



China Mining Resources Group Limited

中國礦業資源集團有限公司*

(Formerly known as INNOMAXX Biotechnology Group Limited)

(Incorporated in Bermuda with limited liability) (Stock Code : 340)

Interim Report 2007

*For identification purpose only





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CORPORATE INFORMATION

DIRECTORS

Executive Directors:

Cai Yuan (*Chairman*)
Dong Wenxue (*Chief Executive Officer*)
Wang Hui
Wu King Shiu Kelvin
Yeung Kwok Kuen
(*Chief Financial Officer*)

Non-executive Director:

Lam Ming Yung

Independent Non-executive Directors:

Chan Siu Tat
Chu Kang Nam
Wong Hon Sum

AUDIT COMMITTEE

Chan Siu Tat (*Chairman*)
Chu Kang Nam
Wong Hon Sum

REMUNERATION COMMITTEE

Chan Siu Tat (*Chairman*)
Chu Kang Nam
Wong Hon Sum
Yeung Kwok Kuen

COMPANY SECRETARY

Leung Lai Ming

QUALIFIED ACCOUNTANT

Yeung Kwok Kuen

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 1306, 13th Floor
Bank of America Tower
12 Harcourt Road
Admiralty
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL SHARE REGISTRAR

Butterfield Fund Services (Bermuda)
Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM 08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor
Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITORS

KPMG
8th Floor, Prince's Building
10 Chater Road
Central
Hong Kong

PRINCIPAL BANKERS

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

STOCK CODE

00340



MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS REVIEW

For the six months ended 30 June 2007, the Group reported a consolidated turnover of HK\$9,920,000 (2006: HK\$8,322,000), an increase of 19% over the corresponding period in 2006. The Group's unaudited loss attributable to shareholders amounted to HK\$2,598,000 (2006: profit of HK\$3,217,000).

BUSINESS REVIEW

The Group is principally engaged in the mining business including exploration and exploitation of natural rutile and processing and trading of rutile and titanium related products. Umbilical cord blood storage service has been remained as a result of the operating history of the Group. The construction of the rutile mine is developing on schedule. It is anticipated that the test production of phase I and phase II, being the extraction and production of natural rutile and production of tetrachloride, will commence in the second half of 2008. During the period under review, the umbilical cord blood storage service business has been growing by 19% as a result of increasing marketing activities.

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. The processing plant with an annual processing capacity of 1.5 million tonnes of ore and the production plant with an annual production capacity of 42,000 tonnes of tetrachloride are under construction. The Group also plans to build a facility to produce titanium sponge from titanium tetrachloride. The mining and processing of rutile are expected to generate revenue for the Group from the second half of 2008.



PROSPECTS

Looking ahead, the Group continues to be dynamic, strive for strategic acquisitions, and aspire to become a leading player in the mining sector in Asia.

As announced, the acquisition of a 75.08% equity interest in Harbin Songjiang Copper (Group) Company Limited (“Harbin Songjiang”) was completed on 5 July 2007. Harbin Songjiang is based in the People’s Republic of China and specializes in the mining and processing of molybdenum, copper and zinc. The completion of the acquisition of Harbin Songjiang provides the Group with an immediate stream of revenue and cash. The turnover and net profit attributable to equity owners of Harbin Songjiang for the year ended 31 December 2006 were RMB801,518,000 and RMB328,218,000 respectively. The molybdenum concentrate production was approximately 2,200 tonnes for the whole year in 2006 and was approximately 1,849 tonnes for the six months ended 30 June 2007. According to quoted market price, the average price of 100% molybdenum metal was US\$70.42 per kg in the first half of 2007 compared to US\$57.83 per kg in 2006.

The acquisition of Harbin Songjiang complements the rutile mining business, it brings to the Group a team of experts in the mining industry which strengthen our operational capabilities and also our decision making for forthcoming potential acquisitions. In addition to the strategy for increasing molybdenum resources and production volume to enhance our significance in the molybdenum industry in China, the Group intends to become one of the leading players in natural rutile resources in China. As announced on 25 June 2007, the Company entered into an exclusivity agreement to negotiate the acquisition of a company with natural rutile resources of not less than 5 million tonnes. Should the proposed acquisition materialize and natural rutile be proven to be no less than 5 million tonnes, the Group shall be able to control no less than approximately 6,900,000 tonnes of natural rutile resources and will rank as one of the largest natural rutile resources owners in China.

The Group 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.



FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

As at 30 June 2007, the Group had total assets and net assets of HK\$4,633,482,000 (31 December 2006: HK\$2,172,179,000) and HK\$4,337,261,000 (31 December 2006: HK\$1,932,420,000) respectively. The current ratio was 3.6, as compared to 2.2 as of last year end. Bank balances and cash amounted to approximately HK\$928,563,000 (31 December 2006: HK\$449,087,000), of which most were denominated in Hong Kong dollars. The Group had total borrowings from minority shareholders of HK\$150,500,000 (31 December 2006: HK\$150,500,000) which were all interest-free. The gearing ratio, representing total borrowings to shareholders' fund was 4.3% (31 December 2006: 13.4%). Part of the Group's assets and liabilities are denominated in Renminbi, so, in order to minimize currency risk, the Group aims to utilize its funds for transactions denominated in the same currency.

Charges on Assets

As at 30 June 2007, there were no charges on any assets of the Group (31 December 2006: Nil).

Contingent Liabilities

The Group did not have any material contingent liabilities as at 30 June 2007.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

Saved as disclosed above for the acquisition of Harbin Songjiang which was completed on 5 July 2007, there were no material acquisitions or disposals of subsidiaries and associated companies during the period.

Human Resources

As at 30 June 2007, the Group had 37 and 55 employees in Hong Kong and the Mainland China respectively. Employees are competitively remunerated and are rewarded according to their performance. Our Group's remuneration packages include medical scheme, group insurance, mandatory provident fund, performance bonus and share option scheme.

Consolidated Income Statement

for the six months ended 30 June 2007 – Unaudited
(Expressed in Hong Kong dollars)

		Six months ended 30 June	
	Note	2007 \$'000	2006 \$'000 (restated)
Continuing operations			
Turnover	2	9,920	8,322
Cost of sales		(4,441)	(3,774)
Gross profit		5,479	4,548
Other revenue		7,169	1,084
Selling expenses		(2,188)	(1,566)
Administrative expenses		(14,432)	(9,109)
Loss from operations		(3,972)	(5,043)
Finance costs	3(a)	(1,025)	(3)
Loss before taxation	3	(4,997)	(5,046)
Income tax	4	–	–
Loss for the period from continuing operations		(4,997)	(5,046)
Discontinued operations			
Profit for the period from discontinued operations	5	–	8,263
(Loss)/profit for the period		(4,997)	3,217
Attributable to:			
Equity shareholders of the Company		(2,598)	3,217
Minority interests		(2,399)	–
(Loss)/profit for the period		(4,997)	3,217

Consolidated Income Statement *(continued)*

for the six months ended 30 June 2007 – Unaudited

(Expressed in Hong Kong dollars)

		Six months ended 30 June	
		2007	2006
		\$'000	\$'000
			(restated)
		Note	
(Loss)/earnings per share – basic	6(a)		
From continuing and discontinued operations		<u><u>(0.05) cents</u></u>	<u><u>0.13 cents</u></u>
From continuing operations		<u><u>(0.05) cents</u></u>	<u><u>(0.20) cents</u></u>
From discontinued operations		<u><u>–</u></u>	<u><u>0.33 cents</u></u>
(Loss)/earnings per share – diluted	6(b)		
From continuing and discontinued operations		<u><u>N/A</u></u>	<u><u>0.13 cents</u></u>
From continuing operations		<u><u>N/A</u></u>	<u><u>(0.20) cents</u></u>
From discontinued operations		<u><u>N/A</u></u>	<u><u>0.33 cents</u></u>

Consolidated Balance Sheet

at 30 June 2007 – Unaudited
(Expressed in Hong Kong dollars)

		At 30 June 2007 \$'000	At 31 December 2006 \$'000
Non-current assets			
Property, plant and equipment	8	7,580	4,432
Construction in progress	9	5,472	–
Intangible assets	10	1,737,282	1,694,615
Goodwill		8,200	8,200
Other receivables	11(a)	1,924,278	–
Deferred tax assets		366	366
		<u>3,683,178</u>	<u>1,707,613</u>
Current assets			
Inventories		625	430
Trade and other receivables	11(b)	21,116	15,049
Cash and cash equivalents		928,563	449,087
		<u>950,304</u>	<u>464,566</u>
Current liabilities			
Trade and other payables	12	68,930	22,517
Deferred income	13	43,044	34,839
Loans from minority shareholders		150,500	150,500
		<u>262,474</u>	<u>207,856</u>

Consolidated Balance Sheet (continued)

at 30 June 2007 – Unaudited

(Expressed in Hong Kong dollars)

	Note	At 30 June 2007 \$'000	At 31 December 2006 \$'000
Net current assets		687,830	256,710
Total assets less current liabilities		4,371,008	1,964,323
Non-current liabilities			
Other payables	14	33,747	31,903
NET ASSETS		4,337,261	1,932,420
CAPITAL AND RESERVES			
Share capital	15	602,665	472,078
Reserves		2,902,750	649,494
Total equity attributable to equity shareholders of the Company		3,505,415	1,121,572
Minority interests		831,846	810,848
TOTAL EQUITY		4,337,261	1,932,420

