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中國礦業資源集團有限公司*

China Mining Resources Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00340)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

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 2008:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	Notes	2008 HK\$'000	2007 HK\$'000 (Restated)
Continuing operations			
Revenue	3	493,767	674,955
Cost of sales		(446,688)	(491,409)
Gross profit		47,079	183,546
Other income	5	69,565	305,043
Selling and distribution expenses		(8,051)	(4,744)
Administrative expenses		(333,869)	(216,862)
Finance costs		(24,306)	(15,297)
Share of results of jointly controlled entities		(476)	(39)
Impairment losses on intangible assets, exploration and evaluation assets		(4,420,555)	—
Impairment losses on property, plant and equipment and prepaid lease payments		(706,025)	—
(Loss) profit before tax		(5,376,638)	251,647
Income tax credit (charge)	6	628,661	(27,388)
(Loss) profit for the year from continuing operations		(4,747,977)	224,259
Discontinued operation	8	1,880	133
Profit for the year from discontinued operation		1,880	133
(Loss) profit for the year	7	(4,746,097)	224,392
Attributable to:			
Equity holders of the Company		(3,174,608)	212,297
Minority interests		(1,571,489)	12,095
		(4,746,097)	224,392
(LOSS) EARNINGS PER SHARE			
From continuing and discontinued operations	9		
Basic and diluted (HK cents)		(52.7) cents	3.9 cents
From continuing operations			
Basic and diluted (HK cents)		(52.7) cents	3.9 cents

* For identification purpose only

CONSOLIDATED BALANCE SHEET

As at 31 December 2008

	<i>Notes</i>	2008 HK\$'000	2007 HK\$'000 (Restated)
Non-current assets			
Property, plant and equipment		218,441	548,105
Prepaid lease payments		71,951	310,196
Intangible assets		546,777	4,772,044
Exploration and evaluation assets		11,229	36,044
Goodwill		—	8,200
Interests in jointly controlled entities		—	—
Available-for-sale investments		72,121	—
Deposit for acquisition of a subsidiary		100,000	—
Other receivables		968	92,246
Deferred tax assets		—	1,514
		1,021,487	5,768,349
Current assets			
Inventories		209,050	46,223
Trade and other receivables	<i>10</i>	126,644	369,427
Held-for-trading investments		590	—
Amounts due from jointly controlled entities		—	217
Amounts due from minority shareholders		—	1,067
Prepaid lease payments		2,120	6,462
Bank balances and cash		1,000,408	1,247,594
		1,338,812	1,670,990
Current liabilities			
Amounts due to jointly controlled entities		(758)	—
Amounts due to minority shareholders		(150,636)	(153,307)
Trade and other payables	<i>11</i>	(358,895)	(253,323)
Tax payable		(100,536)	(184,261)
Deferred income		—	(53,814)
Bank borrowings		(136,428)	(127,467)
Other borrowings		(1,137)	(1,067)
Provisions		(20,363)	—
		(768,753)	(773,239)
Net current assets		570,059	897,751
Total assets less current liabilities		1,591,546	6,666,100

	<i>Notes</i>	2008 HK\$'000	2007 HK\$'000 (Restated)
Non-current liabilities			
Deferred tax liabilities		(42,077)	(726,195)
Bank borrowings		(34,107)	(85,333)
Other borrowings		(4,877)	(4,576)
Deferred income		(46,644)	(79,976)
Other long term payable		(85,642)	(116,986)
Provisions		(120,604)	—
		<u>(333,951)</u>	<u>(1,013,066)</u>
Net assets		<u>1,257,595</u>	<u>5,653,034</u>
Capital and reserves			
Share capital		602,665	602,665
Share premium and reserves		529,615	3,390,227
Attributable to equity holders of the Company		1,132,280	3,992,892
Minority interests		125,315	1,660,142
Total equity		<u>1,257,595</u>	<u>5,653,034</u>

Notes:

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are disclosed in the introduction to the annual report.

The functional currency of the Company is Renminbi (“RMB”). The consolidated financial statements are presented in Hong Kong dollars for the convenience of the investors as its shares are listed on the Stock Exchange.

The principal activities of the Company and its subsidiaries (the “Group”) are mining, processing and sales of copper, zinc, molybdenum and provision of cord blood bank and its relevant laboratory service. The provision of cord blood bank and its relevant laboratory service was discontinued in current year.

Prior year figures are restated due to the reclassification of prepaid lease payments and intangible assets on the consolidated balance sheet and the disclosure of discontinued operation on the consolidated income statement.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

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

Hong Kong Accounting Standard (“HKAS”) 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
Hong Kong (International Financial Reporting Interpretations Committee) (“HK(IFRIC)”) — Interpretations (“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 adoption of the new HKFRSs had 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.

