
Mr. Qiu Quan Zhou (appointed on 14 May 2009)	1/1

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 2009 and the unaudited interim financial statements for the six months ended 31 October 2008, 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 2009.

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 2008 and for the year ended 30 April 2009, the directors have adopted suitable accounting policies and applied them consistently. The accounts for the reporting year have been prepared on a going concern basis.

Internal Controls

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

Voting by Poll

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll.

Shareholder Rights

The rights of shareholders are contained in the Bye-laws of the Company.

The Group uses several formal channels to ensure fair disclosure and comprehensive and transparent reporting of its performance and activities. These include interim and annual reports, announcements and circulars.

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. The Group encourages its shareholders to attend annual general meeting to ensure a high level of accountability and keep informed of the Group's strategy and goals. The Chairman of the Board and the chairman of all the Committees, or in their absence, other members of the respective committees, are available to answer any questions from the shareholders.

Independent Auditors' Report

TO THE SHAREHOLDERS OF
CHINA DAYE NON-FERROUS METALS MINING LIMITED
(incorporated in the Bermuda with limited liability)

We have audited the consolidated financial statements of China Daye Non-Ferrous Metals Mining Limited set out on pages 32 to 109, which comprise the consolidated and company balance sheets as at 30 April 2009, 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 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Independent Auditors' Report

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 30 April 2009 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.

NCN CPA LIMITED
Certified Public Accountants
Hong Kong,
Choi Man Chau Michael
Practising Certificate Number P01188

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

Consolidated Income Statement

For the year ended 30 April 2009

	Notes	2009 HK$'000	2008 HK$'000
REVENUE	5	**20,235**	164,330
COST OF SALES		**(27,695)**	(142,248)
		(7,460)	22,082
OTHER REVENUE	5	**411**	1,733
GENERAL AND ADMINISTRATIVE EXPENSES		**(461,724)**	(1,183,864)
OPERATING LOSS FOR THE YEAR	7	**(468,773)**	(1,160,049)
LOSSES ON CHANGES IN FAIR VALUES – Investments held for trading		**(4,204)**	(9,110)
FINANCE COSTS	8	**(5)**	(452)
		(472,982)	(1,169,611)
SHARE OF RESULT OF A JOINTLY CONTROLLED ENTITY		**–**	135
GAIN ON DISPOSAL OF A JOINTLY CONTROLLED ENTITY		**–**	4,493
LOSS BEFORE TAX		**(472,982)**	(1,164,983)
INCOME TAX	10	**108,429**	(1,901)
LOSS FOR THE YEAR		**(364,553)**	(1,166,884)
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Equity holders of the Company		**(123,313)**	(1,165,896)
Minority interests		**(241,240)**	(988)
		(364,553)	(1,166,884)
		HK cents	*HK cents*
Loss per share	14		
– Basic		**(2.39)**	(29.50)
– Diluted		**N/A**	N/A

Consolidated Balance Sheet

As at 30 April 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**18,142**	2,455
Jointly controlled entities	19	**–**	–
Mining rights	16	**2,055,140**	2,488,859
TOTAL NON-CURRENT ASSETS		**2,073,282**	2,491,314
CURRENT ASSETS			
Investments held for trading	20	**8,821**	33,704
Inventories	21	**1,441**	–
Trade and other receivables	22	**5,102**	80,509
Cash and bank balances	23	**97,894**	40,869
TOTAL CURRENT ASSETS		**113,258**	155,082
CURRENT LIABILITIES			
Bank overdraft – unsecured		**–**	187
Trade and other payables	24	**7,786**	10,028
Deferred income	25	**3,976**	–
Tax payable		**1,901**	1,901
TOTAL CURRENT LIABILITIES		**13,663**	12,116
NET CURRENT ASSETS		**99,595**	142,966
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,172,877**	2,634,280
NON-CURRENT LIABILITIES			
Cumulative redeemable preference shares	26	**110**	110
Deferred tax liabilities	31	**513,785**	622,214
TOTAL NON-CURRENT LIABILITIES		**513,895**	622,324
NET ASSETS		**1,658,982**	2,011,956
CAPITAL AND RESERVES			
Share capital	27	**257,584**	257,584
Reserves	29	**573,247**	690,425
Equity attributable to shareholders of company		**830,831**	948,009
Minority interests		**828,151**	1,063,947
TOTAL EQUITY		**1,658,982**	2,011,956

Wan Bi Qi
Chairman

Zhang He
Executive Director

Company Balance Sheet

As at 30 April 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	72	92
Jointly controlled entities	19	–	–
Interest in subsidiaries	18	2,008,425	2,019,415
TOTAL NON-CURRENT ASSETS		2,008,497	2,019,507
CURRENT ASSETS			
Investments held for trading	20	–	4,445
Trade and other receivables	22	4,571	1,133
Cash and bank balances	23	42,430	36,027
TOTAL CURRENT ASSETS		47,001	41,605
CURRENT LIABILITIES			
Trade and other payables	24	4,078	4,153
TOTAL CURRENT LIABILITIES		4,078	4,153
NET CURRENT ASSETS		42,923	37,452
TOTAL ASSETS LESS CURRENT LIABILITIES		2,051,420	2,056,959
NON-CURRENT LIABILITIES			
Cumulative redeemable preference shares	26	110	110
TOTAL NON-CURRENT LIABILITIES		110	110
NET ASSETS		2,051,310	2,056,849
CAPITAL AND RESERVES			
Share capital	27	257,584	257,584
Reserves	29	1,793,726	1,799,265
TOTAL EQUITY		2,051,310	2,056,849

