



# CHINA MINING RESOURCES GROUP LIMITED

## 中國礦業資源集團有限公司\*

(Incorporated in Bermuda with limited liability)

(Stock Code: 340)

### ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

The Board of Directors (the “Board”) of China Mining Resources Group Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2007:

#### CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	Note	2007 HK\$'000	2006 HK\$'000
<b>Continuing operations</b>			
Turnover	3	696,416	17,366
Cost of sales		(501,117)	(8,060)
<b>Gross profit</b>		<b>195,299</b>	<b>9,306</b>
Other revenue	5	26,039	4,250
Other net income/(loss)	5	279,519	(467)
Selling expenses		(9,850)	(4,276)
Administrative expenses		(223,971)	(20,802)
Impairment loss of goodwill		—	(7,400)
<b>Profit/(loss) from operations</b>		<b>267,036</b>	<b>(19,389)</b>
Finance costs	6	(15,297)	(1,169)
Share of losses of jointly controlled entities		(39)	—
<b>Profit/(loss) before taxation</b>	6	<b>251,700</b>	<b>(20,558)</b>
Income tax	7	(27,308)	366
<b>Profit/(loss) for the year from continuing operations</b>		<b>224,392</b>	<b>(20,192)</b>
<b>Discontinued operations</b>			
Profit for the year from discontinued operations	8	—	10,950
<b>Profit/(loss) for the year</b>		<b>224,392</b>	<b>(9,242)</b>

\* For identification purpose only

	<i>Note</i>	<b>2007</b> <b>HK\$'000</b>	2006 HK\$'000
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>212,297</b>	(8,244)
Minority interests		<b>12,095</b>	(998)
<b>Profit/(loss) for the year</b>		<b><u>224,392</u></b>	<b><u>(9,242)</u></b>
<b>Earnings/(loss) per share — basic</b>	<i>9</i>		
From continuing and discontinued operations		<b><u>3.9 cents</u></b>	<b><u>(0.29) cents</u></b>
From continuing operations		<b><u>3.9 cents</u></b>	<b><u>(0.67) cents</u></b>
From discontinued operations		<b><u>N/A</u></b>	<b><u>0.38 cents</u></b>
<b>Earnings/(loss) per share — diluted</b>	<i>9</i>		
From continuing and discontinued operations		<b><u>3.9 cents</u></b>	<b><u>(0.29) cents</u></b>
From continuing operations		<b><u>3.9 cents</u></b>	<b><u>(0.67) cents</u></b>
From discontinued operations		<b><u>N/A</u></b>	<b><u>0.38 cents</u></b>

## CONSOLIDATED BALANCE SHEET

As at 31 December 2007

	<i>Note</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
<b>Non-current assets</b>			
Fixed assets			
– Property, plant and equipment		460,609	4,432
– Interests in leasehold land held for own use under operating leases		316,658	—
Intangible assets		4,808,088	1,694,615
Construction in progress		87,496	—
Goodwill		8,200	8,200
Interest in jointly controlled entries		—	—
Other receivables	10	92,246	—
Deferred tax assets		1,514	366
		<u>5,774,811</u>	<u>1,707,613</u>
<b>Current assets</b>			
Inventories		46,223	430
Trade and other receivables	10	370,711	15,049
Cash and cash equivalents		1,247,594	449,087
		<u>1,664,528</u>	<u>464,566</u>
<b>Current liabilities</b>			
Trade and other payables	11	256,130	22,517
Deferred income		53,814	34,839
Bank loans		127,467	—
Other loans		1,067	—
Loans from minority shareholders		150,500	150,500
Current taxation		184,261	—
		<u>773,239</u>	<u>207,856</u>
<b>Net current assets</b>		<u>891,289</u>	<u>256,710</u>
<b>Total assets less current liabilities</b>		<u>6,666,100</u>	<u>1,964,323</u>

	<i>Note</i>	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Other payables		116,986	31,903
Deferred income		79,976	—
Bank loans		85,333	—
Other loans		4,576	—
Deferred tax liabilities		726,195	—
		<u>1,013,066</u>	<u>31,903</u>
<b>NET ASSETS</b>		<b><u>5,653,034</u></b>	<b><u>1,932,420</u></b>
<b>CAPITAL AND RESERVES</b>			
Share capital		602,665	472,078
Reserves		3,390,227	649,494
<b>Total equity attributable to equity shareholders of the Company</b>		<b>3,992,892</b>	<b>1,121,572</b>
<b>Minority interests</b>		<b><u>1,660,142</u></b>	<b><u>810,848</u></b>
<b>TOTAL EQUITY</b>		<b><u>5,653,034</u></b>	<b><u>1,932,420</u></b>

*Notes:*

## **1. Basis of preparation of the financial results**

These financial results have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). These financial results also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The measurement basis used in the preparation of the financial results is the historical cost basis. The functional currencies of the Company and its subsidiaries in the People’s Republic of China (the “PRC”) are Hong Kong dollars and Renminbi respectively. For the purposes of presenting the consolidated financial results, the Group adopted Hong Kong dollars as its presentation currency.