The Group has not early applied the following new and revised standards, amendments and 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 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 & 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

- ¹ Effective for annual periods beginning on or after 1 January 2009 except 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 on or after 1 July 2009

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group'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. REVENUE

Revenue represents the net amounts received and receivable for goods sold, less discount and sales related taxes, for the year. An analysis of the Group's revenue for the year, for both continuing and discontinued operations is as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Continuing operations		
Sales of goods		
— molybdenum	400,517	551,225
— copper and zinc	77,751	115,593
— rutile and others	15,499	8,137
	<u>493,767</u>	<u>674,955</u>
Discontinued operation		
Processing and storage of cord blood	<u>25,037</u>	<u>21,461</u>
	<u>518,804</u>	<u>696,416</u>

4. SEGMENT INFORMATION

For management purposes, the Group was organised into four operating divisions — Molybdenum, Copper and Zinc, Rutile and others and Cord Blood. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Molybdenum	—	mining, processing and sale of Molybdenum
Copper and Zinc	—	mining, processing and sale of copper and zinc
Rutile and others	—	mining, processing and sale of other minerals such as rutile, gold and iron
Cord Blood	—	processing and storage of cord blood.

The Group has discontinued the processing and storage of cord blood on 30 November 2008.

Segment information about these businesses is presented below:

For the year ended 31 December 2008

	Continuing operations			Discontinued operation		
	Molybdenum HK\$'000	Copper and Zinc HK\$'000	Rutile and others HK\$'000	Sub-total HK\$'000	Cord Blood HK\$'000	Total HK\$'000
REVENUE						
Segment revenue — external sales	<u>400,517</u>	<u>77,751</u>	<u>15,499</u>	<u>493,767</u>	<u>25,037</u>	<u>518,804</u>
RESULT						
Segment result (<i>Note</i>)	<u>(2,166,906)</u>	<u>(388,531)</u>	<u>(2,383,760)</u>	<u>(4,939,197)</u>	1,158	<u>(4,938,039)</u>
Unallocated corporate income				27,160	—	27,160
Unallocated corporate expenses				(439,819)	—	(439,819)
Finance costs				(24,306)	—	(24,306)
Share of results of jointly controlled entities				(476)	—	(476)
Gain on disposal of a discontinued operation				—	898	898
Loss before tax				<u>(5,376,638)</u>	<u>2,056</u>	<u>(5,374,582)</u>
Income tax credit (charge)				<u>628,661</u>	<u>(176)</u>	<u>628,485</u>
Loss for the year				<u>(4,747,977)</u>	<u>1,880</u>	<u>(4,746,097)</u>
<i>Note:</i> Segment result include impairment losses on intangible assets, exploration and evaluation assets, property, plant and equipment and prepaid lease payments for Molybdenum, Copper and Zinc, Rutile and others amounting to HK\$2,394,778,000, HK\$381,730,000 and HK\$2,350,072,000 respectively.						
ASSETS AND LIABILITIES						
Segment assets	938,839	4,235	173,246	1,116,320	—	1,116,320
Unallocated corporate assets						<u>1,243,979</u>
Consolidated total assets						<u>2,360,299</u>
Segment liabilities	538,553	48,500	136,421	723,474	—	723,474
Unallocated corporate liabilities						<u>379,230</u>
Consolidated total liabilities						<u>1,102,704</u>

	Continuing operations			Discontinued operation			Total HK\$'000
	Molybdenum HK\$'000	Copper and Zinc HK\$'000	Rutile and others HK\$'000	Sub-total HK\$'000	Cord Blood HK\$'000	Unallocated HK\$'000	
<i>Other segment information:</i>							
Depreciation and amortisation	114,370	26,297	14,001	154,668	1,097	6,929	162,694
Gain on disposal of property, plant and equipment	—	—	—	—	13	1,481	1,494
Impairment loss on trade and other receivables	—	5,668	366	6,034	—	51,065	57,099
Impairment losses on intangible assets, exploration and evaluation assets	2,096,129	316,155	2,008,271	4,420,555	—	—	4,420,555
Impairment losses on property, plant and equipment and prepaid lease payments	298,649	65,575	341,801	706,025	—	—	706,025
Provision for land reclamation and cavity refill costs	140,967	—	—	140,967	—	—	140,967
Capital expenditure incurred during the year	<u>26,100</u>	<u>1,157</u>	<u>48,551</u>	<u>75,808</u>	<u>2,952</u>	<u>33,511</u>	<u>112,271</u>