Wan Bi Qi
Chairman

Zhang He
Executive Director

Consolidated Statement of Changes in Equity

For the year ended 30 April 2009

	Attributable to shareholders of the company									
	Share capital *HK$'000*	Share premium *HK$'000*	Capital redemption reserve *HK$'000*	Warrants reserve *HK$'000*	Share-based payment reserve *HK$'000*	Exchange reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*	Minority interests *HK$'000*	Total *HK$'000*
At 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 a 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 and at 1 May 2008	257,584	2,670,545	2,241	–	64,137	(38,740)	(2,007,758)	948,009	1,063,947	2,011,956
Recognition of share-based payment	–	–	–	–	2,729	–	–	2,729	–	2,729
Share option lapsed	–	–	–	–	(4,205)	–	4,205	–	–	–
Issue of warrants	–	–	–	3,000	–	–	–	3,000	–	3,000
Exchange differences arising on translation of foreign operations	–	–	–	–	–	406	–	406	5,444	5,850
Loss for the year	–	–	–	–	–	–	(123,313)	(123,313)	(241,240)	(364,553)
At 30 April 2009	**257,584**	**2,670,545**	**2,241**	**3,000**	**62,661**	**(38,334)**	**(2,126,866)**	**830,831**	**828,151**	**1,658,982**

Consolidated Cash Flow Statement

For the year ended 30 April 2009

	2009	2008
	HK$'000	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	**(472,982)**	(1,164,983)
Adjustments for:		
Interest income	**(470)**	(651)
Finance costs	**5**	452
Impairment loss on goodwill	**–**	1,117,030
Impairment loss on mining right	**433,719**	–
Share-based payment expenses	**2,729**	50,826
Losses on changes in fair values		
– investments held for trading	**4,204**	9,110
Share of result of a jointly controlled entity	**–**	(135)
Gain on disposal of a jointly controlled entity	**–**	(4,493)
Depreciation	**1,934**	125
Operating (loss)/profit before changes in working capital	**(30,861)**	7,281
Decrease/(increase) in investments held for trading	**20,679**	(20,390)
Increase in inventories	**(1,441)**	–
Decrease/(increase) in trade and other receivables	**78,407**	(21,853)
(Decrease)/increase in trade and other payables	**(2,242)**	1,156
Increase in deferred income	**3,976**	–
Minority interests	**–**	237
Net Cash generated from/(used in) operations	**68,518**	(33,569)
Interest paid	**(5)**	(452)
Net cash generated from/(used in) operating activities	**68,513**	(34,021)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**470**	651
Acquisition of subsidiaries *(note 12)*	**–**	8,167
Net proceeds from disposal of a jointly controlled entity	**–**	45
Purchase of property, plant and equipment	**(17,600)**	(265)
Net cash (used in)/generated from investing activities	**(17,130)**	8,598

Consolidated Cash Flow Statement

For the year ended 30 April 2009

	2009 *HK$'000*	2008 *HK$'000*
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issue of ordinary shares and convertible preference shares	–	46,708
Net cash generated from financing activities	–	46,708
NET INCREASE IN CASH AND CASH EQUIVALENTS	**51,383**	21,285
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**40,682**	19,151
Exchange adjustments	**5,829**	246
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**97,894**	40,682
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**97,894**	40,869
Bank overdraft	–	(187)
	97,894	40,682

Notes to the Financial Statements

For the year ended 30 April 2009

1. CORPORATE INFORMATION

China Daye Non-Ferrous Metals Mining Limited 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; and

– Mineral exploration.

In the opinion of the directors, as at 30 April 2009 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 ("HKFRSs")

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

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction

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

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

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

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

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

[1] *Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009*
[2] *Effective for annual periods beginning on or after 1 January 2009*
[3] *Effective for annual periods beginning on or after 1 July 2009*
[4] *Effective for annual periods ending on or after 30 June 2009*
[5] *Effective for annual periods beginning on or after 1 July 2008*
[6] *Effective for annual periods beginning on or after 1 October 2008*
[7] *Effective for transfers of assets from customer received on or after 1 July 2009*

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These 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 financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

(b) Basis of preparation of financial statements

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

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 2009.

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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Employee benefits *(Continued)*

(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 Company 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 Company'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 realised, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(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, after taking into account of their estimated residual value, if any, over their estimated useful lives, using the straight-line method. The principal annual rates are as follows:

Furniture, fixtures and equipment	15% – 20%
Motor vehicles	25%
Plant and machineries	15%
Building and mining structures	5%

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.

Construction in progress, which represents assets under construction, is stated at cost less impairment loss, if any. When the assets are completed and ready for use, the carrying amount of the assets will be reclassified to property, plant and equipment and depreciated in accordance with the policy as set out above.

(o) Mining rights

Mining rights are stated at cost less accumulated amortisation and any impairment losses and are amortised on a straight line basis over the estimated useful life of the mines based on the total proven and probable reserves of the mines using the units of production method.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Exploration and related expenses

Exploration and related expenses include topographical and geological surveys, exploratory drilling, sampling and trenching and activities in relation to commercial and technical feasibility studies, and expenditure incurred to secure further mineralisation in existing ore bodies and to expand the capacity of a mine. Exploration and related expenses incurred during the year are written off to profit and loss.

(q) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the consolidated income statement over the expected useful life of the relevant asset by equal annual installments.

(r) Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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.

(s) Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when the Company and its subsidiaries 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)*

(s) 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 recognised 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)*

(s) 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.