## **2. Changes in accounting policies**

The HKICPA has issued a number of new and revised HKFRSs and interpretations that are first effective or available for early adoption for the current accounting period of the Group and the Company.

There have been no significant changes to the accounting policies applied in these financial statements for the years presented as a result of these developments. However, as a result of the adoption of HKFRS 7, Financial instruments: Disclosures and the amendment to HKAS 1, Presentation of financial statements: Capital disclosures, there have been some additional disclosures provided as follows:

As a result of the adoption of HKFRS 7, the financial statements include expanded disclosure about the significance of the Group’s financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by HKAS 32, Financial instruments: Disclosure and presentation.

The amendment to HKAS 1 introduces additional disclosure requirements to provide information about the level of capital and the Group’s and the Company’s objectives, policies and processes for managing capital.

Both HKFRS 7 and the amendment to HKAS 1 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial results.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 3. Turnover

The principal activities of the Group are mining operations and processing and storage of cord blood.

Turnover represents the sales value of goods supplied to customers less returns, discounts and value added taxes during the year. Turnover recognised during the year may be analysed as follows:

	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
<b>Continuing operations:</b>		
Processing and storage of cord blood	21,461	17,366
Mining operations		
Sales of:		
— Molybdenum	551,225	—
— Copper	97,298	—
— Zinc	18,295	—
— Others	8,137	—
	<u>674,955</u>	<u>—</u>
	<u>696,416</u>	17,366
<b>Discontinued operations: (note 8)</b>		
Sales of trading securities	—	116,234
Dividend income from trading securities	—	182
Sales of pharmaceutical and chemical products	—	13,995
Rental income	—	7,796
	<u>—</u>	<u>138,207</u>
	<u>696,416</u>	<u>155,573</u>

#### 4. Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

##### *Business segments*

The Group is currently engaged in mining operations and processing and storage of cord blood. The Group was also involved in the trading of investments, sales of pharmaceutical and chemical products and property investment which were discontinued in the year ended 31 December 2006 as set out in note 8. These segments are the basis on which the Group reports its primary segment information.

Segment information about these businesses is set out as follows:

##### *For the year ended 31 December 2007*

	Processing and storage of cord blood <i>HKS'000</i>	Mining				Sub-total <i>HKS'000</i>	Unallocated <i>HKS'000</i>	Total <i>HKS'000</i>
		Molybdenum <i>HKS'000</i>	Copper and Zinc <i>HKS'000</i>	Rutile <i>HKS'000</i>	Others* <i>HKS'000</i>			
<b>Segment revenue</b>								
Turnover from external customers	21,461	551,225	115,593	—	8,137	674,955	—	696,416
Other revenue from external customers	—	—	—	—	—	—	1,248	1,248
<b>Total</b>	<b>21,461</b>	<b>551,225</b>	<b>115,593</b>	<b>—</b>	<b>8,137</b>	<b>674,955</b>	<b>1,248</b>	<b>697,664</b>
<b>Segment result</b>	<b>298</b>	<b>129,716</b>	<b>22,777</b>	<b>(8,247)</b>	<b>(6,336)</b>	<b>137,910</b>	<b>1,248</b>	<b>139,456</b>
Unallocated operating income and expenses								127,580
Profit from operations								267,036
Finance costs								(15,297)
Taxation								(27,308)
Share of losses of jointly controlled entities								(39)
Profit after taxation								224,392
<b>Assets and liabilities</b>								
Segment assets	46,105	3,462,533	508,001	1,958,142	425,715	6,354,391	1,038,843	7,439,339
Segment liabilities	55,808	1,195,853	234,311	191,446	76,255	1,697,865	32,632	1,786,305

	Processing and storage of cord blood HK\$'000	Mining				Sub-total HK\$'000	Unallocated HK\$'000	Total HK\$'000
		Molybdenum HK\$'000	Copper and Zinc HK\$'000	Rutile HK\$'000	Others* HK\$'000			
<b>Other segment information</b>								
Depreciation and amortisation	1,015	64,846	39,320	395	5,872	110,433	2,124	113,572
Gain on disposal of property, plant and equipment	—	—	—	—	—	—	3,640	3,640
Impairment loss on trade and other receivables	424	—	—	—	—	—	963	1,387
Capital expenditure incurred during the year	<u>1,882</u>	<u>2,813,140</u>	<u>422,021</u>	<u>24,280</u>	<u>407,293</u>	<u>3,666,734</u>	<u>174,357</u>	<u>3,842,973</u>

\* Others include business segments which individually account for less than 10% of the Group's revenue or total assets.

