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CHINA PRECIOUS METAL RESOURCES HOLDINGS CO., LTD.
中國貴金屬資源控股有限公司

(Incorporated in the Caymans Islands with limited liability)

(Stock code: 1194)

ANNUAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

The directors (the "**Directors**") of China Precious Metal Resources Holdings Co., Ltd. (the "**Company**") hereby announce the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2008, together with the comparative figures for the year ended 31 December 2007 as follows:—

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2008 (Expressed in Hong Kong dollars)

	Note	**2008** **'000**	2007 *'000*
Turnover	*4*	**139,541**	150,729
Cost of sales		**(136,028)**	(137,934)
Gross profit		**3,513**	12,795
Other revenue	*5*	**28,218**	5,122
Other net income	*5*	**9,236**	1,863
Selling and distribution costs		**(8,780)**	(11,519)
Administrative expenses		**(33,386)**	(22,848)
Impairment losses for trade and other receivables, deposits and prepayments		**(44,121)**	(1,336)
Loss from operations		**(45,320)**	(15,923)
Finance costs	*6(a)*	**(6,889)**	(2,907)
Loss before taxation	*6*	**(52,209)**	(18,830)
Income tax	*7(a)*	**—**	—
Loss for the year from continuing operations		**(52,209)**	(18,830)
Discontinued operations			
Profit for the year from discontinued operations	*8*	**—**	154,588
(Loss)/profit for the year		**(52,209)**	135,758
(Loss)/earnings per share - basic and diluted	*10*		
— continuing operations		**(5.9) cents**	(2.3) cents
— discontinued operations		**—**	19.3 cents
— continuing and discontinued operations		**(5.9) cents**	17.0 cents

CONSOLIDATED BALANCE SHEET

at 31 December 2008 (Expressed in Hong Kong dollars)

	Note	2008 '000	2007 '000
Non-current assets			
Fixed assets			
— Property, plant and equipment		**42,473**	70,713
— Interests in leasehold land held for own use under operating leases		**11,242**	22,197
Construction in progress		**316**	746
Deposits paid for acquisition of fixed assets		**24**	32
Long-term receivable		**—**	46,300
		54,055	139,988
Current assets			
Inventories		**3,762**	4,315
Trade and other receivables, deposits and prepayments	*12*	**31,783**	41,568
Deposit for proposed acquisition of equity interests in gold mining rights	*13*	**46,500**	—
Other deposits		**10**	11
Cash and cash equivalents		**6,902**	18,968
		88,957	64,862
Non-current assets and assets of a disposal group classified as held for sale		**—**	1,671
		88,957	66,533
Current liabilities			
Trade and other payables	*14*	**28,414**	73,087
Amount due to a related company		**109**	291
Bank loans		**37,025**	40,193
		65,548	113,571
Net current assets/(liabilities)		**23,409**	(47,038)
Total assets less current liabilities		**77,464**	92,950
Non-current liabilities			
Long-term payable		**—**	17,164
Loan from a related company		**7,809**	11,011
		7,809	28,175
NET ASSETS		**69,655**	64,775
CAPITAL AND RESERVES			
Share capital		**117,500**	100,000
Reserves		**(47,845)**	(35,225)
TOTAL EQUITY		**69,655**	64,775

NOTES TO THE FINANCIAL RESULTS

(Expressed in Hong Kong dollars)

1. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("the Listing Rules"). A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain amendments and interpretations which are or have become effective. It has also issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2008 included the financial statements of the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that derivative financial instruments are stated at fair value. The functional currency of the Company and its subsidiaries in the People's Republic of China ("PRC") are Hong Kong dollars and Renminbi ("RMB") respectively. For the purposes of presenting the consolidated financial statements, the Group adopted Hong Kong dollars as its presentation currency.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing the financial statements, the directors have considered the future liquidity of the Group. The Group incurred a consolidated net loss for the year attributable to the equity holders of the Company of approximately $52,209,000 for the year ended 31 December 2008 and as set out in note 13, the Group entered into a conditional letter of intent with an independent third party, pursuant to which the Group will acquire the entire equity interests in Able Supplement Limited ("Able Supplement"), together with its subsidiaries, which holds certain exploitation rights for gold mines located in Inner Mongolia, the People's Republic of China, subject to terms and consideration to be agreed and results of the due diligences being conducted by the Group. The Group has paid a refundable deposit of $46,500,000 which is included under current assets in the consolidated balance sheet as at 31 December 2008. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, the directors are of the opinion that the Group will be able to finance its future working capital and financial requirements given that:

(i) subsequent to the balance sheet date on 31 December 2008, the Company raised fund of approximately HK$11 millions by issue of 30,330,000 new ordinary shares of the Company of $0.125 each at the issue price of $0.35 per share, further details refer to note 17(a);

(ii) the Group has been actively negotiating with its principal bankers to secure continual support. Following the maturity of certain short-term bank loans of $18,171,000 (RMB16,000,000), the Group successfully renewed the bank loans of $17,036,000 (RMB15,000,000) in March and April 2009 with maturity dates from December 2009 to April 2010, further details refer to note 17(b).