(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. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Financial instruments *(Continued)*

(i) Financial assets *(Continued)*

(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.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Financial instruments *(Continued)*

(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)*

(s) 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 recognised in profit or loss includes any interest paid on the financial liability.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Financial instruments *(Continued)*

(ii) Financial liabilities (Continued)

(2) Other financial liabilities and equity

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

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

(iii) 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.

Warrants issued by the group entities which will be settled by the exchange of a fixed amount of cash for a fixed number of the Company's own equity instruments, are recorded at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) 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.

(u) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(v) Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheets, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

(w) Related parties

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

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

(ii) The party is an associate;

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

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

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

(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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(w) Related parties *(Continued)*

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.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(x) 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)*

(x) 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) Exploration and related expenses

The application of the Group's accounting policy for exploration and related expenditure requires judgments in determining whether it is likely that future economic benefits will arise, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of capitalized expenditures are unlikely, the amount capitalized is written off in the income statement in the period when the new information becomes available.

(iii) 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.

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

(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.

(ii) Mine reserves

Engineering estimates of the Group's mine reserves are inherently imprecise and represent only approximate amounts because of the subjective judgments involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated mine reserves can be designated as proven and probable. Proven and probable mine reserve estimates are updated on a regular basis and have taken into account recent production and technical information about each mine. In addition, price and cost levels change from year to year, the estimates of proven and probable mine reserves also change. This change is considered a change in estimate for accounting purposes and is reflected on a prospective basis in the related amortization rates of mining rights.

Despite the inherent imprecision in these engineering estimates, these estimates are used in determining amortization expenses and impairment losses of mining rights. Amortization rates are determined based on estimated proven and probable mine reserve quantity and capitalized costs of mining rights. The capitalized costs of mining rights are amortized over the estimated useful lives of the mines based on the proven and probable reserves of the mines using the units of production method.

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

(b) Estimation uncertainty *(Continued)*

(iii) 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.

(iv) 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.

(v) 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 2009

5. REVENUE

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

	2009 *HK$'000*	2008 *HK$'000*
Sales of marketable securities	**19,429**	163,208
Other interest income	**470**	651
Dividend income	**336**	471
	20,235	164,330

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

	2009 *HK$'000*	2008 *HK$'000*
Miscellaneous income	**410**	1,732
Exchange gain	**1**	1
	411	1,733

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.

2009
Income statement

	Corporate investment and trading in securities *HK$'000*	Mineral exploration *HK$'000*	Total for continuing operations *HK$'000*
Revenue	20,220	356	20,576
Segment results	(23,239)	(15,708)	(38,947)
Unallocated corporate income			70
Unallocated corporate expenses			(381)
Finance cost			(5)
Impairment of mining right			(433,719)
Income tax			108,429
Loss for the year			(364,553)

Other information

	Corporate investment and trading in securities *HK$'000*	Mineral exploration *HK$'000*	Total *HK$'000*
Capital expenditure	27	17,573	17,600
Depreciation	47	1,887	1,934

For the year ended 30 April 2009

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

(i) Business segments *(Continued)*

2009
Balance sheet

	Corporate investment and trading in securities *HK$'000*	Mineral exploration *HK$'000*	Total *HK$'000*
Assets			
Segment assets	55,551	2,083,380	2,138,931
Unallocated assets			47,609
Total assets			2,186,540
Liabilities			
Segment liabilities	6,121	521,307	527,428
Unallocated liabilities			130
Total liabilities			527,558

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

(i) Business segments *(Continued)*

2008
Income statement

	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	(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			(1,901)
Loss for the year			(1,166,884)

Other information

	Corporate investment and trading in securities *HK$'000*	Mineral exploration *HK$'000*	Total *HK$'000*
Capital expenditure	42	223	265
Depreciation	46	79	125

For the year ended 30 April 2009

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

(i) Business segments *(Continued)*

2008
Balance sheet

	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)*

(ii) Geographical segments

The following tables present revenue and certain assets and expenditure information for the Group's geographical segments for the years ended 30 April 2009 and 2008.

2009

	Hong Kong *HK$'000*	**The PRC** *HK$'000*	**Mongolia** *HK$'000*	**Total** *HK$'000*
Segment revenue	**20,289**	**26**	**1**	**20,316**
Other segment information:				
Segment assets	**103,160**	**1,460,649**	**622,731**	**2,186,540**
Capital expenditure	**27**	**12,969**	**–**	**12,996**

2008

	Hong Kong *HK$'000*	The PRC *HK$'000*	Mongolia *HK$'000*	Total *HK$'000*
Segment revenue	166,049	13	1	166,063
Other segment information:				
Segment assets	127,834	1,462,132	1,056,430	2,646,396
Capital expenditure	42	223	–	265

7. OPERATING LOSS FOR THE YEAR

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

	2009	2008
	HK$'000	*HK$'000*
Staff costs (including directors' remuneration – note 9)		
– Salaries and allowances	**4,886**	1,377
– Share-based payments *(note a)*	**558**	2,806
– Other staff costs	**416**	157
– Mandatory provident fund contributions	**31**	24
	5,891	4,364
Depreciation	**1,934**	125
Auditors' remuneration	**746**	742
Operating leases on land and buildings	**984**	799
Share-based payments – consultants *(note a)*	**2,171**	48,020
Impairment losses on goodwill	**–**	1,117,031
Impairment losses on mining right	**433,719**	–
Exploration and related expenses	**9,787**	97

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:–

	2009	2008
	HK$'000	*HK$'000*
Directors' emolument	**558**	2,478
Staff costs	**–**	328
Professional fees	**2,171**	48,020
	2,729	50,826