### ***For the year ended 31 December 2006***

	Continuing operations			Discontinued operations			Sub-total HK\$'000	Total HK\$'000
	Processing and storage of cord blood HK\$'000	Mining- Rutile HK\$'000	Sub-total HK\$'000	Property investment HK\$'000	Trading of investments HK\$'000	Sales of pharmaceutical and chemical products HK\$'000		
<b>Segment revenue</b>								
Turnover from external customers	17,366	—	17,366	7,796	116,416	13,995	138,207	155,573
Other revenue	—	—	—	—	—	77	77	77
<b>Total</b>	<u>17,366</u>	<u>—</u>	<u>17,366</u>	<u>7,796</u>	<u>116,416</u>	<u>14,072</u>	<u>138,284</u>	<u>155,650</u>
<b>Segment result</b>	<u>(7,409)</u>	<u>(1,130)</u>	<u>(8,539)</u>	<u>20,245</u>	<u>(5,809)</u>	<u>68</u>	<u>14,504</u>	<u>5,965</u>
Unallocated operating income and expenses			(10,850)				239	(10,611)
(Loss)/profit from operations			(19,389)				14,743	(4,646)
Finance costs			(1,169)				(2,476)	(3,645)
Taxation			366				(1,317)	(951)
(Loss)/profit after taxation			<u>(20,192)</u>				<u>10,950</u>	<u>(9,242)</u>



	Continuing operations			Discontinued operations				Total HK\$'000
	Processing and storage of cord blood HK\$'000	Mining- Rutile HK\$'000	Sub-total HK\$'000	Property investment HK\$'000	Trading of investments HK\$'000	Sales of pharmaceutical and chemical products HK\$'000	Sub-total HK\$'000	
<b>Assets and liabilities</b>								
Segment assets	<u>24,344</u>	<u>1,695,875</u>	<u>1,720,219</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	1,720,219
Unallocated assets								<u>451,960</u>
Total assets								<u>2,172,179</u>
Segment liabilities	<u>36,334</u>	<u>46,953</u>	<u>83,287</u>	<u>—</u>	<u>18</u>	<u>10</u>	<u>28</u>	83,315
Unallocated liabilities								<u>156,444</u>
Total liabilities								<u>239,759</u>

	Continuing operations			Discontinued operations				Total HK\$'000	
	Processing and storage of cord blood HK\$'000	Mining- Rutile HK\$'000	Sub-total HK\$'000	Property investment HK\$'000	Trading of investments HK\$'000	Sales of pharma- ceutical and chemical products HK\$'000	Sub-total HK\$'000		Unallocated HK\$'000
<b>Other segment information</b>									
Depreciation	647	17	664	114	—	—	114	591	1,369
Loss on disposal of property, plant and equipment	—	18	18	—	—	—	—	—	18
Valuation gain on investment properties	—	—	—	(15,794)	—	—	(15,794)	—	(15,794)
Impairment loss of goodwill	7,400	—	7,400	—	—	—	—	—	7,400
Capital expenditure incurred during the year	1,813	1,678,623	1,680,436	7	—	—	7	3	1,680,446
Recovery of bad debt	<u>—</u>	<u>—</u>	<u>—</u>	<u>(90)</u>	<u>—</u>	<u>(77)</u>	<u>(167)</u>	<u>(49)</u>	<u>(216)</u>

## Geographical segments

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

### For the year ended 31 December 2007

	Hong Kong HK\$'000	The PRC HK\$'000	Europe HK\$'000	The U.S. HK\$'000	Korea HK\$'000	Total HK\$'000
Revenue from external customers	21,461	278,996	342,043	40,663	13,253	696,416
Segment assets	831,819	6,607,520	—	—	—	7,439,339
Capital expenditure incurred during the year	19,456	3,823,517	—	—	—	3,842,973

### For the year ended 31 December 2006

	Hong Kong HK\$'000	The PRC HK\$'000	Total HK\$'000
<b>Segment revenue</b>			
Revenue from external customers	147,777	7,796	155,573
Attributable to discontinued operations	(130,411)	(7,796)	(138,207)
Revenue from continuing operations	17,366	—	17,366
<b>Segment assets</b>			
— Continuing operations	24,344	1,695,875	1,720,219
— Discontinued operations	—	—	—
— Unallocated assets	24,344	1,695,875	1,720,219
	295,198	156,762	451,960
	319,542	1,852,637	2,172,179
<b>Capital expenditure incurred during the year</b>			
— Continuing operations	1,813	1,678,623	1,680,436
— Discontinued operations	—	7	7
— Unallocated assets	1,813	1,678,630	1,680,443
	3	—	3
	1,816	1,678,630	1,680,446