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2007 – Unaudited

(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company								Minority interests	Total
	Share capital	Share premium	Contributed surplus	Share option reserve	Exchange reserve	Accumulated losses	Subtotal			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
At 1 January 2006	246,481	177,179	152,150	2,373	-	(350,756)	227,427	-	227,427	
Exercise of share options	700	420	-	-	-	-	1,120	-	1,120	
Profit for the period	-	-	-	-	-	3,217	3,217	-	3,217	
At 30 June 2006	247,181	177,599	152,150	2,373	-	(347,539)	231,764	-	231,764	
At 1 January 2007	472,078	846,713	152,150	-	9,631	(359,000)	1,121,572	810,848	1,932,420	
Exchange difference on translation of financial statements of subsidiaries outside Hong Kong	-	-	-	-	21,998	-	21,998	23,397	45,395	
Shares issued in respect of share placing (note 15)	130,587	2,324,452	-	-	-	-	2,455,039	-	2,455,039	
Share issue expenses (note 15)	-	(90,596)	-	-	-	-	(90,596)	-	(90,596)	
Loss for the period	-	-	-	-	-	(2,598)	(2,598)	(2,399)	(4,997)	
At 30 June 2007	602,665	3,080,569	152,150	-	31,629	(361,598)	3,505,415	831,846	4,337,261	

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2007 – Unaudited

(Expressed in Hong Kong dollars)

	Six months ended	
	30 June	
	2007	2006
	\$'000	\$'000
Net cash (used in)/generated from operating activities	(12,701)	4,542
Net cash used in investing activities	(1,873,952)	(2,540)
Net cash generated from/(used in) financing activities	2,363,419	(2,579)
Net increase/(decrease) in cash and cash equivalents	476,766	(577)
Cash and cash equivalents at 1 January	449,087	83,757
Effect of foreign exchange rate changes	2,710	–
Cash and cash equivalents at 30 June	928,563	83,180



Notes to the Interim Financial Report – unaudited

(Expressed in Hong Kong dollars)

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim financial reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issuance on 24 September 2007.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2006 annual financial statements.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2006 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The interim financial report is unaudited, but has been reviewed by the Audit Committee of the Company.

The financial information relating to the financial year ended 31 December 2006 that is included in the interim financial report as being previously reported information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2006 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 10 April 2007.

2 SEGMENT INFORMATION

Business segments

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

Segment information about these businesses is set out as follows:

For the period ended 30 June 2007

	Continuing operations			Discontinued operations				Total
	Processing and storage of cord blood	Mining	Sub-total	Property investment	Trading of investments	Sales of products	Sub-total	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue:								
Turnover from external customers	<u>9,920</u>	<u>-</u>	<u>9,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,920</u>
Segment result	<u>480</u>	<u>(4,927)</u>	<u>(4,447)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,447)</u>
Unallocated operating income and expenses			<u>475</u>				<u>-</u>	<u>475</u>
Loss from operations			<u>(3,972)</u>				<u>-</u>	<u>(3,972)</u>
Finance costs			<u>(1,025)</u>				<u>-</u>	<u>(1,025)</u>
Taxation			<u>-</u>				<u>-</u>	<u>-</u>
Loss for the period			<u>(4,997)</u>				<u>-</u>	<u>(4,997)</u>

2 SEGMENT INFORMATION (continued)

Business segments (continued)

For the period ended 30 June 2006

	Continuing operations			Discontinued operations				Total \$'000
	Processing and storage of cord blood \$'000	Mining \$'000	Sub- total \$'000	Property investment \$'000	Trading of investments \$'000	Sales of products \$'000	Sub- total \$'000	
Segment revenue:								
Turnover from external customers	<u>8,322</u>	<u>-</u>	<u>8,322</u>	<u>4,496</u>	<u>116,415</u>	<u>13,995</u>	<u>134,906</u>	<u>143,228</u>
Segment result	<u>1,125</u>	<u>-</u>	<u>1,125</u>	<u>15,764</u>	<u>(5,791)</u>	<u>174</u>	<u>10,147</u>	<u>11,272</u>
Unallocated operating income and expenses			<u>(6,168)</u>				<u>(5)</u>	<u>(6,173)</u>
(Loss)/profit from operations			<u>(5,043)</u>				<u>10,142</u>	<u>5,099</u>
Finance costs			<u>(3)</u>				<u>(1,579)</u>	<u>(1,582)</u>
Taxation			<u>-</u>				<u>(300)</u>	<u>(300)</u>
(Loss)/profit for the period			<u>(5,046)</u>				<u>8,263</u>	<u>3,217</u>