8. FINANCE COSTS

	2009	2008
	HK$'000	*HK$'000*
Interest on other loans	**–**	447
Dividends on cumulative redeemable preference shares *(note 13)*	**5**	5
	5	452

9. DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

(i) Directors' emoluments

2009

		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 *(note b)*	–	–	–	–	–
Wan Bi Qi *(note c)*	–	–	–	–	–
Li Qiao Feng *(note a)*	–	345	302	–	647
Zhang He	–	950	196	–	1,146
Chen Xiang *(note c)*	–	–	–	–	–
Yuan Ping *(note c)*	–	–	–	–	–
Non-Executive Directors					
Wang Bao Lin *(note b)*	–	110	–	–	110
Independent Non-executive Directors					
Wang Guoqi	–	30	20	–	50
Wang Qihong	–	–	20	–	20
Wong Sat *(note d)*	–	–	20	–	20
Qiu Quan Zhou *(note e)*	–	–	–	–	–
	–	1,435	558	–	1,993

Note (a): Resigned on 16 April 2009

Note (b): Resigned on 20 April 2009

Note (c): Appointed on 20 April 2009

Note (d): Resigned on 14 May 2009

Note (e): Appointed on 14 May 2009

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

(i) Directors' emoluments *(Continued)*

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)*

(ii) Five highest paid employees

During the year, the five highest paid individuals included three directors (2008: four), details of whose emoluments are set out above. The emoluments of the remaining highest paid individual were as follows:

	2009	2008
	HK$'000	*HK$'000*
Salaries and allowances	**1,530**	388
Retirement benefits scheme contributions	**21**	12
Employee share-based payment	**–**	298
	1,551	698

Emoluments of the two (2008: one) non-director highest paid individual(s) fell within the following bands:

	Number of individual(s)	
	2009	2008
HK$Nil to HK$1,000,000	**1**	1
HK$1,000,001 to HK$2,000,000	**1**	–

10. INCOME TAX

	2009	2008
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**–**	(1,901)
Other jurisdictions	**–**	–
	–	(1,901)
Deferred tax *(note 31)*	**108,429**	–
Tax income/(expense) for the year	**108,429**	(1,901)

For the year ended 30 April 2009

10. INCOME TAX *(Continued)*

No provision for Hong Kong profits tax has been made as the Group has no assessable profits arising in or derived from Hong Kong during the year (2008: approximately HK$1,901,000). 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 (2008: Nil).

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

	2009 ***HK$'000***	2008 *HK$'000*
Loss before tax	**(472,982)**	(1,164,983)
Notional tax on loss before tax, calculated at the tax rates applicable to profits in the jurisdictions concerned	**(49,569)**	(179,754)
Tax effect of income not taxable	**(119)**	(185)
Tax effect of expenses not deductible and loss not allowable	**451**	180,695
Tax effect of temporary differences not recognised for the year	**(3)**	(10)
Tax effect of estimated tax losses not recognised for the year	**49,240**	1,175
Tax effect of utilisation of tax loss previously not recognised	**–**	(20)
Decrease in deferred tax liabilities arising from impairment of mining right	**(108,429)**	–
	(108,429)	1,901

11. DISPOSAL OF SUBSIDIARIES

An analysis of the financial effects on the disposal of subsidiaries namely Great Began Holdings Limited and Sharp Faith Holding Limited, in last year is as 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 subsidiaries *(note 12)*	32,351

12. ACQUISITION OF SUBSIDIARIES

Financial information on acquisition of subsidiaries, namely (a) China Reservoir Mining Limited (CRML) and (b) Fuken Investments Limited, Golden Brand Investments Limited and Giant Strong International Limited (Target Companies), in last year is as follow:

	CRML			Target Companies			
	Acquiree's carrying amount before combination *HK$'000*	Fair value adjustment *HK$'000*	Fair Value *HK$'000*	Acquiree's carrying amount before combination *HK$'000*	Fair value adjustment *HK$'000*	Fair Value *HK$'000*	Total Fair Value *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 realisable 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

CRML and Target Companies contributed HK$665,000 and HK$39,378,000 to the Group's loss for the period between the date of acquisition and the balance sheet date respectively.

12. ACQUISITION OF SUBSIDIARIES *(Continued)*

If the acquisition had been completed on 1 May 2007, total group revenue for the year would have been HK$166,116,000, and loss for the year would have been HK$1,172,525,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 May 2007, nor is it intended to be a projection of future results.

13. DIVIDENDS ON CUMULATIVE REDEEMABLE PREFERENCE SHARES

	2009	2008
	HK$'000	*HK$'000*
Preference dividends		
Payable of HK$0.151 per share on 16,485 shares (2008: HK$0.151 on 16,485 shares)	**3**	3
Payable of HK$0.149 per share on 16,485 shares (2008: HK$0.149 on 16,485 shares)	**2**	2
	5	5

14. LOSS PER SHARE

The basic loss per share is calculated based on the loss attributable to shareholders of approximately HK$123,313,000 (2008: approximately HK$1,165,896,000) and the weighted average number of 5,151,679,552 (2008: 3,952,289,745) ordinary shares in issue during the year.

The diluted loss per share for the years ended 30 April 2009 and 30 April 2008 has not been disclosed as the potential shares arising from the exercise and conversion of the Company's share options and convertible preference shares would decrease the loss per share of the Group for the year and is regarded as anti-dilutive.