For the year ended 31 December 2007

	Continuing operations			Discontinued operation			
	Molybdenum HK\$'000	Copper and Zinc HK\$'000	Rutile and others HK\$'000	Sub-total HK\$'000	Cord Blood HK\$'000	Total HK\$'000	
REVENUE							
Segment revenue — external sales	551,225	115,593	8,137	674,955	21,461	696,416	
RESULT							
Segment result	129,716	22,777	(14,583)	137,910	53	137,963	
Unallocated corporate income				300,641	—	300,641	
Unallocated corporate expenses				(171,568)	—	(171,568)	
Finance costs				(15,297)	—	(15,297)	
Share of results of jointly controlled entities				(39)	—	(39)	
Profit before tax				251,647	53	251,700	
Income tax (charge) credit				(27,388)	80	(27,308)	
Profit for the year				224,259	133	224,392	
ASSETS AND LIABILITIES							
Segment assets	3,462,533	508,001	2,383,857	6,354,391	—	6,354,391	
Unallocated corporate assets						1,084,948	
Consolidated total assets						7,439,339	
Segment liabilities	1,195,853	234,311	267,701	1,697,865	—	1,697,865	
Unallocated corporate liabilities						88,440	
Consolidated total liabilities						1,786,305	
	Continuing operations			Discontinued operation			
	Molybdenum HK\$'000	Copper and Zinc HK\$'000	Rutile and others HK\$'000	Sub-total HK\$'000	Cord Blood HK\$'000	Unallocated HK\$'000	Total HK\$'000
Other segment information:							
Depreciation and amortisation	64,846	39,320	6,267	110,433	1,015	2,124	113,572
Gain on disposal of property, plant and equipment	—	—	—	—	—	3,640	3,640
Impairment loss on trade and other receivables	—	—	—	—	115	12,647	12,762
Capital expenditure incurred during the year	2,813,140	422,021	442,977	3,678,138	1,882	174,357	3,854,377

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 2008

Continuing operations

	Hong Kong <i>HK\$'000</i>	People's Republic of China ("PRC") <i>HK\$'000</i>	Europe <i>HK\$'000</i>	The United States of America ("U.S.") <i>HK\$'000</i>	Korea <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	—	269,805	216,655	—	7,307	493,767
Segment assets	—	1,116,320	—	—	—	1,116,320
Capital expenditure incurred during the year	<u>808</u>	<u>108,511</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>109,319</u>

Discontinued operation

	Hong Kong <i>HK\$'000</i>	The PRC <i>HK\$'000</i>	Europe <i>HK\$'000</i>	The U.S. <i>HK\$'000</i>	Korea <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	25,037	—	—	—	—	25,037
Segment assets	—	—	—	—	—	—
Capital expenditure incurred during the year	<u>2,952</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,952</u>

For the year ended 31 December 2007

Continuing operations

	Hong Kong <i>HK\$'000</i>	The PRC <i>HK\$'000</i>	Europe <i>HK\$'000</i>	The U.S. <i>HK\$'000</i>	Korea <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	—	278,996	342,043	40,663	13,253	674,955
Segment assets	831,819	5,522,572	—	—	—	6,354,391
Capital expenditure incurred during the year	<u>17,574</u>	<u>3,834,921</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,852,495</u>

Discontinued operation

	Hong Kong <i>HK\$'000</i>	The PRC <i>HK\$'000</i>	Europe <i>HK\$'000</i>	The U.S. <i>HK\$'000</i>	Korea <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	21,461	—	—	—	—	21,461
Segment assets	—	—	—	—	—	—
Capital expenditure incurred during the year	<u>1,882</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,882</u>

5. OTHER INCOME

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Continuing operations		
Interest income on bank deposits	21,634	24,267
Net foreign exchange loss	—	(5,981)
Discount on acquisition of a subsidiary	—	281,622
Gain on disposal of property, plant and equipment	1,481	3,640
Net gain on sales of scrap materials	869	238
Government grants recognised*	42,182	1,248
Others	3,399	9
	<u>69,565</u>	<u>305,043</u>
Discontinued operation		
Gain on disposal of property, plant and equipment	13	—
Interest income from bank deposits	302	515
	<u>315</u>	<u>515</u>

* The amounts represented unconditional government grants received by the Group from the relevant PRC authorities to facilitate the business operation of the Group.

6. INCOME TAX (CREDIT) CHARGE

The (credit) charge comprises:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Continuing operations		
Current tax:		
PRC Enterprise Income Tax	<u>94,443</u>	<u>98,383</u>
Deferred tax:		
Current year	(723,108)	(70,995)
Attributable to a change in tax rate	<u>4</u>	<u>—</u>
	<u>(723,104)</u>	<u>(70,995)</u>
	<u>(628,661)</u>	<u>27,388</u>
Discontinued operation		
Deferred tax		
Current year	150	(80)
Attributable to a change in tax rate	<u>26</u>	<u>—</u>
	<u>176</u>	<u>(80)</u>
Total	<u>(628,485)</u>	<u>27,308</u>

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for the year. No Hong Kong Profits Tax is payable since there is no assessable profit arising in Hong Kong.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the “New Law”) by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. Under the New Law and Implementation Regulations, the tax rate was changed from 33% to 25%.

Income tax credit (expenses) for the year can be reconciled to the (loss) profit before tax as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
(Loss) profit before tax:		
Continuing operations	(5,376,638)	251,647
Discontinued operation	2,056	53
	<u>(5,374,582)</u>	<u>251,700</u>
Tax at the domestic income tax rate of 25% (2007: 33%)	(1,343,646)	83,061
Tax effect of expenses not deductible for tax purposes	579,327	17,358
Tax effect of income not taxable for tax purposes	(14,601)	(73,111)
Tax effect of utilisation of tax loss previously not recognised	(82)	—
Tax effect of deductible temporary differences not recognised	150,540	—
Effect of change in tax rate	30	—
Effect of different tax rate of subsidiaries	(53)	—
	<u>(628,485)</u>	<u>27,308</u>
Tax (credit) charge for the year	(628,485)	27,308

The domestic income tax rate represents the tax rate in the jurisdiction where the operation of the Group is substantially based.