(iii) the Group has been actively discussing with prospective investors, including the warrant holders to subscribe for 140,000,000 new ordinary shares of the Company at an exercise price of $0.36 per share during a period of two years commencing from 26 September 2008 under the warrant subscription agreement to obtain new working capital;

(iv) the Company's substantial shareholder has agreed to provide financial support as is necessary to enable for the Group to meet its liabilities as they fall due; and

(v) based on a cash flow forecast prepared by the Group's management for the twelve months ending 31 December 2009, the Group will be able to generate adequate cash flows from its continuing operations.

Accordingly, the directors are of the opinion that it is appropriate to prepare the financial statements for the year ended 31 December 2008 on a going concern basis. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write-down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the financial statements.

3. CHANGES IN ACCOUNTING POLICIES

Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has where applicable applied the following amendments and interpretations ("new HKFRSs") issued by the HKICPA which are or have become effective.

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

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

The Group has not early applied any of the following new and revised standards, amendments or interpretations which have been issued but are not yet effective for annual periods beginning on 1 January 2008.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible hedged items[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 1 (Revised)	First-time Adoption of Hong King Financial Reporting Standards[3]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 8	Operating Segments[2]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[4]
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[5]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[3]
HK(IFRIC)-Int 18	Transfers of Assets from Customers[6]

1 Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009

2 Effective for annual periods beginning on or after 1 January 2009

3 Effective for annual periods beginning on or after 1 July 2009

4 Effective for annual periods beginning on or after 1 July 2008

5 Effective for annual periods beginning on or after 1 October 2008

6 Effective for annual periods beginning on or after 1 July 2009

The Company's directors 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.

4. TURNOVER

The Group is principally engaged in sale of small pack edible oils and trading of edible oils and related products in the PRC.

Turnover represents the sales value of edible oils to customers net of value added tax and surcharges. The amount of each significant category of revenue recognised in turnover during the year is analysed as follows:

	2008	2007
	'000	*'000*
Continuing operations:		
Sales of		
— Small pack edible oils	**136,874**	57,294
Trading of		
— Crude palm oil	**—**	88,504
— Crude soyabean oil	**2,665**	3,866
— Other edible oils and related products	**2**	1,065
	139,541	150,729
Discontinued operations: *(note 8)*		
Sales of		
— Soyabean oil	**—**	637
— Palm oil	**—**	305
— Other edible oils and related products	**—**	2,346
Logistics and storage charges	**—**	12,727
Processing charges of edible oil products	**—**	3,848
	—	19,863
	139,541	170,592

5. OTHER REVENUE AND OTHER NET INCOME

	2008	2007
	'000	*'000*
Other revenue		
Continuing operations:		
Other payables written off *(note (a) below)*	**21,612**	—
Interest income	**2,211**	4,193
Over-provision of rentals written back *(note 15(a))*	**2,044**	—
Rental income	**395**	843
Reversal of impairment loss on other receivables	**1,186**	—
Reversal of write-down on inventories	**167**	—
Subcontracting service income	**603**	—
Sundry income	**—**	86
	28,218	5,122
Discontinued operations: *(note 8)*		
Interest income	**—**	190
Subsidy income	**—**	155
	—	345
	28,218	5,467
Other net income		
Continuing operations:		
Exchange gain	**1,097**	1,177
Gain on disposal of fixed assets	**7,260**	618
Gain on disposal of non-current assets classified as held for sale	**739**	—
Miscellaneous net income	**140**	68
	9,236	1,863
Discontinued operations: *(note 8)*		
Gain on disposal of non-current assets classified as held for sale	**—**	490
Exchange loss	**—**	(12)
Miscellaneous net loss	**—**	(163)
	—	315
	9,236	2,178

Note (a): These other payables related to imports of crude palm and soyabean oils incurred in the prior years. The Group has sought PRC legal opinion that these balances can be credited to the income statement according to the applicable PRC laws and regulations.

6. LOSS BEFORE TAXATION

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

	2008	2007
	'000	*'000*
(a) Finance costs:		
Continuing operations:		
Interest on bank advances and other borrowings wholly repayable within five years	**4,333**	2,628
Interest on loan from a related company	**2,556**	279
	6,889	2,907
Discontinued operations: *(note 8)*		
Interest on bank advances and other borrowings wholly repayable within five years	**—**	16,427
	6,889	19,334
(b) Staff costs (including directors' remuneration)		
Continuing operations:		
Salaries, wages and bonuses	**7,769**	9,996
Staff welfare	**222**	675
Contributions to retirement benefit schemes	**1,034**	909
Equity-settled share-based payment expenses	**11,810**	3,922
Termination benefits	**1,236**	1,741
	22,071	17,243
Discontinued operations: *(note 8)*		
Salaries, wages and bonuses	**—**	4,365
Staff welfare	**—**	522
Contributions to retirement benefit schemes	**—**	596
Termination benefits	**—**	121
	—	5,604
	22,071	22,847