5. Other revenue and net income/(loss)

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
<b>Other revenue</b>		
<b>Continuing operations:</b>		
Bad debt recovery	—	49
Interest income on bank deposits	24,782	4,128
Government grants	1,248	—
Others	9	73
	<u>26,039</u>	<u>4,250</u>
<b>Discontinued operations: (note 8)</b>		
Bad debt recovery	—	167
Interest income on bank deposits	—	240
Interest income on securities accounts	—	134
	<u>—</u>	<u>541</u>
	<u><u>26,039</u></u>	<u><u>4,791</u></u>
<b>Other net income/(loss)</b>		
<b>Continuing operations:</b>		
Negative goodwill	281,622	—
Net foreign exchange loss	(5,981)	(449)
Sales of scrap materials	238	—
Net gain/(loss) on disposal of property, plant and equipment	3,640	(18)
	<u>279,519</u>	<u>(467)</u>
<b>Discontinued operations: (note 8)</b>		
Net foreign exchange loss	—	(28)
	<u><u>—</u></u>	<u><u>(28)</u></u>

## 6. Profit/(loss) before taxation

Profit/(loss) before taxation is arrived at after charging/(crediting):

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
(a) Finance cost:		
<b>Continuing operations:</b>		
— Finance charges on obligation under a finance lease	—	3
— Interest expense on financial liabilities measured at amortised cost	6,372	1,166
— Interest on bank loan wholly repayable within five years	8,925	—
	<u>15,297</u>	<u>1,169</u>
<b>Discontinued operations: (note 8)</b>		
— Interest on bank loan wholly repayable within five years	—	1,978
— Interest paid for margin financing	—	498
	<u>—</u>	<u>2,476</u>
	<u><b>15,297</b></u>	<u><b>3,645</b></u>
(b) Staff costs (excluding directors' fees):		
<b>Continuing operations:</b>		
— Salaries, wages and other benefits	43,846	8,001
— Staff welfare	1,962	—
— Contributions to defined contribution retirement plan	5,202	208
— Equity-settled share-based payment expenses	142,976	—
	<u>193,986</u>	<u>8,209</u>
<b>Discontinued operations:</b>		
— Salaries, wages and other benefits	—	299
— Contributions to defined contribution retirement plan	—	18
	<u>—</u>	<u>317</u>
	<u><b>193,986</b></u>	<u><b>8,526</b></u>

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
(c) Other items:		
<b>Continuing operations:</b>		
— Auditors' remuneration	4,856	1,436
— Depreciation of property, plant and equipment	13,084	1,255
— Operating lease charges		
— land and buildings	4,273	3,084
— office equipment	—	17
— Impairment losses on trade and other receivables	1,387	877
— Amortisation		
— land lease premium	3,047	—
— intangible assets	85,237	—
— Environmental costs	200	—
<b>Discontinued operations:</b>		
— Auditors' remuneration	—	42
— Depreciation of property, plant and equipment owned by the group	—	114
— Rentals receivable from investment properties less direct outgoings of HK\$2,812,000	—	(4,984)
	<u>          </u>	<u>          </u>

## 7. Income tax

### (a) Continuing operations:

(i) Taxation in the consolidated income statement represents:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
<b>Current tax — PRC Enterprise Income Tax</b>		
Provision for the year	98,383	—
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(71,075)	(366)
Tax charge/(credit)	<u>27,308</u>	<u>(366)</u>

The provision for PRC Enterprise Income Tax has been calculated based on the estimated taxable income at a rate of 33% during the year.

No provision has been made for Hong Kong Profits Tax as the companies engaged in the continuing operations did not earn any assessable profits during both years.

(b) *Discontinued operations: (note 8)*

(i) Taxation in the consolidated income statement represents:

	<b>2007</b> <b>HK\$'000</b>	2006 HK\$'000
<b>Current tax — PRC Enterprise Income Tax</b>		
Provision for the year	—	512
	-----	-----
<b>Deferred tax</b>		
Origination and reversal of temporary differences	—	805
	-----	-----
Tax charge	—	1,317
	<u>          </u>	<u>          </u>

The provision for PRC Enterprise Income Tax has been calculated based on the estimated taxable income at the appropriate rates of taxation ruling in the PRC.

No provision has been made for Hong Kong Profits Tax as the companies engaged in the discontinued operations either had no assessable profits in 2006 or had sufficient tax losses brought forward from previous year to fully set off the assessable profits.

**8. Discontinued operations**

The Group's trading of investment and trading of pharmaceutical ingredients and chemicals products operations were discontinued during the financial year ended 31 December 2006.

Following the cessation of the trading activities, two subsidiaries, namely Fullgain International Investment Limited and INNOMAXX International Trading Company Limited were de-registered on 17 August 2007 and 31 August 2007 respectively.

In November 2006, the Group's property investment operation was discontinued following the disposal of two subsidiaries, namely INNOMAXX Property (BVI) Limited and GITIC Properties Limited, as part of the considerations in connection with the acquisition of 57% equity interest in Lead Sun Investments Limited.

