



DIRECTORS' REPORT

The Directors submit herewith their annual report together with the audited financial statements for the year ended 31 December 2006.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are set out in note 15 to the financial statements.

The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries (the "Group") during the financial year are set out in note 11 to the financial statements.

CHANGE OF COMPANY'S NAME

By a special resolution passed by the shareholders of the Company on 8 January 2007, the name of the Company was changed from "INNOMAXX Biotechnology Group Limited" to "China Mining Resources Group Limited" and the Company adopted the Chinese name "中國礦業資源集團有限公司" for identification purpose.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2006 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 23 to 86.

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2006.

RESERVES

Movement in the reserves of the Company and the Group during the year are set out in note 30 to the financial statements and the consolidated statement of changes in equity on page 27 of the annual report respectively.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 30(c) to the financial statements.

CONTRIBUTED SURPLUS

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

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

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.



DIRECTORS' REPORT

FIXED ASSETS

During the year, the Group spent approximately HK\$1,836,000 in the acquisition of leasehold improvements and furniture, fixtures and equipment.

Upon the completion of the transfer of the entire issued share capital of a subsidiary which ultimately owns 100% interest of the investment property of the Group, GITIC Plaza, as partial consideration for the acquisition of Lead Sun Group, the Group's property investment operation was discontinued in November 2006. The investment properties disposed of were revalued as at 31 July 2006, resulting in a net increase in fair value of HK\$15,794,000 which has been recognised in the profit for the year from discontinued operations.

Details of these and other movements in fixed assets of the Group and Company for the year ended 31 December 2006 are set out in note 12 to the financial statements.

DIRECTORS

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

Executive Directors

Cai Yuan (*Chairman*)

Luk Kin Peter Joseph (*Chief Executive Officer*)

Yeung Kwok Kuen (*Chief Financial Officer*) (appointed on 17 January 2007)

Non-executive Director

Lam Ming Yung (appointed on 8 January 2007 as independent non-executive Director and re-designated as non-executive Director on 8 February 2007)

Independent non-executive directors

Tang Tin Sek

Lee Kwan Hung

Poon Chiu Kwok

(resigned on 7 February 2007)

(appointed on 24 February 2006 and resigned on 8 November 2006)

Chan Siu Tat

Wong Hon Sum

(appointed on 17 November 2006)

(appointed on 8 January 2007)

Pursuant to Bye-law 87(1) of the Bye-laws of the Company, at each annual general meeting one third of the Directors for the time being shall retire from office by rotation. Accordingly, Mr. Cai Yuan, Mr. Luk Kin Peter Joseph and Dr. Tang Tin Sek will retire by rotation at the forthcoming annual general meeting.

Each of Mr. Cai Yuan and Mr. Luk Kin Peter Joseph, being eligible, have offered themselves for re-election. Dr. Tang Tin Sek has indicated that he will not offer himself for re-election due to personal reasons. Dr. Tang has confirmed that he has no disagreement with the Board and there is no matter relating to his retirement that will need to be brought to the attention of the Shareholders.



DIRECTORS' REPORT

DIRECTORS (CONTINUED)

In addition, pursuant to Bye-Law 86(2) of the Bye-Laws of the Company, any Director appointed to fill an addition to the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at the meeting. Thus, Mr. Yeung Kwok Kuen who was appointed as Director pursuant to Bye-Law 86(2) shall retire and, being eligible, has offered himself for re-election as Director.

No Director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2006, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares of equity derivatives and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which were recorded in the register required to be kept under Section 352 of the SFO, or which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code adopted by the Company were as follows:

Interests in issued shares of the Company (long position)

		Ordinary shares of HK\$0.1 each			% of total issued shares
Capacity		Personal interests	Corporate interests	Total number of shares held	
Cai Yuan	Beneficial owner and interest in controlled corporation	8,650,000	500,000,000 (note 1)	508,650,000	10.77%
Luk Kin Peter Joseph	Beneficial owner and interest in controlled corporation	8,650,000	226,584,000 (note 2)	235,234,000	4.98%
Tang Tin Sek	Beneficial owner	100,000	–	100,000	0.01%

Notes:

1. These shares are held by Greater Increase Investments Limited which is 100% beneficially owned by Mr. Cai Yuan, the Chairman and executive Director.
2. These shares are held by Equity Valley Investments Limited which is 100% beneficially owned by Mr. Luk Kin Peter Joseph, the Chief Executive Officer and executive Director.