15. PROPERTY, PLANT AND EQUIPMENT

Group

	Furniture, fixtures, and equipment *HK$'000*	Motor vehicles *HK$'000*	Plant and machineries *HK$'000*	Building and mining structures *HK$'000*	Construction in progress *HK$'000*	Total *HK$'000*
Cost						
At 1 May 2007	237	–	–	–	–	237
Additions	82	–	183	–	–	265
Acquisition of subsidiaries	102	1,367	1,206	–	–	2,675
Exchange adjustment	–	12	42	–	–	54
At 30 April 2008 and at 1 May 2008	421	1,379	1,431	–	–	3,231
Additions	86	–	2	906	16,606	17,600
Transfer	–	–	3,911	8,091	(12,002)	–
Exchange adjustment	4	(69)	8	–	–	(57)
At 30 April 2009	511	1,310	5,352	8,997	4,604	20,774
Accumulated depreciation and impairment losses						
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 and at 1 May 2008	195	526	55	–	–	776
Charge for the year	93	425	966	450	–	1,934
Exchange adjustment	–	(75)	(3)	–	–	(78)
At 30 April 2009	288	876	1,018	450	–	2,632
Net carrying amount						
At 30 April 2009	223	434	4,334	8,547	4,604	18,142
At 30 April 2008	226	853	1,376	–	–	2,455

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Company

	Furniture, fixtures, and equipment *HK$'000*
Cost	
At 1 May 2007	237
Additions	42
At 30 April 2008 and at 1 May 2008	279
Additions	27
At 30 April 2009	306
Accumulated depreciation and impairment losses	
At 1 May 2007	141
Charge for the year	46
At 30 April 2008 and at 1 May 2008	187
Charge for the year	47
At 30 April 2009	234
Net carrying amount	
At 30 April 2009	72
At 30 April 2008	92

16. MINING RIGHTS

	Total
	HK$'000
Cost/carrying amount	
At 1 May 2007	–
Additions	2,488,859
At 30 April 2008 and 1 May 2008	2,488,859
Impairment loss	(433,719)
At 30 April 2009	2,055,140

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

17. GOODWILL

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

	2009	2008
	HK$'000	*HK$'000*
Goodwill	–	1,117,031
Less: Impairment losses	–	(1,117,031)
	–	–

18. INTEREST IN SUBSIDIARIES

	Company	
	2009	2008
	HK$'000	*HK$'000*
Unlisted shares, at cost	**–**	–
Amounts due from subsidiaries	**2,051,976**	2,052,867
Amounts due to subsidiaries	**(10,099)**	–
	2,041,877	2,052,867
Allowance for impairment losses	**(33,452)**	(33,452)
	2,008,425	2,019,415

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 2009, which materially affected the Group's results or net assets, are set out in note 34.

19. JOINTLY CONTROLLED ENTITIES

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

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Share of net liabilities	**–**	(69,990)	**–**	–
Amounts due from jointly controlled entities	**16,315**	136,311	**16,301**	16,301
Amounts due to jointly controlled entities	**–**	(20)	**–**	–
Allowances for impairment losses	**(16,315)**	(66,301)	**(16,301)**	(16,301)
	–	–	**–**	–

19. JOINTLY CONTROLLED ENTITIES *(Continued)*

(a)

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%
Prime Harvest Financial Holding Group Limited	British Virgin Islands	Investments holding	40%

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 in consequence of Receivers appointed in the year 2002. 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.

(b) Extracts of the financial information regarding a jointly controlled entity, namely 中環資源再生開發利用有限公司, which was disposed on 29 February 2008 are set out below:

	1 May 2007 to 29 February 2008 HK$'000
Revenue	1,522
Profit for the period	252
Profit from ordinary activities before taxation	252
Profit from ordinary activities before taxation attributable to the Group	135

19. JOINTLY CONTROLLED ENTITIES *(Continued)*

(b) *(Continued)*

	At 29 February 2008 *HK$'000*
Financial position	
Non-current assets	21,371
Current assets	34,853
Current liabilities	(2,518)
Non-current liabilities	(406)
Net assets	53,300
Net assets attributable to the Group	32,397

20. INVESTMENTS HELD FOR TRADING

	Group		**Company**	
	2009 *HK$'000*	2008 *HK$'000*	**2009** *HK$'000*	2008 *HK$'000*
Investments held for trading – at fair value	**8,821**	33,704	**–**	4,445

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. Inventories

	Group	
	2009	2008
	HK$'000	*HK$'000*
Raw materials	**825**	–
Finished goods	**616**	–
	1,441	–

22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade receivables	**–**	–	**–**	–
Other receivables	**3,342**	57,202	**3,410**	412
Prepayments and deposits	**1,760**	23,307	**1,161**	721
	5,102	80,509	**4,571**	1,133

The aging analysis of trade receivables is as follows:

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
0 – 3 months	**–**	–	**–**	–

23. 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.

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade payables	**–**	–	**–**	–
Temporary deposits, accruals and other payables	**7,786**	10,028	**4,078**	4,153
	7,786	10,028	**4,078**	4,153

The aging analysis of trade payable is as follows:

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
0 – 3 months	**–**	–	**–**	–

25. DEFERRED INCOME

	Group	
	2009	2008
	HK$'000	*HK$'000*
Government grant received during the year and balance at 30 April 2009	**3,976**	–

26. 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 2007, 30 April 2008 and at 30 April 2009	16,485	110

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.

27. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Authorised:		
Ordinary shares of HK$0.05 each		
Balance at 1 May 2007, 30 April 2008 and at 30 April 2009	30,000,000,000	1,500,000
Issued and fully paid:		
Ordinary shares of HK$0.05 each		
Balance at 1 May 2007	3,121,731,727	156,086
Share issued on acquisition of interest in subsidiaries *(notes (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 and at 30 April 2009	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$45,000,000 as a result of 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, no share option was exercised. (2008: 129,947,825 shares were issued as a result of exercise of share options.)