The results of the discontinued operations for the year ended 31 December 2006 are as follows:

	<i>Note</i>	2006 <i>HK\$'000</i>
<b>Turnover</b>	3	138,207
Cost of sales		<u>(138,580)</u>
<b>Gross loss</b>		(373)
Valuation gain on investment properties		15,794
Other revenue	5	541
Other net loss	5	(28)
Selling expenses		—
Administrative expenses		<u>(1,191)</u>
<b>Profit from operations</b>		14,743
Finance costs	6(a)	<u>(2,476)</u>
<b>Profit before taxation</b>	6	12,267
Income tax	7	<u>(1,317)</u>
<b>Profit for the year</b>		<u><u>10,950</u></u>

**9. Earnings/(loss) per share**

**(a) Basic earnings/(loss) per share**

The calculation of basic earnings/(loss) per share is based on the profit/(loss) attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue during the year, calculated as follows:

*(i) Profit/(loss) attributable to ordinary equity shareholders of the Company*

	<b>2007</b> <b><i>HK\$'000</i></b>	2006 <i>HK\$'000</i>
Continuing operations	<b>212,297</b>	(19,194)
Discontinued operations	<u>—</u>	<u>10,950</u>
	<u><b>212,297</b></u>	<u><b>(8,244)</b></u>

(ii) *Weighted average number of ordinary shares*

	<b>2007</b>	2006
	<b>HK\$'000</b>	HK\$'000
Issued ordinary shares at 1 January	<b>4,720,781</b>	2,464,813
Effect of share issued	<b>665,458</b>	373,120
Effect of share options exercised	—	7,310
Weighted average number of ordinary shares	<b><u>5,386,239</u></b>	<b><u>2,845,243</u></b>

(b) *Diluted earnings/(loss) per share*

The diluted earnings per share from continuing operations and discontinued operations for the year ended 31 December 2007 and 2006 is the same as the basic earnings per share as the potential ordinary shares are anti-dilutive.

**10. Trade and other receivables**

(a) *Non-current other receivables comprise:*

	<i>Note</i>	<b>2007</b>	2006
		<b>HK\$'000</b>	HK\$'000
Downpayments	<i>(i)</i>	<b>13,972</b>	—
Loans and advances to business associates	<i>(ii)</i>	<b>71,500</b>	—
Loans to employees and officers	<i>(iii)</i>	<b>6,774</b>	—
		<b><u>92,246</u></b>	<b><u>—</u></b>

*Notes:*

- (i) Downpayments were paid to relevant local authorities for the acquisition of leasehold land located in Heilongjiang and Shanxi, the PRC.
- (ii) Loans and advances to business associates are unsecured, interest free and repayable after more than one year but within two years.
- (iii) Loans to employees and officers are unsecured, repayable within three years and interest bearing with a fixed interest rate of 6.58% per annum.

The above loans and advances are assumed by the Group upon the business combination.



(b) *Current trade and other receivables comprises:*

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Trade debtors and bills receivable	304,482	12,478
<i>Less:</i> Allowance for doubtful debts	<u>(4,455)</u>	<u>(1,350)</u>
	300,027	11,128
Other debtors	35,410	354
<i>Less:</i> Allowance for doubtful debts	<u>(11,375)</u>	<u>—</u>
	24,035	354
Amount due from export sales agent	16,827	—
Amounts due from jointly controlled entities	217	—
Amounts due from minority shareholders	<u>1,067</u>	<u>—</u>
Loans and receivables	342,173	11,482
Deposits and prepayments	<u>28,538</u>	<u>3,567</u>
	<u><u>370,711</u></u>	<u><u>15,049</u></u>

The amounts due from jointly controlled entities and minority shareholders are unsecured, interest-free and have no fixed terms of repayment.

Amount due from export sales agent represents settlements received from overseas customers by the export sales agent on behalf of the group. Such amounts are unsecured, interest-free and expected to be recovered within one year.

Included in other debtors of the Group are amounts totalling HK\$7,965,000 (2006: HK\$Nil) which represent loans to business associates. All loans are unsecured, interest free and repayable within one year except for a loan with a remaining balance of HK\$3,741,000 (2006: HK\$Nil) as at 31 December 2007 which is interest bearing with a fixed interest rate of 10% per annum and secured by a building together with the related land use right located in Harbin, the PRC.

All of the other trade and other receivables, apart from those mentioned in above and certain deposits and prepayments of HK\$1,141,000 (2006: HK\$1,456,000), are expected to be recovered or recognised as expense within one year.

(i) *Ageing analysis*

Included in trade and other receivables are trade debtors and bills receivable (net of allowance for doubtful debts) with the following ageing analysis as of the balance sheet date:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
0 to 30 days	169,897	2,309
31 to 60 days	66,874	1,469
61 to 90 days	34,692	1,435
Over 90 days	<u>28,564</u>	<u>5,915</u>
	<u><u>300,027</u></u>	<u><u>11,128</u></u>

(ii) *Impairment of trade debtors and bills receivable and other debtors*

Impairment losses in respect of trade debtors and bills receivable and other debtors are recorded using an allowance account unless the group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors and bills receivable and other debtors directly.