2 SEGMENT INFORMATION (continued)

Geographical segments

The following table provides a geographical analysis of the Group's turnover according to the location of customers:

	Six months ended	
	30 June	
	2007	2006
	\$'000	\$'000
Turnover		
Continuing operations:		
– Hong Kong	<u>9,920</u>	<u>8,322</u>
Discontinued operations:		
– Hong Kong	–	130,410
– The PRC	–	<u>4,496</u>
	<u>–</u>	<u>134,906</u>

3 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2007	2006
	\$'000	\$'000
(a) Finance costs:		
Continuing operations:		
Finance charges on obligations under a finance lease	–	3
Interest expense on financial liabilities measured at amortised cost	1,025	–
	<u>1,025</u>	<u>3</u>
Discontinued operations:		
Interest expense on bank borrowings wholly repayable within five years	–	1,579
	<u>–</u>	<u>1,579</u>
(b) Other items:		
Continuing operations:		
Depreciation on property, plant and equipment	764	632
Net foreign exchange loss	3,326	–
Operating lease charges		
– land and buildings	2,093	1,569
– office equipment	17	8
Impairment loss on trade and other receivables	236	–
Net foreign exchange gain	–	(27)
Interest income	(7,168)	(1,018)
	<u>(7,168)</u>	<u>(1,018)</u>
Discontinued operations:		
Depreciation on property, plant and equipment	–	70
Net foreign exchange loss	–	2
Interest income	–	(273)
Rental receivable from investment properties less direct outgoings of \$1,410,000	–	(3,086)
	<u>–</u>	<u>(3,086)</u>

4 INCOME TAX

Taxation in the consolidated income statement represents:

	Six months ended 30 June	
	2007 \$'000	2006 \$'000
Current tax – PRC Income Tax		
Provision for the period		
– Continuing operations	–	–
– Discontinued operations	–	300
	<hr/>	<hr/>
	–	300
	<hr/> <hr/>	<hr/> <hr/>

No provision for PRC Income Tax has been made as the Company and its subsidiaries have no assessable profit arising from the PRC during the period. No provision has been made for Hong Kong Profits tax as the companies comprising the continuing operations either have no assessable profit during the period or have sufficient tax losses brought forward from previous years to fully net off the estimated assessable profits for the period.

5 DISCONTINUED OPERATIONS

The Group's trading of investment and trading of pharmaceutical ingredients and chemicals 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 was de-registered on 17 August 2007 and 31 August 2007 respectively.

5 DISCONTINUED OPERATIONS (continued)

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 a 57% equity interest in Lead Sun Investments Limited.

- (a) The results of the discontinued operations for the six months ended 30 June 2006 are as follows:

		Six months ended 30 June 2006 \$'000
	<i>Note</i>	
Turnover	2	134,906
Cost of sales		<u>(137,596)</u>
Gross loss		(2,690)
Valuation gain on investment properties		13,064
Other revenue		440
Administrative expenses		<u>(672)</u>
Profit from operations		10,142
Finance costs	3(a)	<u>(1,579)</u>
Profit before taxation	3	8,563
Income tax	4	<u>(300)</u>
Profit for the period		<u><u>8,263</u></u>

5 DISCONTINUED OPERATIONS *(continued)*

- (b) The net cash flows of the discontinued operations for the six months ended 30 June 2006 is as follows:

	Six months ended 30 June 2006 \$'000
Net cash inflow from operating activities	12,591
Net cash outflow from investing activities	(3,839)
Net cash outflow from financing activities	<u>(3,579)</u>
Net cash inflow incurred by the discontinued operations	<u><u>5,173</u></u>

6 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings 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 period, calculated as follows:

- (i) *(Loss)/profit attributable to ordinary equity shareholders of the Company*

	Six months ended 30 June	
	2007 \$'000	2006 \$'000
Continuing operations	(2,598)	(5,046)
Discontinued operations	<u>–</u>	<u>8,263</u>
	<u><u>(2,598)</u></u>	<u><u>3,217</u></u>

6 (LOSS)/EARNINGS PER SHARE (continued)

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

(ii) Weighted average number of ordinary shares

	Six months ended 30 June	
	2007 (‘000)	2006 (‘000)
Issued ordinary shares at 1 January	4,720,781	2,464,813
Effect of shares issued (note 15)	14,429	–
Effect of share options exercised (note 15)	–	1,160
	<hr/>	<hr/>
Weighted average number of ordinary shares at 30 June	<u>4,735,210</u>	<u>2,465,973</u>

(b) Diluted (loss)/earnings per share

There were no dilutive potential ordinary shares during the six months ended 30 June 2007 and, therefore, diluted earnings per share is not presented.