7. (LOSS) PROFIT FOR THE YEAR

	Continuing operations		Discontinued operation		Consolidated	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
(Loss) profit for the year has been arrived at after charging:						
Directors' remuneration	38,468	123,392	—	—	38,468	123,392
Other staff's salary, bonus and allowance	99,614	181,406	7,314	7,378	106,928	188,784
Other staff's contribution to retirement benefit cost	12,562	4,922	335	280	12,897	5,202
Total staff costs	150,644	309,720	7,649	7,658	158,293	317,378
Allowance for inventories	29,002	—	—	—	29,002	—
Amortisation of intangible assets, exploration and evaluation assets	127,455	97,441	—	—	127,455	97,441
Amortisation for prepaid lease payments	6,061	3,047	—	—	6,061	3,047
Auditor's remuneration	3,587	4,821	—	35	3,587	4,856
Cost of inventories recognised in cost of sales	133,625	155,023	—	—	133,625	155,023
Depreciation of property, plant and equipment	28,081	12,069	1,097	1,015	29,178	13,084
Foreign exchange loss	38,961	—	—	—	38,961	—
Impairment loss on trade and other receivables, net	57,099	12,647	—	115	57,099	12,762
Loss on disposal of intangible assets	14,799	—	—	—	14,799	—
Provision for land reclamation and cavity refill costs (included in cost of sales)	140,967	—	—	—	140,967	—
Operating lease charge in respect of land and buildings	4,559	4,273	2,602	—	7,161	4,273

8. DISCONTINUED OPERATION

On 21 November 2008, the Group entered into a sale agreement to dispose of a subsidiary, Cell Therapy Technologies Center Limited (“CTTC”), which was engaged in the Group’s processing and storage of cord blood operation. The disposal was effected in order to generate cash flows for the expansion of the Group’s other businesses. The disposal was completed on 21 November 2008, on which date control of CTTC was passed to the acquirer.

The profit for the year from the discontinued operation for CTTC is analysed as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Profit of processing and storage of cord blood operation for the year	982	133
Gain on disposal of processing and storage of cord blood	898	—
	1,880	133

The results of the processing and storage of cord blood operations for the period from 1 January 2008 to 21 November 2008, which have been included in the consolidated income statement, were as follows:

	1.1.2008 to 21.11.2008 <i>HK\$'000</i>	1.1.2007 to 31.12.2007 <i>HK\$'000</i>
Revenue	25,037	21,461
Cost of sales	(9,004)	(9,708)
Gross profit	16,033	11,753
Other income	315	515
Selling and distribution expenses	(5,619)	(5,106)
Administrative expenses	(9,571)	(7,109)
Profit before tax	1,158	53
Income tax (charge) credit	(176)	80
Profit for the period/year	982	133

During the year, CTTC contributed HK\$17,334,000 (2007: paid HK\$4,038,000) to the Group’s net operating cash flows, paid HK\$2,600,000 (2007: HK\$1,734,000) in respect of investing activities.

9. (LOSS) EARNINGS PER SHARE

For continuing and discontinued operations

The calculation of the basic (loss) earnings per share for the year is based on the following data:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
(Loss) profit for the year attributable to equity holders of the Company and (loss) earnings for the purpose of basic (loss) earnings per share	<u>(3,174,608)</u>	<u>212,297</u>
	<i>'000</i>	<i>'000</i>
Weighted average number of shares for the purpose of basic (loss) earnings per share	<u>6,026,653</u>	<u>5,386,239</u>

For continuing operations

The calculation of the basic (loss) earnings per share from continuing operations attributable to the ordinary equity holders of the Company is based on the following data:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
(Loss) profit for the year attributable to equity holders of the Company	(3,174,608)	212,297
Less: Profit for the year from discontinued operation	<u>1,880</u>	<u>133</u>
(Loss) earnings for the purposes of basic (loss) earnings per share from continuing operations	<u>(3,176,488)</u>	<u>212,164</u>

The denominators used are the same as those detailed above for basic (loss) earnings per share.

In 2008, the computation of diluted loss per share does not assume the conversion of the Company's outstanding share options since their exercise would result in a decrease in loss per share.

In 2007, the diluted earnings per share is the same as the basic earning per share as the potential ordinary shares are anti-dilutive.

From discontinued operation

Basic earnings per share for the discontinued operation is HK\$0.031 cents per share (2007: HK\$0.003 cents per share), based on the profit for the period from the discontinued operation of HK\$1,880,000 (2007: HK\$133,000) and the denominators detailed above for basic (loss) earnings per share.