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
At 1 January	1,350	473
Exchange adjustments	500	—
Acquisition of subsidiaries	12,593	—
Impairment loss recognised	1,387	877
	<hr/>	<hr/>
At 31 December	<b>15,830</b>	1,350
	<hr/> <hr/>	<hr/> <hr/>

At 31 December 2007, the Group's trade debtors and bills receivable and other debtors of HK\$6,710,000 and HK\$25,185,000 (2006: HK\$1,350,000 and HK\$Nil) respectively were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowances for doubtful debts of HK\$15,830,000 (2006: HK\$1,350,000) were recognised. The Group does not hold any collateral over these balances.

(iii) *Trade debtors and bills receivable and other debtors that are not impaired*

The ageing analysis of trade debtors and bills receivable and other debtors that are neither individually nor collectively considered to be impaired are as follows:

	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Neither past due nor impaired	234,494	11,482
	<hr/>	<hr/>
Less than 1 month past due	11	—
1 to 3 months past due	7,534	—
Over 3 months past due	65,958	—
	<hr/>	<hr/>
	<b>73,503</b>	—
	<hr/>	<hr/>
	<b>307,997</b>	11,482
	<hr/> <hr/>	<hr/> <hr/>

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances except for the loans mentioned above.

(iv) *Credit policy*

For both mining operations and processing and storage of cord blood, in order to minimise the credit risk, the management of the group has reviewed the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made to irrecoverable amounts.

In respect of mining operations, credit evaluations are performed on all customers requiring credit over a certain amount. These receivables are due within 90 days from the date of billing. Billings to customers are normally made immediately after the date of delivery except for billings to copper and zinc customers which are made after 1 to 2 months from the date of delivery when metal contents are tested and confirmed by the customers. Debtors with balances that are more than 3 months overdue are requested to settle all outstanding balances before any further credit is granted. Overseas customers are required to settle in cash on delivery. Normally, the group does not obtain collateral from customers.

**11. Trade and other payables**

	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Trade payables	<b>13,621</b>	754
Other payables and accruals	<b>164,582</b>	8,958
Current portion of mining right payables	<b>64,653</b>	12,475
Amount due to a minority shareholder	<b>2,807</b>	170
	<hr/>	<hr/>
Financial liabilities measured at amortised cost	<b>245,663</b>	22,357
Receipts in advance	<b>10,467</b>	160
	<hr/>	<hr/>
	<b>256,130</b>	22,517
	<hr/> <hr/>	<hr/> <hr/>

The amount due to a minority shareholder is unsecured, interest-free and has no fixed terms of repayment.

Included in other payables are retention payables of HK\$961,000 in respect of construction works which are expected to be settled after one year.

Included in trade and other payables are trade creditors with the following ageing analysis as of the balance sheet date:

	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Due within 3 months or on demand	<b>10,287</b>	754
Due after 3 months but within 6 months	<b>437</b>	—
Due after 6 months but within 1 year	<b>225</b>	—
Due after 1 year	<b>2,672</b>	—
	<hr/>	<hr/>
	<b>13,621</b>	754
	<hr/> <hr/>	<hr/> <hr/>

## **12. Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2007**

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2007 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the company's results of operations and financial position.

In addition, HKFRS 8, Operating segments, which is effective for annual periods beginning on or after 1 January 2009, may result in new or amended disclosures in the financial statements.

## **FINAL DIVIDEND**

The Board does not recommend the payment of a dividend for the year ended 31 December 2007 (2006: Nil).

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Wednesday, 21 May 2008 to Friday, 23 May 2008, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending the forthcoming annual general meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 20 May 2008.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Results**

The year ended 31 December 2007 was a remarkable one for the Group as we saw a significant and positive change. The Group reported a consolidated turnover of HK\$696,416,000 (2006: HK\$17,366,000) and gross profit of HK\$195,299,000 (2006: HK\$9,306,000) from continuing operations, representing an increase of 3,910.2% and 1,998.6% respectively as compared with last year. The increase was mainly attributable to the consolidation of results of Harbin Songjiang Copper (Group) Company Limited ("Harbin Songjiang") and its subsidiaries ("Harbin Songjiang Group") for the period from 6 July 2007 to 31 December 2007 ("Post-acquisition Period") since the acquisition of a 75.08% equity interest in Harbin Songjiang (the "Acquisition") was completed on 5 July 2007. The negative goodwill of HK\$281,622,000 arising from the Acquisition was recognized as other net income, whereas staff costs of HK\$137,291,000 arising from granting of share options to key employees of the Group was recognized as expenses and fair value adjustment on inventory of HK\$217,012,000 arising from the Acquisition was recorded as cost of sales. The Group's profit attributable to shareholders was HK\$212,297,000 (2006: loss HK\$8,244,000).