	2008	2007
	'000	*'000*

(c) Other items:

	2008	2007
Continuing operations:		
Amortisation of land lease premium	**426**	538
Auditor's remuneration		
— audit service	**850**	1,617
Cost of inventories sold	**136,028**	137,934
Depreciation	**5,205**	6,049
Impairment losses		
— trade receivables *(note 12(d))*	**1,111**	1,274
— loan receivables *(note 12(a))*	**37,802**	—
— other receivables *(note 12(b))*	**5,208**	62
	44,121	1,336
Operating lease charges in respect of properties	**1,255**	3,038
Rental income less outgoings	**(395)**	(843)
Discontinued operations: *(note 8)*		
Auditors' remuneration	**—**	1,201
Cost of inventories sold	**—**	8,409
Impairment losses		
— trade and other receivables, deposits and prepayments	**—**	5,191
Operating lease charges in respect of properties	**—**	896
Write-back of impairment losses for bad and doubtful debts	**—**	(73,673)

7. TAXATION

(a) Continuing operations:

(i) Taxation in the consolidated income statement represents:

	2008	2007
	'000	*'000*
Current tax	**—**	—
Deferred tax	**—**	—
Total income tax expense	**—**	—

(ii) Reconciliation between tax expense and accounting loss at applicable tax rates:

	2008	2007
	'000	*'000*
Loss before tax	**(52,209)**	(18,830)
Notional tax on loss before tax, calculated at the rates applicable to the tax jurisdiction concerned	**(11,043)**	(2,832)
Non-deductible expenses	**14,250**	909
Non-taxable income	**(2,576)**	(401)
Utilisation of previously unrecognised tax losses	**(5,686)**	(891)
Unused tax losses not recognised	**5,055**	3,215
Actual tax expense	**—**	—

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

(i) Taxation in the consolidated income statement represents:

	2008	2007
	'000	*'000*
Current tax	**—**	—
Deferred tax	**—**	—
Total income tax expense	**—**	—

(ii) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2008	2007
	'000	'000
Profit before tax	**—**	154,588
Notional tax on profit before tax, calculated at the rates applicable to the tax jurisdiction concerned	**—**	24,463
Non-deductible expenses	**—**	6,846
Non-taxable income	**—**	(26,319)
Utilisation of previously unrecognised tax losses	**—**	(7,059)
Unused tax losses not recognised	**—**	2,069
Actual tax expense	**—**	—

(c) Applicable tax rates

Hong Kong Special Administrative Region

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 and reduced corporate profits tax rate from 17.5% to 16.5% which is effective from the year of assessment 2008/2009. Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for the year.

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profit subject to Hong Kong Profits Tax during the years ended 31 December 2008 and 2007.

The PRC

Pursuant to the income tax rules and regulations of the PRC, the provision for PRC income tax of the Group is calculated based on the following rates:

	Note	**2008**	2007
Continuing operations:			
Beijing China Force Huarui Management Consultant Co., Ltd. ("China Force (Beijing)")		**25%**	33%
Shanghai China Force Huaxu Management Consultant Co., Ltd. ("China Force (Shanghai)")		**25%**	33%
China Force Oils (Tianjin) Co., Ltd. ("China Force Oils (Tianjin)")		**18%**	15%
China Force Oils (Zhenjiang) Co., Ltd. ("China Force Oils (Zhenjiang)")		**25%**	24%
Discontinued operations:			
China Force Oils & Grains Industrial (Zhenjiang) Co., Ltd. ("China Force (Zhenjiang)")	*(i)*	**25%**	24%
China Force Oils & Grains (Tianjin) Industry Co., Ltd. ("China Force (Tianjin)")	*(ii)*	**N/A**	15%

Except for the above, the subsidiaries established in the PRC are not subject to PRC income tax during the year as they have not commenced business as at 31 December 2008.

Notes:

(i) China Force (Zhenjiang) discontinued operations during the year ended 31 December 2007.

(ii) China Force (Tianjin) was disposed of during the year ended 31 December 2007.

The National People's Congress of the PRC approved the Corporate Income Tax Law of the PRC (the "New Tax Law") on 16 March 2007. With effective from 1 January 2008, the tax rate applicable to enterprises established in the PRC will be unified at 25% with certain grandfather provisions and preferential provisions.

Under the New Tax Law, any utilised tax holidays can continue until expiry, and tax holidays will be deemed to start from 1 January 2008 even if the company is not yet turning to a profit.

China Force Oils (Tianjin) and China Force Oils (Zhenjiang) are entitled to exemption from the PRC income tax for two years from their first profit making year, followed by a 50% tax relief for the next three years. They had not generated any assessable profit since their respective date of incorporation. Under the New Tax Law, they were forcibly to commence the tax holidays from 1 January 2008. China Force Oils (Tianjin) was entitled to a reduced tax rate of 18% (2007: 15%) during the year and all other PRC subsidiaries were subject to 25% income tax rate during the year.