10. TRADE AND OTHER RECEIVABLES

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Trade receivables	68,686	304,482
<i>Less:</i> Allowance for doubtful debts	<u>(4,055)</u>	<u>(4,455)</u>
	<u>64,631</u>	<u>300,027</u>
Other receivables	49,926	52,237
<i>Less:</i> Allowance for doubtful debts	<u>(14,967)</u>	<u>(11,375)</u>
	<u>34,959</u>	<u>40,862</u>
Deposits and prepayments	<u>27,054</u>	<u>28,538</u>
Total trade and other receivables	<u><u>126,644</u></u>	<u><u>369,427</u></u>

The Group normally allows credit period of 90 days to its trade customers. The aged analysis of trade receivables (net of allowance for doubtful debts) is as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
0 — 30 days	2,954	169,897
31 — 60 days	14,893	66,874
61 — 90 days	26,179	34,692
Over 90 days	<u>20,605</u>	<u>28,564</u>
	<u><u>64,631</u></u>	<u><u>300,027</u></u>

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and credit quality attributed to customers are reviewed once a year. As at 31 December 2008, approximately 68% (2007: 99.6%) of the trade receivables that are neither past due nor impaired have the best credit quality assessed by the Group.

As at 31 December 2008, included in the Group's trade receivable balance are debtors with aggregate carrying amount of approximately HK\$20,605,000 (2007: HK\$1,098,000) which are past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The average age of these receivables is 48 days (2007: 78 days).

Ageing of trade receivables which are past due but not impaired:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
0 — 30 days	9,685	11
31 — 60 days	9,725	404
Over 90 days	1,195	683
	<u>20,605</u>	<u>1,098</u>

Movement in the allowance for doubtful debts for trade receivables:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Balance at beginning of the year	4,455	1,350
Exchange adjustments	192	500
(Disposal) acquisition of subsidiaries	(6,308)	1,218
Impairment losses reversal	(225)	—
Amount written off as uncollectible	(1)	—
Increase in allowance recognised in the consolidated income statement	5,942	1,387
Balance at end of the year	<u>4,055</u>	<u>4,455</u>

Movement in the allowance for doubtful debts for other receivables:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Balance at beginning of the year	11,375	—
Exchange adjustments	925	—
Impairment losses reversal	(3,807)	—
Increase in allowance recognised in the consolidated income statement	6,474	11,375
Balance at end of the year	<u>14,967</u>	<u>11,375</u>

Included in the Group's allowance for doubtful debts are individually impaired trade receivables and other receivables with an aggregate balance of HK\$4,055,000 (2007: HK\$4,455,000) and HK\$14,967,000 (2007: HK\$11,375,000) respectively in which the directors consider the recoverability of these debts is remote.

11. TRADE AND OTHER PAYABLES

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Trade payables	21,491	13,621
Other payables and accruals (<i>Note</i>)	337,404	239,702
	358,895	253,323

Note: The amount includes HK\$108,440,000 (2007: HK\$64,653,000) mining right payable.

The following is an aged analysis of trade payables at the balance sheet date:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
0 — 90 days	13,823	10,287
91 — 180 days	952	437
181 — 365 days	1,145	225
Over 1 year	5,571	2,672
	21,491	13,621

Trade payables principally comprise amounts outstanding for trade purchases.

FINAL DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 31 December 2008 (2007: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 3 June 2009 to Friday, 5 June 2009, 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, 2 June 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

The Group reported a consolidated turnover of HK\$493,767,000 (2007: HK\$674,955,000) and gross profit of HK\$47,079,000 (2007: HK\$183,546,000) from continuing operations, representing a decrease of 27% and 74% respectively as compared with last year. The decrease was mainly due to the fall back in operations of Harbin Songjiang Copper (Group) Company Limited (“Harbin Songjiang”) and its subsidiaries (“Harbin Songjiang Group”). Please see the section headed “Review of Operations – Harbin Songjiang Group” for further detail.

The Group’s loss attributable to equity shareholders amounted to HK\$3,174,608,000 (2007: profit HK\$212,297,000). In particular, impairment losses of HK\$4,420,555,000 on intangible assets, exploration and evaluation assets (HK\$2,856,099,000 attributable to equity shareholders), impairment losses on property, plant and equipment and prepaid lease payments of HK\$706,025,000 (HK\$513,752,000 attributable to equity shareholders) and impairment losses of HK\$57,099,000 on trade and other receivables (HK\$42,783,000 attributable to equity shareholders) were made during the year. In addition, the provision for land reclamation and cavity refill costs amounted to HK\$140,967,000 in respect of the molybdenum mine was provided during the year. The details of impairment on assets and provision for land reclamation and cavity refill costs is further explained below. On exclusion of the above impairment losses and provision, the Group’s earnings before interest, tax, depreciation and amortisation (“EBITDA”) for the year was HK\$135,008,000 (2007: HK\$393,248,000).

The staff costs of HK\$36,697,000 (2007: HK\$137,291,000) arising from granting of share options to directors, employees and consulting firm of the Group was recognised as expenses during the year.