28. 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 its 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.

28. SHARE OPTIONS SCHEME *(Continued)*

Details of the existing share options granted by the Company under the Scheme are as follows:–

		Batch 1	Batch 2	Batch 3
Date of grant	:	23 November 2006	7 December 2006	4 April 2007
Vesting periods/Fair value at grant date	:	23 November 2006 to 6 November 2016/ HK$0.1595	7 December 2006 to 28 November 2016/ HK$0.2312	4 April 2007 to 3 April 2017/ HK$0.5295
		23 November 2007 to 6 November 2016/ HK$0.1573	7 December 2007 to 28 November 2016/ HK$0.2278	4 April 2008 to 3 April 2017/ HK$0.5234
		23 November 2008 to 6 November 2016/ HK$0.1545	7 December 2008 to 28 November 2016/ HK$0.2236	4 April 2009 to 3 April 2017/ HK$0.5154
Number of share options granted	:	46,686,381	105,000,000	160,386,791
Exercise price	:	HK$0.107	HK$0.185	HK$0.55
Share price as at the valuation date	:	HK$0.17	HK$0.246	HK$0.55
Expected volatility	:	105.77%	109.47%	126.92%
Risk-free interest rate as at the valuation date	:	3.690%	3.531%	3.745%
Excepted life of option	:	7.96 years to 9.96 years	7.98 years to 9.98 years	8 years to 10 years

The fair value of equity-settled share options granted was estimated as at the date of grant, using the Binomial option price model, taking into account the terms and conditions upon which the share options were granted. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other feature of the share options granted was incorporated into the measurement of fair value.

No share options were granted during the year ended 30 April 2009.

28. SHARE OPTIONS SCHEME *(Continued)*

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

2009

	Date of Grant	Exercise Price HK$	Exercise period	At 1 May 2008	Granted during the year	Lapsed during the year	Exercised during the year	Cancelled during the year	At 30 April 2009
Director	23 November 2006	0.107	23.11.2006 – 6.11.2016	11,700,000	–	–	–	–	11,700,000
	7 December 2006	0.185	7.12.2006 – 28.11.2016	9,000,000	–	(9,000,000)	–	–	–
Other employees	23 November 2006	0.107	23.11.2007 – 6.11.2016	1,800,000	–	(1,500,000)	–	–	300,000
Consultants	23 November 2006	0.107	23.11.2006 – 6.11.2016	11,066,381	–	–	–	–	11,066,381
	7 December 2006	0.185	7.12.2006 – 28.11.2016	54,000,000	–	–	–	–	54,000,000
	4 April 2007	0.550	4.4.2007 – 3.4.2017	93,558,966	–	–	–	–	93,558,966
				181,125,347	–	(10,500,000)	–	–	170,625,347

2008

	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

29. RESERVES

Group

	Share premium HK$'000	Capital redemption reserve HK$'000	Warrants reserve HK$'000	Share-based payment reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 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 a jointly controlled entity	–	–	–	–	(1,257)	–	(1,257)
Loss for the year	–	–	–	–	–	(1,165,896)	(1,165,896)
At 30 April 2008 and at 1 May 2008	2,670,545	2,241	–	64,137	(38,740)	(2,007,758)	690,425
Recognition of share-based payment	–	–	–	2,729	–	–	2,729
Share option lapsed	–	–	–	(4,205)	–	4,205	–
Issue of warrants	–	–	3,000	–	–	–	3,000
Exchange difference arising on translation of foreign operations	–	–	–	–	406	–	406
Loss for the year	–	–	–	–	–	(123,313)	(123,313)
At 30 April 2009	**2,670,545**	**2,241**	**3,000**	**62,661**	**(38,334)**	**(2,126,866)**	**573,247**

Company

	Share premium HK$'000	Capital redemption reserve HK$'000	Warrants reserve HK$'000	Share-based payment reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 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 and at 1 May 2008	2,670,545	2,241	–	64,137	(937,658)	1,799,265
Recognition of share-based payment	–	–	–	2,729	–	2,729
Share option lapsed	–	–	–	(4,205)	4,205	–
Issue of warrants	–	–	3,000	–	–	3,000
Loss for the year	–	–	–	–	(11,268)	(11,268)
At 30 April 2009	**2,670,545**	**2,241**	**3,000**	**62,661**	**(944,721)**	**1,793,726**

29. RESERVES *(Continued)*

(a) Nature and purpose of the reserves are explained below:–

(i) Share premium

The share premium account of the Company is distributable to the equity holders of the Company under the Companies Law of the Bermuda subject to the provisions of the Company's Memorandum and Articles of Association and provided that the Company will be in a position to payoff its debts as they fall due in the ordinary course of business immediately following the date on which the dividend is proposed to be distributed.

(ii) Share-based payment reserve

The share-based payment reserve represents the fair value of the number of unexercised share options granted by the Company recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 3(l)(iv).

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 3(j).

(b) Distributability of reserves

In the opinion of the directors of the Company, the Company had no balance of distributable reserves available for distribution to equity holders as at 30 April 2009 (2008: Nil).

30. WARRANTS

During the year, the Company has issued 60,000,000 warrants at an issue price of HK$0.05 per warrant which attaching the rights to subscribe for 60,000,000 ordinary shares of the Company at a subscription price of HK$0.60 per share to a placing agent. Details of placing of warrants are set out in the announcement dated 24 April 2009.