No provision for PRC income tax has been provided for the Group's subsidiaries in the PRC as they did not have any assessable profits or they had respective tax losses brought forward which exceed the assessable profits during the years ended 31 December 2008 and 2007.

The Cayman Islands and the British Virgin Islands

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is exempt from any income tax in the Cayman Islands and the British Virgin Islands.

8. DISCONTINUED OPERATIONS

The Group's edible oils fractionation and refining operations were discontinued following the completion of the transfer of the entire equity interests in China Force Oils & Grains (Tianjin) Industrial Co., Ltd. ("China Force (Tianjin)") (the "Share Transfer") and the disposal of certain edible oils refinery, fractionation, distribution and related assets in China Force (Zhenjiang) (the "Disposals") in August 2007.

(a) The results of the discontinued operations for the year ended 31 December 2007 are as follows:

	Notes	2007 *'000*
Turnover	*4*	19,863
Cost of sales		(8,409)
Gross profit		11,454
Write-back of impairment losses for bad and doubtful debts		73,673
Other revenue	*5*	345
Other net income	*5*	315
Selling and distribution costs		(4,180)
Administrative expenses		(19,726)
Profit from operations		61,881
Gain on assets of a disposal group classified as held for sale through		
— disposal of assets		28,714
— disposal of subsidiaries		80,420
Finance costs	*6(a)*	(16,427)
Profit before taxation	*6*	154,588
Income tax	*7(b)*	—
Profit for the year		154,588

(b) The net cash flows of the discontinued operations for the year ended 31 December 2007 are as follows:

	2007
	'000
Net cash outflow from operating activities	(140,732)
Net cash inflow from investing activities	351,615
Net cash outflow from financing activities	(194,637)
Net cash outflow incurred by the discontinued operations	16,246

9. DIVIDEND

The directors do not recommend the payment of a final dividend for the year ended 31 December 2008 (2007: $Nil).

10. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

	2008		2007	
	Loss attributable to equity shareholders	**Weighted average number of ordinary shares**	(Loss)/profit attributable to equity shareholders	Weighted average number of ordinary shares
	'000	***'000***	*'000*	*'000*
Continuing operations	**(52,209)**	**882,520**	(18,830)	800,000
Discontinued operations	**—**	**—**	154,588	800,000
	(52,209)	**882,520**	135,758	800,000

(b) Diluted (loss)/earnings per share

No diluted loss per share is presented during the year ended 31 December 2008 as the exercises of the potential dilutive ordinary shares would result in a reduction in loss per share. There were no dilutive potential ordinary shares in issue during the year ended 31 December 2007 as the historical market price of the Company's shares were below the exercise price of the share option. Therefore, the diluted (loss)/earnings per share is same as the basic (loss)/earnings per share during the years ended 31 December 2008 and 2007.

11. SEGMENT REPORTING

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

Business segments

The Group comprises the following main business segments:

Small pack edible oils: production and sale of small pack edible oils.

Trading of edible oils and related products.

Edible oils fractionation and refining: production and sale of edible oils and related logistics and processing services (discontinued during the year ended 31 December 2007).

	Continuing operations				Discontinued operations							
	Small pack edible oils		Trading of edible oils and related products		Edible oils fractionation and refining		Inter-segment elimination		Unallocated		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	'000	'000	**'000**	'000	**'000**	'000	**'000**	'000	**'000**	'000	**'000**	'000
Revenue from external customers	**136,876**	57,294	**2,665**	93,435	**—**	19,863	**—**	—	**—**	—	**139,541**	170,592
Inter-segment revenue	**—**	787	**—**	134	**—**	385	**—**	(1,306)	**—**	—	**—**	—
Total	**136,876**	58,081	**2,665**	93,569	**—**	20,248	**—**	(1,306)	**—**	—	**139,541**	170,592
Segment result	**(41,449)**	(15,035)	**(3,562)**	(888)	**—**	61,881			**(309)**	—	**(45,320)**	45,958
Finance costs	**(6,713)**	(2,907)	**(176)**	—	**—**	(16,427)			**—**	—	**(6,889)**	(19,334)
Gain/(loss) on assets of a disposal group classified as held for sale through												
— disposal of assets	**—**	—	**—**	—	**—**	28,714			**—**	—	**—**	28,714
— disposal of subsidiaries	**—**	—	**—**	—	**—**	80,420			**—**	—	**—**	80,420
Income tax expense	**—**	—	**—**	—	**—**	—			**—**	—	**—**	—
(Loss)/profit for the year											**(52,209)**	135,758
Depreciation and amortisation for the year	**4,953**	5,981	**678**	606	**—**	—			**—**	—	**5,631**	6,587
Impairment losses on trade and other receivables, deposits and prepayment	**44,117**	1,275	**4**	61	**—**	5,191			**—**	—	**44,121**	6,527
Segment assets	**92,933**	191,583	**3,482**	83,822	**—**	—	**—**	(68,884)	**46,597**	—	**143,012**	206,521
Segment liabilities	**(22,719)**	(11,755)	**(5,804)**	(130,507)	**—**	—	**—**	68,884	**—**	—	**(28,523)**	(73,378)
Interest-bearing borrowings	**(44,834)**	(68,368)	**—**	—	**—**	—	**—**	—	**—**	—	**(44,834)**	(68,368)
Total liabilities									**—**	—	**(73,357)**	(141,746)
Capital expenditure incurred during the year	**563**	5,264	**558**	6	**—**	668			**—**	—	**1,121**	5,938