Review of Operations

Harbin Songjiang Group

Harbin Songjiang is based in Harbin, Heilongjiang Province, the People’s Republic of China (the “PRC”) and specializes in the mining and processing of molybdenum, copper and zinc, of which molybdenum accounts for the majority of its production and earnings.

Harbin Songjiang Group contributed HK\$493,767,000 and HK\$1,991,094,000 to the Group’s turnover and loss for the year ended 31 December 2008, respectively. During the period from 6 July 2007 to 31 December 2007 (the “Post-acquisition Period”), Harbin Songjiang Group contributed HK\$674,955,000 and HK\$97,834,000 to the Group’s turnover and profit for the year ended 31 December 2007, respectively.

The loss for the year was mainly due to: (1) impairment losses in aggregate of HK\$2,493,981,000 was made for intangible assets; (2) impairment losses in aggregate of HK\$648,483,000 was made for property, plant and equipment and prepaid lease payments, and (3) provision for land reclamation and cavity refill costs in aggregate of HK\$140,967,000 was made for the molybdenum mine.

Full year financial information of Harbin Songjiang Group for the year ended 31 December 2007 instead of for the Post-acquisition Period would be used and compared as below.

The financial information for the year ended 31 December 2007 regarding the 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. The preparation of these financial statements is the sole responsibility of the directors of the Company. These financial statements have been reviewed by the Company's previous auditors, KPMG, pursuant to Hong Kong Standards on Review Engagements 2400 "Engagements to review financial statements". It should be noted that the review is substantially less in scope than an audit and thus provide less assurance than an audit.

Turnover

Revenue generated from ferro molybdenum, copper and zinc and others were HK\$400,517,000, HK\$77,751,000 and HK\$15,499,000 respectively. The average selling prices for ferro molybdenum and copper were HK\$371,559 per tonne and HK\$60,917 per tonne (2007: HK\$292,765 per tonne and HK\$47,240 per tonne) respectively.

The decrease of turnover was mainly attributable to the decrease of sales volume of ferro molybdenum of 1,406 tonnes or 57% (from 2,484 tonnes in 2007 to 1,078 tonnes in 2008). This was primarily due to: (1) the drastic decrease in the selling price of ferro molybdenum, which was adversely affected by low level steel production as a result of the global financial crisis in the second half year of 2008; consequently, the management decided to suspend the selling activities of ferro molybdenum from August 2008, which also explained why the average selling price of ferro molybdenum was increased for the year despite slide in price since August 2008; and (2) the decrease in output of molybdenum mainly due to lower average grade in the sector exploited during the year. The production volume of ferro molybdenum for the year was 1,619 tonnes as compared to 2,804 tonnes in 2007, and the inventory balance of ferro molybdenum was 621 tonnes as at 31 December 2008 (2007: 80 tonnes).

In addition, the sales volume of copper and zinc decreased by 2,208 tonnes and 1,988 tonnes respectively (Copper: from 3,354 tonnes in 2007 to 1,146 tonnes in 2008; Zinc: from 2,826 in 2007 tonnes to 838 tonnes in 2008) due to decrease in output as a result of aging of the mine. In addition, the operations of the copper and zinc mine of Harbin Songjiang Group (the "Copper mine") had been suspended during the year as the Copper mine is an aged mine which would require more attention and care in terms of production safety. Subsequent to the safety inspection, the Company has thus decided to terminate the operations of the Copper mine by the end of 2009.

Cost of Sales and Gross Profit

The cost of sales of Harbin Songjiang Group decreased from HK\$564,259,000 in 2007 to HK\$446,688,000 in 2008. Gross profit margin was 10% in 2008 (2007: 41%). This was primarily due to an one-off land reclamation and cavity refill costs provision of HK\$140,967,000 made for the molybdenum mine during the year. Excluding the one-off adjustment and the amortisation charges which occurred due to the fair value adjustment recognised in the acquisition date, Harbin Songjiang

Group's gross profit margin was 58% in 2008 (2007: 72.2%). The decrease in gross profit margin from 72.2% in year 2007 to 58% in year 2008 was primarily due to the increase in export tariff on ferro molybdenum from 10% to 20% which took effect from 1 January 2008.

Impairment losses on intangible assets, exploration and evaluation assets

In view of the significant decrease in the market price of molybdenum and the additional provision for land reclamation and cavity refill cost of the molybdenum mine (please see the "Provision for land reclamation and cavity refill cost" section below for more information), the directors of the Company considered that the molybdenum mine should be impaired. A valuation was performed by an independent valuer — Greater China Appraisal Limited, on a cash flow projections basis. Accordingly, impairment losses of approximately HK\$2,096,129,000 were recognised in the consolidated income statement during the year.

In addition, in view of the decrease in market price of copper, iron and zinc related products as well as the aged copper mines and iron mine (as mentioned in the above section headed "Turnover"), the directors of the Company have decided to terminate the operations of the copper mines and the iron mine by the end of 2009. Accordingly, full impairment losses of approximately HK\$364,865,000 were recognised in the consolidated income statement during the year.