Both diluted earnings per share from continuing and discontinued operations and from discontinued operations for the six months ended 30 June 2006 are calculated by adjusting the weighted average number of 2,465,934,400 shares in issue by 4,593,622 to assume conversion of all dilutive potential shares granted under the share option scheme. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the shares options.

The diluted earnings per share from continuing operations for the six months ended 30 June 2006 is the same as the basic earnings per share as the potential ordinary shares are anti-dilutive.



7 DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30 June 2007 (2006: \$Nil).

8 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2007, the Group acquired items of property, plant and equipment with a cost of \$3,894,000 (six months ended 30 June 2006: \$872,000). No disposal of assets was made during the period (six months ended 30 June 2006: \$Nil).

9 CONSTRUCTION IN PROGRESS

Construction in progress comprises costs incurred on property, plant and equipment not yet completed at 30 June 2007 in respect of the natural rutile mine known as 山西代縣金紅石礦 (the "Mine") located at Dai County, Shanxi Province of the PRC.

10 INTANGIBLE ASSETS

The mining right represents the right for mining in the Mine. As the mining of the Mine has not commenced at the period end, no amortisation was charged to consolidated income statement for the six months ended 30 June 2007.

11 TRADE AND OTHER RECEIVABLES

- (a) Non-current other receivables represents the prepayment for the acquisition consideration of a 75.08% equity interests in Harbin Songjiang Copper (Group) Company Limited ("Harbin Songjiang") of \$1,854,636,000 and the incidental acquisition costs of \$59,390,000 and the deposit of \$10,252,000 for the acquisition of a leasehold land located in Shanxi, the PRC.

11 TRADE AND OTHER RECEIVABLES (continued)

(b) Current trade and other receivables comprise:

	At 30 June 2007 \$'000	At 31 December 2006 \$'000
Trade receivables	13,366	11,128
Other receivables	778	354
Deposits and prepayments	6,972	3,567
	<u>21,116</u>	<u>15,049</u>

Included in current trade and other receivables are trade receivables (net of impairment losses for bad and doubtful debts) with the following ageing analysis as of the balance sheet date:

	At 30 June 2007 \$'000	At 31 December 2006 \$'000
0 to 30 days	2,683	2,309
31 to 60 days	2,523	1,469
61 to 90 days	1,366	1,435
Over 90 days	6,794	5,915
	<u>13,366</u>	<u>11,128</u>

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 this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

12 TRADE AND OTHER PAYABLES

	At 30 June 2007 \$'000	At 31 December 2006 \$'000
Amount due to a minority shareholder	174	170
Trade payables	726	754
Receipts in advance	371	160
Accrued charges	54,870	8,958
Current portion of mining right payables (note 14)	<u>12,789</u>	<u>12,475</u>
	<u>68,930</u>	<u>22,517</u>

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

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

	At 30 June 2007 \$'000	At 31 December 2006 \$'000
0 to 30 days	506	467
31 to 60 days	123	270
Over 60 days	<u>97</u>	<u>17</u>
	<u>726</u>	<u>754</u>

13 DEFERRED INCOME

Deferred income represents fees received in advance for the provision of cord blood storage services. The amount is amortised over the remaining service period.

14 OTHER PAYABLES

	At 30 June 2007 \$'000	At 31 December 2006 \$'000
Mining right payables	46,536	44,378
Less: amount included under "current liabilities" (note 12)	<u>(12,789)</u>	<u>(12,475)</u>
	<u>33,747</u>	<u>31,903</u>

Pursuant to a mining rights premium agreement entered into between the Group and Xinzhou Bureau of Land and Resources of the PRC, the mining rights premium in respect of the mining rights of the Mine amounted to approximately \$65,510,000. During the period, no payment was made in accordance with the payment schedule. As at 30 June 2007, the remaining balance of the mining rights premium of \$46,536,000 shall be settled in five instalments. The final instalment is payable on or before 30 June 2012.

15 SHARE CAPITAL

The amounts of the Group's capital and reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of this interim financial report.