Geographical segments

The Group's turnover and loss from operations mainly derived from activities in the PRC. The principal assets of the Group are located in the PRC. Accordingly, no analysis by geographical segment is provided.

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	**The Group** **2008** ***'000***	2007 *'000*
Trade debtors and bills receivables		**23,755**	10,410
Less: Allowance for doubtful debts	*(d)*	**(5,891)**	(4,532)
		17,864	5,878
Long-term receivable	*(a)*	**—**	55,607
Deposits, prepayments and other receivables	*(b)*	**13,171**	14,171
Prepayments for purchases of raw materials		**748**	12,212
		31,783	87,868
Non-current portion of long-term receivable	*(a)*	**—**	(46,300)
		31,783	41,568

Notes:

(a) Upon completion of the Share Transfer on 29 May 2007 (note 8), the amount due from China Force (Tianjin) is unsecured and repayable as follows:

	The Group **2008** ***'000***	2007 *'000*
Within one year	**—**	9,307
After one year but within two years	**37,802**	8,664
After two years but within five years	**—**	37,636
	37,802	46,300
	37,802	55,607
Less: Impairment loss	**(37,802)**	—
	—	55,607

In the opinion of the Company's directors, China Force (Tianjin) was in financial difficulty, in view of the uncertainty of the recovery of the amount, an impairment of the full amount of $37,802,000 has been recognised in the Group's financial statements for the year ended 31 December 2008.

The fair value of amount due from China Force (Tianjin) is estimated by the directors based on cash flows discounted using a discount rate of 7.43% by reference to the relevant borrowing rate of the People's Bank of China plus appropriate credit rating.

(b) At 31 December 2008, the Group's other receivables of $5,208,000 (2007: 62,000) were individually determined to be impaired. In the opinion of the Company's directors, these receivables were outstanding over a long period and may not be recovered, these specific allowances for doubtful debts of $5,208,000 (2007: 62,000) were recognised. The Group does not hold any collateral over these balances.

Except as noted in (a) above, all of the trade and other receivables, deposits and prepayments are expected to be recovered or recognised as expenses within one year.

(c) Ageing analysis

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

	The Group	
	2008	2007
	'000	*'000*
Current	**5,642**	2,359
Less than one month past due	**9,163**	1,184
More than one month but less than three months past due	**1,878**	895
More than three months but less than twelve months past due	**1,181**	1,440
Amounts past due	**12,222**	3,519
	17,864	5,878

Trade debtors and bills receivables are due within one month from the date of billing.

(d) The movement in the allowance for doubtful debts on trade debtors during the year, including both specific and collective loss components, are as follows:

	The Group	
	2008	2007
	'000	*'000*
At 1 January	**4,532**	3,019
Exchange adjustment	**248**	239
Impairment loss recognised	**1,111**	1,274
At 31 December	**5,891**	4,532

At 31 December 2008, the Group's trade debtors of $1,111,000 (2007: $1,274,000) were individually determined to be impaired. In the opinion of the Company's directors, these receivables were outstanding over a long period and may not recovered, specific allowances for doubtful debts of $1,111,000 (2007: $1,274,000) were recognised. The Group does not hold any collateral over these balances.

(e) Trade debtors and bills receivable that are not impaired

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

	The Group	
	2008	2007
	'000	*'000*
Neither past due nor impaired	**5,642**	2,359
Less than one month past due	**9,163**	1,184
More than one month but less than three months past due	**1,878**	895
More than three months but less than twelve months past due	**1,181**	1,440
	12,222	3,519
	17,864	5,878

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

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

13. DEPOSIT FOR PROPOSED ACQUISITION OF EQUITY INTERESTS IN GOLD MINING RIGHTS

During the year, China Precious Metal Resources Co., Limited, a wholly owned subsidiary of the Company, entered into a conditional letter of intent with Harmonie Developments Limited (the "Seller"), an independent third party, pursuant to which the Group will acquire the entire equity interests in Able Supplement, a wholly owned subsidiary of the Seller, together with its subsidiaries, which holds certain exploitation rights for gold mines located in lnner Mongolia, the People's Republic of China, subject to terms and consideration to be agreed and results of the due diligences currently being conducted by the Group. During the year, the Group has paid a refundable deposit of $46,500,000 to the Seller and entered into a share mortgage agreement with Able Supplement pursuant to which Able Supplement has pledged the entire equity interest in its wholly owned subsidiary, Hongkong Realking Mining Industry Limited, which holds certain exploitation rights for gold mines, as collateral of the deposit paid by the Group. As the date of this report, the acquisition transaction has not yet been completed. Further details are set out in the Company's announcement dated 23 September 2008.