Moreover, the Group has performed exploration in certain locations in Inner Mongolia and Heilongjiang, the PRC, during the year and the year before. After evaluating the exploration results, the directors of the Company considered that it is not commercially viable to continue the exploration in such locations and the relevant exploration and evaluation assets and exploration rights should be impaired. Accordingly, impairment losses of approximately HK\$32,984,000 and HK\$3,000 were recognised in the consolidated income statement during the year respectively.

Impairment losses on property, plant and equipment and prepaid lease payments

As mentioned in the above section headed "Impairment losses on intangible assets", in view of the increase in cost of production and decrease in market price of molybdenum-related products, the directors of the Company decided to suspend the development of production of molybdenum related products and the construction of related facilities, processing plant and production plant. Accordingly, the carrying amount of the related processing plant and production plant of approximately HK\$298,649,000 was recognised as impairment loss in the consolidated income statement during the year.

In addition, in view of the decrease in market price of copper, iron and zinc related products, the directors of the Company have decided to terminate the operations of the copper mines and the iron mine by the end of 2009. Accordingly, full impairment losses of related mining facilities, processing plant and production plant and prepaid lease payments of approximately HK\$165,785,000 and HK\$184,049,000 were recognised in the consolidated income statement during the year respectively.

Provision for land reclamation and cavity refill cost

The management of Harbin Songjiang Group has suspended the production of the molybdenum mine for maintenance and improvements. The maintenance and improvements were precautionary measures taken in relation to the subsidence of a small area of land discovered above the hollow section of the mine on 14 December 2008.

In accordance with the relevant PRC rules and regulations, the Group is obliged to accrue the cost for land reclamation and cavity refill for the Group's existing mines. The provision for land reclamation and cavity refill cost has been determined by the directors of the Company based on their best estimation and approximately HK\$140,967,000 is expected to be incurred during the period from 2009 to 2012.

Rutile Mining

The rutile mine owned by the Group covers an area of two square kilometers with an estimated exploitation potential of approximately 1,900,000 tonnes. Depending on the development of market conditions, the construction of the rutile mine as held by it would be temporarily suspended due to the increase in construction costs and land premium in respect of the premises on which the plant of the rutile mine is to be situated and the neighboring land area, as well as the decrease in market price of rutile related products. In this connection, it is difficult to predict whether the rutile mine will resume construction. A full impairment loss of HK\$1,926,574,000 for the mining rights was recognised in the consolidated income statement during the year. In addition, impairment losses of HK\$44,825,000 and HK\$12,717,000 for the related processing and production plant and prepaid lease payments for the rutile mine were recognised in the consolidated income statement during the year respectively.

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 continue to explore options to best utilize our rutile assets.

Investments in Canada listed companies

The Group invested in several Canada listed companies which were held for long-term investments and for the purposes of capital gain and dividend income during the year ended 31 December 2008.

Umbilical Cord Blood Storage

On 21 November 2008, the Group has disposed of the entire equity interest of Cell Therapy Technologies Centre Limited, a company which is principally engaged in the umbilical cord blood storage business to a third party.

During the period from 1 January 2008 to 20 November 2008, revenue from the umbilical cord blood storage service amounted to HK\$25,037,000 (Year ended 31 December 2007: HK\$21,461,000).

Liquidity, Financial Resources and Capital Structure

As at 31 December 2008, the Group had total assets and net assets amounted to HK\$2,360,299,000 (2007: HK\$7,439,339,000) and HK\$1,257,595,000 (2007: HK\$5,653,034,000) respectively. The current ratio was 1.7, as compared to 2.2 as of last year end.

The Group had bank balances and cash, which amounted to HK\$1,000,408,000 (2007: HK\$1,247,594,000), and 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\$150,636,000 (2007: HK\$153,307,000) which were all interest-free; (ii) bank borrowings of HK\$170,535,000 (2007: 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\$6,014,000 (2007: HK\$5,643,000), of which HK\$1,137,000 was interest-free and HK\$4,877,000 was interest-bearing at 2.55% per annum. The gearing ratio, as a ratio of total borrowings to shareholders' fund was 28.9% (2007: 9.3%).

Foreign Exchange Risk Management

As part of the Group's assets and liabilities are denominated in Renminbi and Canadian Dollar, 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

There was no change in share capital during the year. As at 31 December 2008, the Company had 6,026,652,853 shares in issue with total shareholders' fund of the Group amounting to approximately HK\$602,665,000.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

On 21 November 2008, the Group disposed of the entire equity interest in Cell Therapy Technologies Centre Limited to an independent third party for a cash consideration of HK\$15,000,000.

Save as disclosed above, there were no other material acquisitions or disposals of subsidiaries during the year ended 31 December 2008.

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 has provided guarantees for certain bank loans totaling HK\$53,333,000 (equivalent to RMB50,000,000) in favour of the same third party.