	At 30 June 2007		At 31 December 2006	
	Number of shares (<i>'000</i>)	Amount \$ <i>'000</i>	Number of shares (<i>'000</i>)	Amount \$ <i>'000</i>
<i>Authorised:</i>				
Ordinary shares of \$0.1 each	<u>10,000,000</u>	<u>1,000,000</u>	<u>10,000,000</u>	<u>1,000,000</u>
<i>Ordinary shares issued and fully paid:</i>				
At 1 January	4,720,781	472,078	2,464,813	246,481
Shares issued under:				
– purchase of net assets	–	–	1,081,480	108,148
– share placing	1,305,872	130,587	1,150,000	115,000
– share options scheme	–	–	24,488	2,449
	<u>6,026,653</u>	<u>602,665</u>	<u>4,720,781</u>	<u>472,078</u>

On 29 June 2007, the Company issued 1,305,872,000 new shares pursuant to a placing agreement entered into with a placing agent on 21 June 2007 to finance the Acquisition.

Part of the proceeds of \$130,587,000, representing the par value of the share issued, were credited to the Company's share capital. The remaining proceeds of \$2,324,452,000, before the share issue expenses of \$90,596,000, were credited to the share premium account.

16 COMMITMENTS

Capital commitments outstanding at 30 June 2007 not provided for in the interim financial report, representing the acquisition costs and construction costs for the land and the property, plant and equipment of the Mine, were as follows:

	At 30 June 2007 \$'000	At 31 December 2006 \$'000
Contracted for	11,832	4,872
Authorised but not contracted for	812,182	788,801
	<u>824,014</u>	<u>793,673</u>

17 NON-ADJUSTING POST BALANCE SHEET EVENTS

- (a) On 11 March 2007, the Company entered into a sale and purchase agreement with independent third parties to acquire a 75.08% equity interests in Harbin Songjiang, a company incorporated in the PRC with limited liability, which principally engaged in mining and processing of molybdenum, copper and zinc, for a total consideration of RMB1,807,881,000. The Acquisition was completed on 5 July 2007.
- (b) On 13 July 2007, the Company entered into the subscription agreement with directors and senior management of the Group (the "Subscribers") pursuant to which the Company has agreed to issue, and the Subscribers have agreed to subscribe as principal for, a total of 157,070,000 shares at a price of HK\$1.10 per subscription share in cash (the "Subscriptions"). The Subscriptions serve to link up the interest of the Subscribers with the shareholders of the Company and as an incentive for the Subscribers to continue to contribute to the growth of the Group. The subscription shares are subject to lock-up in total of three years and the Company can, at its sole discretion, repurchase such shares at HK\$1.10 per share from the Subscribers if the Subscribers cease to be employed by the Group during the lock-up period.



18 LITIGATION

- (a) As set out in the announcement of the Company dated 8 August 2007, the Company became aware of a litigation instituted in 深圳市中級人民法院 (Shenzhen City Middle People's Court) (the "Shenzhen City Court") between two former shareholders of Top Rank International Group Limited ("Top Rank"), a subsidiary of the Company (the "Unrelated Litigation"). Insofar as the Company is aware and based on legal advice obtained from the Company's PRC legal adviser, the Unrelated Litigation involves a dispute between two individuals, both of whom are third parties independent of the Company and its connected persons, regarding the transfer of 20% of the issued share capital in Top Rank; none of the Company, Top Rank, or any other subsidiaries of the Company or their respective directors and employees is a party to the Unrelated Litigation; and the Unrelated Litigation does not involve any allegation against the Company, any of its subsidiaries, or their respective directors and employees.

As far as the Company is aware, the Unrelated Litigation involves a dispute regarding the transfer of 20% of the issued share capital in Top Rank (the "Share Transfer") amongst former shareholders of Top Rank, and the plaintiff has made allegations with respect to the authenticity and the legality of the procedures involving the Share Transfer. As advised by the PRC legal adviser of the Company, insofar as Top Rank is concerned, the Shenzhen City Court has made orders (the "Orders") for the former handling agent of Top Rank to (i) preserve the records relating to registration, annual audit and transfer of shares; and (ii) prohibit from arranging for or assisting in the transfer of shares in Top Rank. Based on legal advice sought by the Company from its PRC legal adviser, none of the assets or shares of any member of the Group were sealed up or frozen pursuant to any court orders.

According to legal advice obtained by the Company from its BVI legal adviser and based on the statutory records of Top Rank, Lead Sun Investments Limited ("Lead Sun"), a subsidiary of the Company, has since 1 June 2006 been the legal owner of the entire issued share capital of Top Rank. As such, according to the Company's PRC legal adviser, the Orders do not have any effect on the ownership of Top Rank by Lead Sun as such Orders were made after Lead Sun has become the owner of Top Rank. For the reasons above and based on legal advice obtained from the Company's BVI legal adviser and the PRC legal adviser, the directors of the Company are of the view that the Company has proper and valid title in Top Rank, which owns 90% equity interest in Shanxi Shenli Aerospace Titanium Company Limited ("Shanxi Shenli"), the company which holds the Mine.