Save as disclosed above, as at 31 December 2006, none of the Company's directors, chief executives or their respective associates had any other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



DIRECTORS' REPORT

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than as disclosed in "Share options schemes" below, at no time during the year was the Company or any of its subsidiaries, a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at 31 December 2006, persons (other than Directors or chief executive of the Company as disclosed herein) who had interests or short positions in the shares or underlying shares of equity derivatives of the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long position in shares in the capital of the Company

Name of Shareholder	Capacity	Number of shares in the capital of the Company	Approximate % of shareholding in the Company
Kwok Man	Interest in controlled corporation	368,686,000 (Note 1)	7.81%
Yeh Tung-Ming	Interest in controlled corporation	368,686,000 (Note 2)	7.81%
Ng Hiu King	Interest in controlled corporation	344,108,000 (Note 3)	7.29%
Kwok Ho	Interest in controlled corporation	300,000,000 (Note 4)	6.35%
Investec Plc	Interest in controlled corporation	250,000,000 (Note 5)	5.30%

Notes:

1. These shares are held by Long Cheer Group Limited which is 100% beneficially owned by Mr. Kwok Man.
2. These shares are held by Fit Plus Limited which is 100% beneficially owned by Mr. Yeh Tung-Ming.
3. These shares are held by See Good Group Limited which is 100% beneficially owned by Mr. Ng Hiu King.
4. These shares are held by Great Challenge Developments Limited which is 100% beneficially owned by Chaoda Modern Agriculture (Holdings) Limited. Chaoda Modern Agriculture (Holdings) Limited is held as to 30.77% by Kailey Investment Ltd. which is in turn 100% beneficially owned by Mr. Kwok Ho.
5. These shares are held by Investec Bank (UK) Limited, a corporation which is 100% controlled by Investec Plc.



DIRECTORS' REPORT

SHARE OPTIONS SCHEMES

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

Particulars of each share options scheme are set out in note 27 to the financial statements. Details of movements in the share options held by directors under the New Share Options Scheme for the year ended 31 December 2006 are as follows:

New Share Options Scheme

The details of share options granted by the Company under the New Share Options Scheme on 20 December 2005 to the Directors and the employees of the Company which were exercisable from 3 January 2006 to 2 January 2009 at the exercise price of HK\$0.16 per share are as follows:

	No. of options outstanding at the beginning of the year	No. of shares acquired on exercise of options during the year	No. of options outstanding at the year end	* Market value per share at date of grant of options	* Market value per share on exercise of options
<i>Directors</i>					
Cai Yuan	8,650,000	(8,650,000)	—	HK\$0.16	HK\$1.83
Luk Kin Peter Joseph	8,650,000	(8,650,000)	—	HK\$0.16	HK\$1.83
<i>Employees</i>	7,188,000	(7,188,000)	—	HK\$0.16	HK\$0.30

The options granted to the Directors are registered under the names of the Directors who are also the beneficial owners.

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

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



DIRECTORS' REPORT

DIRECTORS' INTERESTS IN CONTRACTS

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

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its securities during the year ended 31 December 2006. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities during the year.

MAJOR CUSTOMERS AND SUPPLIERS

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

	Percentage of the group's total	
	Sales	Purchases
The largest customer	9%	
Five largest customers in aggregate	13%	
The largest supplier		9%
Five largest suppliers in aggregate		11%

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

COMPETING INTEREST

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

PRE-EMPTIVE RIGHTS

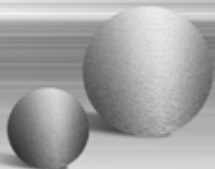
There are no provisions for pre-emptive rights under the Bye-laws of the Company or the laws of Bermuda requiring the Company to offer new shares to the existing shareholders in proportion to their shareholdings if new shares are issued.

SUFFICIENCY OF PUBLIC FLOAT

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

FIVE YEARS SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 87 and 88 of the annual report.



DIRECTORS' REPORT

RETIREMENT SCHEME

Details of the retirement benefit schemes operated by the Group are set out in note 26 to the financial statements.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange and considers all the independent non-executive Directors to be independent.

AUDITORS

KPMG were first appointed as auditors of the Company in January 2007 for the financial year ended 31 December 2006 upon the retirement of Deloitte Touche Tohmatsu, who have acted as auditors of the Company for the preceding two financial years. PricewaterhouseCoopers acted as auditors of the Company for the financial year ended 31 December 2003.

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board
China Mining Resources Group Limited

Luk Kin Peter Joseph
Deputy Chairman and Chief Executive Officer

Hong Kong, 10 April 2007