Save as disclosed above, the Group has no other contingent liabilities as at 31 December 2008.

Employees and Remuneration Policies

As at 31 December 2008, the Group had approximately 13 and 2,519 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 year 2008 has been a difficult year for the Group. As mentioned in the section headed "Harbin Songjiang Group" above, the operations of the copper mines and the iron mine will be terminated by the end of 2009 as the mines are aged, and the production of the molybdenum mine was suspended for maintenance and improvements since December 2008, and is expected to resume operation by the end of May 2009. On the other hand, as mentioned in the section headed "Rutile Mining" above, the development of the rutile mine in Shanxi was being temporarily suspended due to unfavorable market conditions and increase in construction cost and land premium.

With a view to better utilize the Group's resources and to improve the profitability of the Group, the Company has been actively looking for attractive mergers and acquisitions opportunities in various industries including mining and other natural resources related businesses. Transactions entered into by the Group after 31 December 2008 are set out as follows:

Investment in Quadra Mining Limited

In December 2008, the Group acquired a total of 2,650,900 shares of Quadra Mining Limited ("Quadra") in the market, at an average price of approximately CAD2.12 (equivalent to approximately HK\$13.78) per Quadra's share and an aggregate consideration of CAD5,616,556 (equivalent to approximately HK\$36,507,616) (exclusive of transaction costs).

The Group has disposed through the market 2,650,900 shares of Quadra at a total consideration of CAD15,991,000 (equivalent to approximately HK\$101,841,000) (exclusive of transaction costs) and an average price of approximately CAD6.03 (equivalent to approximately HK\$38.40) per share of Quadra between 27 March 2009 and 3 April 2009. We have realised a gain of approximately HK\$66,000,000 from the disposal.

Acquisition of 80% interest in King Gold Investments Limited

The Company has entered into an agreement dated 22 December 2008 (which was supplemented by supplemental agreements dated 2 January 2009 and 16 March 2009) with certain vendors and guarantors, to acquire 80% issued share capital of King Gold Investments Limited (“King Gold”). King Gold and its subsidiaries (“King Gold Group”) is principally engaged in cultivation, research, production and sale of Chinese tea products.

King Gold Group has generated profits and has been exhibiting substantial growth in its business. Its products are recognised in the PRC as premium tea products and are widely distributed throughout the country.

Along with the changing lifestyle of people, the sale of tea bags has begun to grow at an increasing rate around the world. The market share of tea bags in Europe, the United States and Canada has also grown rapidly in recent years. The tea bag market in the PRC however has not yet been developed and only accounts for a small portion of total sales volume of tea in the PRC tea market. Such significant deviation from the size of tea bag markets in other countries provides an opportunity for King Gold Group to build up its market share in the tea bag market for its prestigious Da Hong Pao and Wuyi rock-essence tea. Due to the aforesaid reasons, King Gold Group has started producing Da Hong Pao tea bags since February 2008 and will continue to devote effort in capturing more market share in the tea bag market. The Company is capable of entering into the rapidly growing and lucrative tea market in the PRC with network, expertise and materials all in place.

The directors of the Company consider that the acquisition of King Gold Group represents a good opportunity for the Group to diversify its investments into other natural resources related industry in order to broaden the revenue base of the Group.

Acquisition of convertible notes of China Shen Zhou Mining and Resources Inc.

The Group has acquired from Citadel Equity Fund Ltd. convertible notes with principal amount of US\$28,000,000 (“Convertible Notes”) issued by China Shen Zhou Mining & Resources Inc (“CSZ”), whose shares are listed on NYSE Amex, for a total consideration of US\$7,000,000 (equivalent to approximately HK\$27,100,000) on 9 April 2009.

The directors of the Company believe that the transaction represents an opportunity for the Group to acquire an interest in the capital of CSZ at an attractive price relative to the value of the underlying mining assets of CSZ and its subsidiaries. This transaction means that the Group will become a significant stakeholder in CSZ, particularly in the event of any reorganization of the capital structure.

The completion of the acquisition of King Gold and the Convertible Notes represent good opportunity for the Group to diversify its investments into other natural resources related industry in order to broaden the revenue base of the Group.

Notwithstanding the difficulties under the global financial crisis, the Board still has strong confidence in the Group's future. The Group will continue to grow steadily taking into account of our strong fundamentals and capabilities. The Board believes there are good opportunities for mergers and acquisitions in this under-pressured global commodity market. The Group will remain on that outlook for attractive mergers and acquisitions opportunities which can best utilize our cash and mining expertise in mining. The Group will continue in our effort to reach our aim — to become a leading player in the mining sector in Asia.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its securities during the year ended 31 December 2008. 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 2008, 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 provisions of the Code.

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 2008 have been reviewed by the audit committee of the Company.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

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

The 2008 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, 20 April 2009

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. Lam Ming Yung as non-executive director and Mr. Chan Sze Hon, Mr. Chu Kang Nam, Mr. Goh Choo Hwee and Mr. Lin Xiang Min as independent non-executive directors.