14. TRADE AND OTHER PAYABLES

		The Group	
		2008	2007
	Note	***'000***	*'000*
Trade creditors	*(a)*	**9,850**	21,080
Accrued charges and other payables		**17,196**	59,098
Receipts in advance		**1,368**	10,073
		28,414	90,251
Long-term payable	*(b)*	**—**	(17,164)
		28,414	73,087

(a) Included in trade and other payables are trade creditors and bills payable with the following ageing analysis as of the balance sheet date:

	2008	2007
	'000	*'000*
Due within three months	**1,231**	10,869
Due within six months	**55**	—
Due after one year	**8,564**	10,211
	9,850	21,080

(b) The fair value of the long-term payable which is interest free, unsecured and with maturity date on 30 June 2009 was based on cash flows discounted at a rate of 8.32% per annum, which was determined by reference to the relevant borrowing rate of the People's Bank of China plus appropriate credit rating.

15. COMMITMENTS

(a) Capital commitments, representing purchase of fixed assets, not provided for in the consolidated financial statements were as follows:

	2008	2007
	'000	*'000*
Contracted for	**—**	10,511

Pursuant to a real property transfer agreement (the "Property Transfer Agreement") dated 20 March 2004, the Group's subsidiary, Beijing China Force Huarui Management Consultant Co., Ltd. ("China Force (Beijing)"), acquired an office unit (the "Office") from Beijing China Force Baifu Investment Co., Ltd ("Baifu"), in which 70% equity interest was owned by Ms. Lim Yu, the sister of the Company's executive director Mr. Lim Wa, before 2007, for a consideration of $13,782,000 (equivalent to RMB12,060,000). The Office was purchased by Baifu from an independent third party developer for the same consideration by way of instalment payments to such property developer. The remaining balances of $10,511,000 (equivalent to RMB9,870,000) was included as capital commitment of the Group as at 31 December 2007. China Force

(Beijing) had occupied the Office for the period from 20 March 2004 to 30 April 2008. An aggregate rental of approximately $5,597,000 (equivalent to RMB5,041,000) for the period from 20 March 2004 to 30 April 2008 has been fully provided in other payables in the consolidated balance sheet as at 31 December 2007.

On 16 July 2008, China Force (Beijing), entered into a termination agreement (the "Termination Agreement") with Baifu, pursuant to which both parties agreed to terminate the Property Transfer Agreement in relation to the transfer of the Office and China Force (Beijing) agreed to pay an amount of $3,553,000 (equivalent to RMB3,200,000) to Baifu for its occupation of the Office for the period from 20 March 2004 to 30 April 2008. The overprovision of rental included in other payable of $2,044,000 has been written back to the consolidated income statement for the year ended 31 December 2008 (note 5).

(b) At 31 December 2008, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2008	2007
	'000	*'000*
Within 1 year	**175**	663
After 1 year but within 5 years	**25**	99
After 5 years	**—**	—
	200	762

Significant leasing arrangements in respect of land and buildings classified as being held under finance leases and land held under operating leases. Apart from these leases, the Group is the lessee in respect of a number of properties and items of machinery and equipment for an initial period of one to five years. None of the leases includes contingent rentals.

16. LITIGATION

(a) In December 2006, a PRC independent third party filed a claim at the First Intermediate People's Court of Shanghai City ("上海市第一中級人民法院") against a Hong Kong subsidiary of the Group, in connection with a delayed shipment under a sales contract entered into between the PRC independent third party and the Hong Kong subsidiary. The claim consisted of a discount on original sales value requested by the PRC independent third party of $280,000, and related port charges arose from the delayed shipment of $84,000. A provision of $364,000 in respect of the discount on original sales value was included in other payables in the consolidated balance sheet at 31 December 2008.

Based on the available information to date, the directors are of the opinion that other than the agreed discount on original sales value, no further provision for legal claim is considered necessary, as the directors have been advised by their external legal counsel that the case will not be concluded in a short period of time and the outcome is uncertain.

17. POST BALANCE SHEET EVENTS

(a) Issue of share

On 18 March 2009, the Company and Aswell Group Limited ("Aswell"), the Company's ultimate controlling party, entered into a subscription agreement, pursuant to which Aswell agreed to subscribe for a total of 42,000,000 new ordinary shares of the Company of $0.125 each at the exercise price of $0.35 each. On 27 March 2009, the Company and Aswell entered into a supplemental agreement pursuant to which both parties agreed to complete the subscription of 30,330,000 new ordinary shares of $0.125 each at the issue price of $0.35 each. The share subscription was completed on 31 March 2009. The net proceeds from the share subscription, after deducting expenses, are approximately $11 million. Further details refer to the Company's announcements dated 18 March 2009 and 27 March 2009 respectively.