## Review of Operations

### *Harbin Songjiang*

Harbin Songjiang is based in Harbin, Heilongjiang Province, the People's Republic of China and specializes in the mining and processing of molybdenum, copper and zinc. The completion of the Acquisition during the year provided the Group with an immediate revenue stream and cash. During the Post-acquisition Period, Harbin Songjiang Group contributed HK\$674,955,000 and HK\$97,834,000 to the turnover and net profit attributable to shareholders of the Company, respectively, of the Group for the year ended 31 December 2007.

For additional information of shareholders, full year financial information of Harbin Songjiang Group is illustrated as follow:

	2007 <i>RMB'000</i>	2006 <i>RMB'000</i>
<b>Turnover</b>	<b>932,034</b>	801,518
<b>Cost of sales</b>	<b>(259,481)</b>	(230,062)
<b>Gross profit</b>	<b>672,553</b>	571,456
Other revenue	22,130	18,458
Other net income	6,388	1,277
Selling expenses	(9,478)	(10,198)
Administrative expenses	(90,022)	(65,928)
<b>Profit from operations</b>	<b>601,571</b>	515,065
Finance costs	(21,866)	(15,569)
Share of profit of associate	—	104
<b>Profit before taxation</b>	<b>579,705</b>	499,600
Income tax	(178,349)	(168,135)
<b>Profit for the year</b>	<b>401,356</b>	331,465
<b>Attributable to:</b>		
Equity owners of Harbin Songjiang	403,463	328,218
Minority interests	(2,107)	3,247
<b>Profit for the year</b>	<b>401,356</b>	331,465

The above financial information regarding to Harbin Songjiang Group were extracted from the unaudited financial statements of Harbin Songjiang for the year ended 31 December 2007, which were prepared by the directors of the Company.

### *Turnover*

The turnover of Harbin Songjiang Group for 2007 was RMB932,034,000 (2006: RMB801,518,000) representing an increase of RMB130,516,000 or 16.3% when compared with last year. The increase was mainly attributable to the growth in sales volume of ferro molybdenum of 564 tonnes or 29.4% (from 1,920 tonnes in 2006 to 2,484 tonnes in 2007) and the increase in average selling prices. The average selling prices for ferro molybdenum, copper and zinc for 2007 were RMB285,853 per tonne, RMB46,125 per tonne and RMB15,378 per tonne (2006: RMB265,182 per tonne, RMB42,071 per tonne and RMB10,633 per tonne) respectively.

Moreover, the increase was partially offset by the decrease in sales volume of copper and zinc from 4,826 tonnes and 4,778 tonnes respectively in 2006 to 3,354 tonnes and 2,826 tonnes respectively in 2007 due to aging of the mine.

### *Cost of Sales and Gross Profit*

The cost of sales of Harbin Songjiang Group increased from RMB230,062,000 in 2006 to RMB259,481,000 in 2007. Gross profit margin remained steady at 72.2% in 2007 (2006: 71.3%). This was primarily due to 1) the increase in average selling prices in ferro molybdenum, copper and zinc as mentioned in turnover section above; 2) the increase was offset by a levy of an 10% export tariff on ferro molybdenum which took effect from 1 November 2006; and 3) increase in amortisation of mining rights in respect of consideration for transferring mining licences from state-owned to privately-owned upon the Acquisition.

### *Rutile Mining*

The rutile mine owned by the Group covers an area of two square kilometers with an estimated exploitation potential of approximately 1.9 million tonnes. A processing plant with an annual processing capacity of 1.5 million tonnes of ore and a production plant with an annual production capacity of 42,000 tonnes of tetrachloride were under construction and therefore have not yet to contribute revenue to the Group during the year.

Being hampered by the bad weather as well as additional time consumed in handling relocation of domestic residences, the completion of the project was delayed. We will endeavor to get the project completed as soon as possible and anticipate that the plants will start production by 2009. In addition, there are disputes between two former shareholders of Top Rank International Group Limited, which owns 90% equity interest in Shanxi Shenli Aerospace Titanium Company Limited, the company which holds the rutile mine. Based on advice from the Company's PRC legal adviser, there will be no effect to the Group's ownership and operations of the mine. Moreover, the litigations have already brought obsession to shareholders and investors of the Company, therefore we will explore options to best utilize our rutile assets.

### *Umbilical Cord Blood Storage*

During the year, revenue from the umbilical cord blood storage service amounted to HK\$21,461,000 (2006: HK\$17,366,000), representing an increase of 23.6% as compared to last year.

## **Liquidity, Financial Resources and Capital Structure**

As at 31 December 2007, the Group had total assets and net assets amounted to HK\$7,474,509,000 (2006: HK\$2,172,179,000) and HK\$5,653,034,000 (2006: HK\$1,932,420,000) respectively. The current ratio was 2.2, as compared to 2.2 as of last year end.