During the year ended 30 April 2009, no warrant has been exercised.

31. DEFERRED TAXATION

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

Group

	Mining rights *HK$'000*
At 1 May 2007	–
Deferred tax charged to income statement	622,214
At 30 April 2008 and at 1 May 2008	622,214
Deferred tax credited to income statement *(note 10)*	(108,429)
At 30 April 2009	513,785

Deferred tax credited to income statement was due to the impairment on fair value of mining right.

For the year ended 30 April 2009

31. 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 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 and at 1 May 2008	(5)	9,681	9,676
Temporary differences not recognised in previous year	–	1,599	1,599
Net change in deferred tax assets/(liabilities) not recognised for the year	(3)	3,506	3,503
At 30 April 2009	**(8)**	**14,786**	**14,778**

31. DEFERRED TAXATION *(Continued)*

(b) *(Continued)*

Company

	Property, plant and equipment *HK$'000*	Unused tax losses *HK$'000*	Total *HK$'000*
At 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 and at 1 May 2008	(5)	9,681	9,676
Temporary differences not recognised in previous year	–	1,599	1,599
Net change in deferred tax assets/(liabilities) not recognised for the year	(3)	1,486	1,483
At 30 April 2009	**(8)**	**12,766**	**12,758**

The Group and the Company have unused tax losses approximately HK$14,786,000 and HK$12,766,000 respectively (2008: The Group and the Company is HK$9,681,000) that are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognized in respect of these losses as they have arisen in the Company and its subsidiaries have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

32. COMMITMENTS

(a) Capital commitments

	2009	2008
	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

	2009	2008
	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	**369**	304

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

33. RETIREMENT BENEFIT SCHEMES

The Group participates in the mandatory provident fund scheme (the "MPF Scheme") for its employees in Hong Kong. Contributions to the MPF Scheme by the Group and employees are calculated as a percentage of employee's basic salaries. The retirement benefit costs charged to the income statement represent contributions paid and payable by the Group to the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

33. RETIREMENT BENEFIT SCHEMES *(Continued)*

The subsidiaries in the PRC participate in certain employees' retirement schemes implemented by the relevant local municipal governments. Contributions are made by the relevant subsidiaries to these schemes based on certain percentages of the applicable payroll costs.

The Group has no other obligations other than the above-mentioned contributions.

34. 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		Principal activities
				Directly	Indirectly	
Ample Year Limited	British Virgin Islands	International business company	US$1	100	–	Investment holding
China National Recycling International 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

34. 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
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
Goldway Investment International Limited	Hong Kong	Limited liability company	HK$100	–	100	Investment holding
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 *(note (a))*	The Republic of Mongolia	Limited liability company	US$10,000	–	28	Mineral exploration
Reservoir Tungs Limited *(note (a))*	The Republic of Mongolia	Limited liability company	US$10,000	–	33	Mineral exploration

34. 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
Jetlight Investment 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
Shinemax Group Limited	British Virgin Islands	International business company	US$1	100	–	Investment holding
Vast Profits Limited	British Virgin Islands	International business company	US$3	67	–	Investment holding
Vintage International Finance Holding 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	RMB39,000,000 (2008: RMB29,000,000)	–	55	Mineral exploration

Note (a): Although the Company does not own more than half of the entity shares of Reservoir Moly Mongolia Limited and Reservoir Tungs Limited, and consequently it does not control more than half of the voting power of those shares, it has the power to appoint and remove the majority of the board of directors and control of the entity is by the board. Consequently, Reservoir Moly Mongolia Limited and Reservoir Tungs Limited are controlled by the company and are consolidated in these financial statements.

35. Summary of financial instruments by categories

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

2009
Financial assets

GROUP

	Financial assets at fair value through profit and loss *HK$'000*	Loans and receivables *HK$'000*	Total *HK$'000*
Investments held for trading *(note 20)*	8,821	–	8,821
Financial assets included in prepayments, deposits and other receivables *(note 22)*	–	5,102	5,102
Cash and bank balances *(note 23)*	–	97,894	97,894
	8,821	102,996	111,817

Financial liabilities

GROUP

	Financial liabilities at amortised cost *HK$'000*
Financial liabilities included in other payables and accruals *(note 24)*	7,786
Cumulative redeemable preference shares *(note 26)*	110
	7,896

35. Summary of financial instruments by categories *(Continued)*

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

2008
Financial assets

GROUP

	Financial assets at fair value through profit and loss *HK$'000*	Loans and receivables *HK$'000*	Total *HK$'000*
Investments held for trading *(note 20)*	33,704	–	33,704
Financial assets included in prepayments, deposits and other receivables *(note 22)*	–	80,509	80,509
Cash and bank balances *(note 23)*	–	40,869	40,869
	33,704	121,378	155,082

Financial liabilities

GROUP

	Financial liabilities at amortised cost *HK$'000*
Financial liabilities included in other payables and accruals *(note 24)*	10,028
Bank overdraft, unsecured	187
Cumulative redeemable preference shares *(note 26)*	110
	10,325

35. Summary of financial instruments by categories *(Continued)*

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

2009
Financial assets

COMPANY

	Loans and receivables *HK$'000*
Financial assets included in prepayments, deposits and other receivables *(note 22)*	**4,571**
Cash and bank balances *(note 23)*	**42,430**
	47,001

Financial liabilities

COMPANY

	Financial liabilities at amortised cost *HK$'000*
Financial liabilities included in other payables and accruals *(note 24)*	**4,078**
Cumulative redeemable preference shares *(note 26)*	**110**
	4,188