(b) Bank loans

In March and April 2009, the Group renewed certain bank loans with its principal bankers with an aggregate amount of $17,036,000 (RMB15,000,000). These loans are secured by certain fixed assets of the Group, bear interest at rates ranging from 6.318% to 6.903% per annum and will be repayable from December 2009 to April 2010.

(c) On 13 January 2009, a PRC independent third party filed a claim in a court in Tianjin, the PRC ("天津經濟開發區人民法院") against a PRC subsidiary of the Group, in connection with a claim against the subsidiary for a payable of construction of plant and machinery $517,000 (RMB455,000) plus overdue interest. A provision of $517,000 was included in other payables in the consolidated balance sheet as at 31 December 2008.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Group results

For the financial year ended 31 December 2008, the Group's turnover was approximately HK$139,541,000 (2007: HK$150,729,000). Loss attributable to equity holders of the Company was approximately HK$52,209,000 (2007: HK$135,758,000 profit from continuing and discontinued operations attributable to equity holders). Loss per share amounted to HK5.9 cents (2007: Earnings per share HK17.0 cents).

Selling and distribution expenses

During the financial year, the Group's selling and distribution costs from continuing operations amounted to approximately HK$8,780,000 (2007: HK$11,519,000), representing a decrease of approximately 23.8% over last year. The decrease was resulted from the tighter control by management over the budget of the expenses.

Administrative expenses

Administrative expenses from continuing operations increased to approximately HK$33,386,000 (2007: HK$22,848,000), representing an increase of 46.1% as compared with the last year. This was mainly due to the increase in the amount recognised for equity-settled share-based payment expenses of HK$11,810,000 which was in relation to the share options granted to the Group's directors, employees and professional consultants working for the Group during the year (2007: HK$3,922,000).

Finance costs

The Group's finance costs for the financial year amounted to approximately HK$6,889,000 (2007: HK$2,907,000), mainly comprising interest expenses on bank and other borrowings and amortised interest expenses on the fair values of long-term payable and loan from a related company. The increase in finance costs was mainly due to the increase of the amortised interest expenses and interest rates of bank loans.

Liquidity and financial resources

As at 31 December 2008, the Group's net assets amounted to HK$69,655,000 (2007: HK$64,775,000). As at 31 December 2008, the Group's cash and bank deposits amounted to HK$6,902,000 (2007: HK$18,968,000). The Group's net current assets were approximately HK$23,409,000 (2007: HK$47,038,000 net current liabilities).

As at 31 December 2008, the Group had total available banking facilities amounted to HK$38,728,000 of which HK$37,025,000 has been utilized. As such, the Group had remaining available banking facilities of HK$1,703,000 as at that date.

The Directors are of the opinion that the Group will be able to finance its future working capital and financial requirements given the measures taken by the Company's management to address the conditions as set out in note 2 to the financial statements.

Foreign currency exposure

As the Group's monetary assets, liabilities and transactions are principally denominated in Hong Kong dollars, Renminbi and United States dollars; its exposure to exchange rate risk is limited.

Capital structure

On 22 May 2008, the Company issued and allotted 100,000,000 new ordinary shares of $0.125 each at the issue price of $0.28 each. On 15 August 2008, the Company issued and allotted 40,000,000 new ordinary shares of $0.125 each at the issue price of $0.32 each. All these shares rank pari passu in all respects with other shares in issue.

As at 31 December 2008, the Group's net assets was approximately HK$69,655,000 (2007: HK$64,775,000) and its net debts (total bank and other borrowings less bank deposits) were HK$37,932,000 (2007: HK$49,400,000). Based on the above, the Group's net gearing ratio was approximately 54.5% (2007: 76.3%).

OPERATIONAL REVIEW

In 2008, the Group still focused on its principal business of production and sale of small pack edible oil.

From April 2008 onwards, affected by the strict inflationary control measures of the Chinese government and the trend of changes in global oil and grains market, the edible oil price in Mainland China dropped significantly from an exceptional historical high. Coupled with the impact of the global financial tsunami, market demand declined further, sweeping away all our expectation of a business growth in the second half of the year. The Group further adjusted its business strategies based on risk management principles: emphasis on developing the markets along the Yangtze River where the growth of demand will rebound more readily; appropriate control of capital injection and minimise the scale of the pack oil business, maintained the existing sales channels and customer relations to the greatest extent through flexible small and frequent volume sales method and using advanced and efficient production equipment to develop the risk free processing business for the customers. For the twelve months ended 31 December 2008, the sales of the Group's small pack oil business amounted to approximately HK$136,874,000 (2007: HK$57,294,000). With regard to profitability, the gross profit of our small pack oil business was HK$3,038,000 (2007: HK$1,976,000 gross loss).