The Group had bank balances and cash, amounted to HK\$1,247,594,000 (2006: HK\$449,087,000), most of which were denominated in Renminbi and Hong Kong dollars. At the balance sheet date, the Group had i) borrowings from minority shareholders of HK\$150,500,000 (2006: HK\$150,500,000) which were all interest-free, ii) bank borrowings of HK\$212,800,000 which were interest-bearing at floating rates with reference to the prevailing borrowing rate quoted by the People's Bank of China and iii) other loans of HK\$5,643,000 (2006: Nil), of which HK\$1,067,000 was interest-free and HK\$4,576,000 was interest-bearing at 2.55% per annum. The gearing ratio, as a ratio of total borrowings to shareholders' fund was 9.2% (2006: 13.4%).

### **Foreign exchange risk management**

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

### **Share Capital**

The Company placed 1,305,872,000 new shares of the Company to independent investors at HK\$1.88 per placing share on 29 June 2007.

As at 31 December 2007, the Company had 6,026,652,853 shares in issue with total shareholders' fund of the Group amounting to approximately HK\$4,014,602,000.

### **Material Acquisitions and Disposals of Subsidiaries and Associated Companies**

During the year, the group acquired the entire equity interest in Wuhai Derun Ferroalloy Limited Liability Company ("Wuhai Derun") from an independent third party for a consideration of RMB10,800,000 satisfied in cash. Wuhai Derun owns a factory building, a leasehold land and certain plant and equipment at the date of acquisition. Wuhai Derun did not have any business operations at the date of acquisition and the underlying set of assets acquired is planned to produce materials for supplying to Inner Mongolia Zhongrun Magnesium Co., Ltd., a subsidiary of the Company which is under construction of a magnesium smelting plant. The acquired company did not have any revenue and expenses since acquisition.

Save as disclosed above for the acquisition of Harbin Songjiang Group and the acquisition of Wuhai Derun, there were no material acquisitions or disposals of subsidiaries during the year.

## **Contingent Liabilities**

Certain bank loans of the Group as at 31 December 2007 were guaranteed by a third party. In return, a subsidiary of the Group have provided guarantees for banking facilities up to \$53,333,000 (equivalent to RMB50,000,000) and certain bank loans totalling \$53,333,000 (equivalent to RMB50,000,000) respectively in favour of the same third party.

Save as disclosed above, the Group has no other contingent liabilities as at 31 December 2007.

## **Employees and Remuneration policies**

As at 31 December 2007, the Group had approximately 40 and 2,800 employees in Hong Kong and Mainland China respectively.

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

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

## **Prospects**

The Group will continue to focus on adopting a dynamic strategy to meet the changing market needs, proactively seeking for beneficial and synergistic acquisition opportunities, and aspire to become a leading player in the mining sector in Asia.

The Group successfully integrated the operations of Harbin Songjiang Group in 2007 and bought to the Group a team of experts in the mining industry which strengthened our operational capabilities as well as execution ability for potential forthcoming potential acquisitions. The Group strategically continues to increase its natural resources assets and production capabilities to enhance our position in the mining industry.

With cash on hand of over HK\$1.2 billion and a low gearing ratio of 9.2%, the Group is capable and will continue to look for attractive mining acquisition targets. We aim to become one of the leading miners in Asia through organic growth as well as mergers and acquisitions and deliver increasing returns to our shareholders.



## **PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SHARES**

The Company has not redeemed any of its securities during the year ended 31 December 2007. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities during the year.

## **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES OF THE LISTING RULES**

Throughout the year ended 31 December 2007, the Company has applied the principles of the Code on Corporate Governance Practices (the "Code") as set out in the Appendix 14 of the Listing Rules and complied with all the applicable code provision of the Code, except for the deviation from the Code Provision A.4.1 as one of the independent non-executive directors was not appointed for a specific term but is subject to retirement by rotation in accordance with the Bye-law of the Company.

## **AUDIT COMMITTEE**

As at the date of this announcement, the audit committee of the Company comprises Mr. Chan Sze Hon, Mr. Chu Kang Nam and Mr. Goh Choo Hwee, all of them are independent non-executive directors. The consolidated financial results of the Group for the year ended 31 December 2007 have been reviewed by the audit committee.

## **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.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This announcement is published on the website of the Company ([www.chinaminingresources.com](http://www.chinaminingresources.com)) and the designated issuer website of Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

The 2007 annual report of the Company will be dispatched to the shareholders of the Company and available on the above websites in due course.

## APPRECIATION

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

By Order of the Board  
**China Mining Resources Group Limited**  
**Cai Yuan**  
*Chairman*

Hong Kong, 11 April 2008

*As at the date hereof, the Board of Directors of the Company comprises Mr. Cai Yuan, Dr. You Xian Sheng, Mr. Wang Hui, Mr. Yeung Kwok Kuen and Mr. Chen Shou Wu as executive directors, Mr. Wu King Shiu Kelvin, Mr. Lam Ming Yung and Mr. Chan Siu Tat as non-executive directors and Mr. Chan Sze Hon, Mr. Chu Kang Nam, Mr. Goh Choo Hwee and Mr. Lin Xiang Min as independent non-executive directors.*