35. Summary of financial instruments by categories *(Continued)*

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

2008
Financial assets

COMPANY

	Financial assets at fair value through profit and loss *HK$'000*	Loans and receivables *HK$'000*	Total *HK$'000*
Investments held for trading *(note 20)*	4,445	–	4,445
Financial assets included in prepayments, deposits and other receivables *(note 22)*	–	1,133	1,133
Cash and bank balances *(note 23)*	–	36,027	36,027
	4,445	37,160	41,605

Financial liabilities

COMPANY

	Financial liabilities at amortised cost *HK$'000*
Financial liabilities included in other payables and accruals *(note 24)*	4,153
Cumulative redeemable preference shares *(note 26)*	110
	4,263

36. Financial risk management objectives and policies

Details of the Group's major financial instruments are disclosed in note (35) to financial statements.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, foreign currency risk, other price risks, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note (3) to the financial statements.

Cash flow interest rate risk

The Group has no significant interest-bearing financial assets and liabilities with a floating interest rate. The Group's results and operating cash flows are substantially independent of changes in market interest rates.

Foreign currency risk

The Group has foreign currency risk exposures as some transactions of the Group were transacted in Renminbi ("RMB") and Mongolia Tugrugs ("T").

The exchange rate of RMB and T were comparatively volatile.

The following table demonstrates the sensitivity at the balance sheet date to a reasonably possible change in the exchange rate of RMB and T, with all other variables held constant, of the Group's loss before tax.

36. Financial risk management objectives and policies *(Continued)*

Foreign currency risk *(Continued)*

	Change in exchange rate %	(Increase)/ decrease in loss before tax HK$'000
2009		
If HKD weakens against RMB	**5%**	**373**
If HKD strengthens against RMB	**5%**	**(373)**
If HKD weakens against T	**5%**	**(25)**
If HKD strengthens against T	**5%**	**25**
2008		
If HKD weakens against RMB	5%	1,190
If HKD strengthens against RMB	5%	(1,190)
If HKD weakens against T	5%	(119)
If HKD strengthens against T	5%	119

At 30 April 2009 and 2008, the Group had not hedged any foreign currency to reduce such foreign currency risk.

In the opinion of the directors, if the exchange rate of these foreign currencies continues to fluctuate, they will consider to use forward currency hedged contracts to reduce these risks.

Other price risks

The Group is exposed to equity price risk through its investment in listed equity securities. The management manages this exposure by maintaining a portfolio of investment with different risk and return profiles. The Group's equity price risk is mainly concentrated on equity securities operating in banking, telecommunication and construction industry sectors quoted in The Stock Exchange of Hong Kong Limited. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

36. Financial risk management objectives and policies *(Continued)*

Other price risks *(Continued)*

Sensitivity analysis

If equity prices had been 15% higher/lower (2008: 5% higher/lower), loss before tax for the year ended 30 April 2009 would increase/decrease by approximately HK$1,323,000 (2008: approximately HK$1,685,000). This is mainly due to the changes in fair value of marketable securities.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the management.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, available-for-sale financial assets, equity investments at fair value through profit or loss, other receivables and certain derivative instruments, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

37. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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.

Consistent with others in the industry, the Group monitors capital on the basis of the debt-to-equity ratio. This ratio is calculated as debt divided by total equity. Debt represents current and non-current liabilities as shown in the consolidated balance sheet. Total equity represents the equity as show in the consolidated balance sheet.

During 2009, the Group's strategy, which was unchanged from 2008, was to maintain the net debt-to-equity ratio at satisfactory level. The net debt-to-equity ratios at 30 April 2009 and 2008 are as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Total debt	**527,558**	634,440
Total equity	**1,658,982**	2,011,956
Net debt-to-equity ratio	**31.8%**	31.5%

38. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Key management personnel represents the directors of the Group and their remunerations are set out in note 9.

39. APPROVAL OF ACCOUNTS

The accounts were approved and authorised for issue by the board of directors on 21 August 2009.

Financial Summary

For the year ended 30 April 2009

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				
	2005 *HK$'000*	2006 *HK$'000*	2007 *HK$'000*	2008 *HK$'000*	**2009** ***HK$'000***
Revenue	49,063	76,399	125,001	164,330	**20,235**
Operating loss after finance costs	(46,348)	(7,679)	(62,039)	(1,169,611)	**(472,982)**
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 tax	(46,755)	(5,606)	(62,480)	(1,164,983)	**(472,982)**
Income tax	–	–	–	(1,901)	**108,429**
Loss after tax	(46,755)	(5,606)	(62,480)	(1,166,884)	**(364,553)**
Minority interests	–	–	–	988	**241,240**
Loss attributable to shareholders	(46,755)	(5,606)	(62,480)	(1,165,896)	**(123,313)**

ASSETS AND LIABILITIES

As at 30 April

	As at 30 April				
	2005 *HK$'000*	2006 *HK$'000*	2007 *HK$'000*	2008 *HK$'000*	**2009** ***HK$'000***
Non-current assets	29,145	29,119	29,121	2,491,314	**2,073,282**
Current assets	28,512	17,391	79,831	155,082	**113,258**
Total assets	57,657	46,510	108,952	2,646,396	**2,186,540**
Current liabilities	8,564	3,388	3,503	12,116	**13,663**
Non-current liabilities	10,082	69	110	622,324	**513,895**
Total liabilities	18,646	3,457	3,613	634,440	**527,558**
Net assets	39,011	43,053	105,339	2,011,956	**1,658,982**