18 LITIGATION (continued)

- (b) On 9 August 2007, the Company received a writ issued by the Shenzhen City Court on 6 August 2007 together with a statement of claim dated 2 August 2007 pursuant to which Mr. Tang Yan was the plaintiff (the "Plaintiff"), and Mr. Tse Michael Nam ("Mr. Tse") and Mr. Huang Shi Lin ("Mr. Huang"), being two former shareholders (previously holding 80% and 20%, respectively, of the issued share capital) of Top Rank, together with Lead Sun, Shanxi Shenli and the Company were named as defendants in a litigation concerning the transfer of shares in Top Rank, amongst former shareholders of the Company (the "Litigation").

Pursuant to the statement of claim dated 2 August 2007, the Plaintiff claimed for an order involving the following: (i) to invalidate the agreement effecting the transfer of shares from the former shareholders to Lead Sun; (ii) Mr. Tse to transfer the shares in Top Rank back to the Plaintiff at US\$1; (iii) the defendants to issue an apology to the plaintiff; and (iv) the defendants to jointly bear the legal costs in relation to the Litigation.

As advised by the PRC legal adviser of the Company, the direct claims made to the Company only involve (iii) and (iv) above, and which is to issue an apology to the Plaintiff and bear legal costs in relation to the Litigation.

The Company confirms that none of the members of the Group was a party to or has involved in any transaction related to the Share Transfer. Based on advice from the Company's PRC legal adviser, the allegations of the Plaintiff against the Company, Lead Sun and Shanxi Shenli are basically groundless and are based on incorrect facts. Therefore, the claims raised by the Plaintiff against the Company, Lead Sun and Shanxi Shenli are considered by the PRC legal adviser of the Company to be a malicious use of legal process against the Company, Lead Sun and Shanxi Shenli, and such claims have caused damages to the Group's reputation. The Group will take all steps necessary to resist the claims, and accordingly, each of the Company, Lead Sun and Shanxi Shenli has filed a defence to the claims. In addition, after taking due and careful consideration of the advice from the Company's PRC legal adviser, each of the Company, Lead Sun and Shanxi Shenli has filed a counterclaim against the Plaintiff for all losses and damages as suffered by the Group in consequence of the Litigation and to issue an apology to the relevant members of the Group in connection with the Litigation. The hearing for the Litigation is initially scheduled to take place on 28 September 2007, which is subject to postponement pending acceptance of the counterclaims made by relevant members of the Group by the Shenzhen City Court. The directors of the Company do not anticipate any significant adverse impact on the financial position or operating results of the Company up to the date of this report. The directors of the Company are of the view that the Group has proper and valid defences to the claims, and accordingly, no provision has been accounted for in this interim financial report.

19 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation in the 2006 annual financial statements.

20 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDING 31 DECEMBER 2007

Up to the date of issue of this interim financial report, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the accounting year ending 31 December 2007.

		Effective for accounting periods beginning on or after
HKFRS 8	Operating segments	1 January 2009
HKAS 23 (revised)	Borrowing costs	1 January 2009

The above amendments, new standards and interpretations were not applied in this interim financial report because the directors expect that the Group will not early apply them when preparing the Group's annual financial statements for the year ending 31 December 2007.

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 Group's results of operations and financial position.



CORPORATE GOVERNANCE

The Company is committed to comply with established best practice in corporate governance and is in line with those practices as set out in the Company's 2006 Annual Report. The Board believes that good corporate governance is crucial to enhance the performance of the Group and to safeguard the interests of the shareholders.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") during the six months ended 30 June 2007, except for the deviation from the Code Provision A.4.1 in respect of the service term of Directors. Under the code provision A.4.1, non-executive Directors should be appointed for a specific term, subject to re-election. One of the independent non-executive directors was not appointed for a specific term. However, all the Directors (executive and non-executive) are subject to the retirement by rotation at each annual general meeting under the Bye-laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company has good corporate governance practices.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. Upon specific enquiries, all Directors confirmed they have complied with the required standard set out in the Model Code during the six months ended 30 June 2007.



BOARD OF DIRECTORS

The Board is responsible for the formulation of the Group's business strategies and management objective, supervision of the management and evaluation of the effectiveness of management strategies. Implementation of strategies and day-to-day operations are delegated to the management. In order to better understand the respective accountabilities and contributions of the Executive Committee and management, the Company has adopted a written terms of reference specifying a schedule of matters which should be reserved to the Board and which should be delegated to management.

AUDIT COMMITTEE

The Audit Committee is composed of three Independent Non-executive Directors. They are responsible for ensuring the quality and integrity of internal control, conducting review of the Group's accounting principles and practices, risk management and the Group's interim and annual accounts.