PROSPECTS

In 2009, governments around the world have launched bailout plans to revive the markets and stimulate the economies. The RMB4 trillion stimulus package by the Chinese government, in particular, has started to take effect, driving up the growth trend of the demand for edible oil in Mainland China. On the premise of controllable risks, the Group will adjust the scale of and marketing strategies for the edible oil business subject to changes in the market trend. The management remains positive about the growth of edible oil business in 2009.

In September 2008, the Group has entered into a letter of intent with an independent third party in relation to the acquisition of equity interests of a company holding certain exploitation rights for gold mines located in Inner Mongolia. Preliminary works in connection with the acquisition is in progress. The success of the acquisition will be of significant importance to the Group's future development.

EMPLOYEES

As at 31 December 2008, the total number of employees of the Group was approximately 83. The emolument policy of the Group is to ensure that the remuneration packages of its employees are competitive according to market trends and its employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system.

DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 December 2008.

ANNUAL GENERAL MEETING

The 2008 annual general meeting of the Shareholders will be held on Monday, 1 June 2009. A notice of the annual general meeting will be published and depatched to the Shareholders in due course as required by the constitutional document of the Company and the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 29 May 2009 to 1 June 2009, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify for attending the annual general meeting held on 1 June 2009, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Room 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 27 May 2009.

PURCHASE, SALE OR REDEMPTION OF SHARES

There was no purchase, sale or redemption of the Shares by the Company or any of its subsidiaries during the financial year.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintain high standards of corporate governance and procedures to ensure integrity, transparency and quality of disclosure in order to promote the ongoing development of the best long term interest of the Company and enhance value for all the Shareholders.

The articles of association of the Company (the "**Articles**") and the terms of reference of the audit committee and the remuneration committee form the framework for the code of corporate governance practices of the Company. The Board has reviewed its corporate governance documents and is of the view that the Company has complied with Code on Corporate Governance Practices (the "**CG Code**") contained in Appendix 14 of the Listing Rules except with deviations from the code provisions A.2.1.

Under Code A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr Lim Wa is the chairman and the chief executive officer of the Company. The Board considers that the intensive experience of Mr Lim Wa in the edible oil industry is instrumental to the Group's operation and that it may not be in the best interest of the Group to separate the roles of the chairman and the chief executive officer. Nonetheless, the Group will review the relevant code provision from time to time and may comply with it if the Directors consider it appropriate to do so.

Other than the deviations mentioned above, the Board is of the view that the Company has complied with the code provisions of the CG Code throughout the year ended 31 December 2008.

COMPLIANCE OF THE MODEL CODE FOR DIRECTORS' 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 to the Listing Rules as its code of conduct regarding Directors' securities transactions.

The Company has made specific enquiry of all Directors of any non-compliance with the Model Code during the financial year ended 31 December 2008, and they have all confirmed their full compliance with the required standard as set out in the Model Code.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT ON THE GROUP'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2008

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2008 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to note 2(b) to the financial statements which indicates that the Group incurred a consolidated net loss for the year attributable to the equity holders of the Company of approximately HK$52,209,000 for the year ended 31 December 2008 and, as set out in note 17, the Group entered into a conditional letter of intent with an independent third party, pursuant to which the Group will acquire the entire equity interests in Able Supplement Limited ("Able Supplement"), together with its subsidiaries, which holds certain exploitation rights for gold mines located in Inner Mongolia, the People's Republic of China, subject to terms and consideration to be agreed and results of the due diligences being conducted by the Group. The Group has paid a refundable deposit of HK$46,500,000 which is included under current assets in the consolidated balance sheet as at 31 December 2008. The consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on the success of the acquisition of gold mining rights and the ability to attain a profitable gold mining operation in the future, the continual financial support from its principal bankers and the substantial shareholder in order to finance the Group's future working capital and financial requirements, and the Group's ability to obtain new working capital from the prospective investors (including the holders of 140,000,000 warrants to subscribe for 140,000,000 new ordinary shares of the Company at an exercise price of HK$0.36 per share) and to generate adequate cash flows from its continuing operations in the foreseeable future. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that would result from a failure to obtain such financial support and working capital. We consider that adequate disclosures have been made.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Board has reviewed the consolidated financial statements for the year, including the accounting principles and accounting standards adopted by the Company, and discussed matters relating to auditing, internal controls and financial reporting.

AUDITORS

CCIF CPA Limited shall retire at the forthcoming annual general meeting and, being eligible, offer themselves for reappointment.

As at the date of this announcement, the executive Directors are Mr. LIM Wa, Mr. LAM Cham and Mr. Chang Yim Yang; and the independent non-executive Directors are Professor XIAO Zhuo Ji, Dr. WONG Lung Tak, Patrick, *J.P.* and Mr. CHAN Kin Sang.

By order of the Board of
China Precious Metal Resources Holdings Co., Ltd.
LIM Wa
Chairman

Hong Kong, 24 April 2009

This announcement will be published on the website of the Stock Exchange at www.hkex.com.hk and on the website of the Company at http://cpm.etnet.com.hk.