REMUNERATION COMMITTEE

The Remuneration Committee is composed of one Executive Director and three Independent Non-executive Directors. The principal responsibilities of the Remuneration Committee are to make recommendations to the Board on the overall remuneration policy, remuneration packages for the Directors and members of the senior management and on the establishment of a formal and transparent process for approving such remuneration policy.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

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

As at 30 June 2007, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares of equity derivatives and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which were recorded in the register required to be kept under Section 352 of the SFO, or which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code adopted by the Company were as follows:

Long position in shares of the Company

Name of directors	Capacity	Ordinary shares of HK\$0.1 each			% of total issued shares
		Personal interests	Corporate interests	Total number of shares held	
Cai Yuan	Beneficial owner and interest in controlled corporation	8,650,000	500,000,000 <i>(note 1)</i>	508,650,000	8.44%
Luk Kin Peter Joseph	Beneficial owner and interest in controlled corporation	8,650,000	226,584,000 <i>(note 2)</i>	235,234,000	3.90%

Notes:

1. These shares are held by Greater Increase Investments Limited which is 100% beneficially owned by Mr. Cai Yuan, the Chairman and Executive Director.
2. These shares are held by Equity Valley Investments Limited which is 100% beneficially owned by Mr. Luk Kin Peter Joseph, the Executive Director. Mr. Luk resigned as the Executive Director of the Company on 6 July 2007.

Save as disclosed above, as at 30 June 2007, none of the Company's Directors, chief executives or their respective associates had any other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at 30 June 2007, persons (other than Directors or chief executive of the Company as disclosed herein) who had interests or short positions in the shares or underlying shares of equity derivatives of the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long position in shares of the Company

Name of shareholders	Capacity	Number of shares held	% of issued shares
Greater Increase Investments Limited (Note 1)	Corporate interest	500,000,000	8.30%
Kwok Man (郭敏) (Note 2)	Beneficial owner and interest in controlled corporation	374,746,000	6.22%
Yeh Tung Ming (葉東明) (Note 3)	Interest in controlled corporation	368,686,000	6.12%
Ng Hiu King (吳曉京) (Note 4)	Interest in controlled corporation	344,108,000	5.71%

Name of shareholders	Capacity	Number of shares held	% of issued shares
Long Cheer Group Limited	Corporate interest	368,686,000	6.12%
Fit Plus Limited	Corporate interest	368,686,000	6.12%
See Good Group Limited	Corporate interest	344,108,000	5.71%

Notes:

1. These shares are held by Greater Increase Investments Limited which is 100% beneficially owned by Mr. Cai Yuan, the Chairman and Executive Director of the Company.
2. Out of 374,746,000 Shares, 368,686,000 Shares are held by Long Cheer Group Limited, which is 100% beneficial owned by Mr. Kwok Man. The remaining 6,060,000 Shares are held by Mr. Kwok Man personally.
3. These Shares are held by Fit Plus Limited which is 100% beneficially owned by Mr. Yeh Tung Ming.
4. These Shares are held by See Good Group Limited which is 100% beneficially owned by Mr. Ng Hiu King.

Long position in the shares of other members of the Group

Name of shareholders	Name of company	Capacity	Number of shares in the capital of the company	Approximate % of shareholding
Long Cheer Group Limited	Lead Sun Investments Limited	Beneficial owner	140	14%
Fit Plus Limited	Lead Sun Investments Limited	Beneficial owner	140	14%

Name of shareholders	Name of company	Capacity	Number of shares in the capital of the company	Approximate % of shareholding
See Good Group Limited	Lead Sun Investments Limited	Beneficial owner	150	15%
忻州開發天陽鈦業有限責任公司 (Xinzhou Tianyang Titanium Co., Ltd.)	山西神利航天鈦業有限公司 (Shenxi Shenli Aerospace Titanium Co., Ltd.)	Beneficial owner	Not applicable	10%

Save as disclosed above, the register of Substantial Shareholders required to be kept under Section 336 of the SFO showed that the Company had not been notified of any interests or short positions in the shares and underlying shares of the Company as at 30 June 2007.

SHARE OPTION SCHEMES

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

At the beginning of the period, there were no outstanding share options under the Old Share Option Scheme.

New Share Option Scheme

The Company has not granted any share options under the New Share Option Scheme during the six months ended 30 June 2007 and no share options were outstanding as at 30 June 2007.



PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its securities during the six months ended 30 June 2007. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities during the six months ended 30 June 2007.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and policies adopted by the Group and the unaudited interim financial statements for the six months ended 30 June 2007.

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.

By Order of the Board

Cai Yuan

Chairman

Hong Kong, 24 September 2007