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FAR EAST GOLDEN RESOURCES GROUP LIMITED
遠東金源集團有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 1188)

ANNUAL RESULT ANNOUNCEMENT 2008

RESULTS

The board (the "Board") of directors (the "Directors") of Far East Golden Resources Group Limited (the "Company") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2008 as follows:

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2008

		2008	2007
	Notes	***HK$'000***	*HK$'000*
Continuing operations			
Revenue		**1,015**	582
Cost of sales		**(238)**	(89)
Gross profit		**777**	493
Other income		**5,574**	7,839
Distribution costs		**(2)**	(1)
General operating expenses		**(70,000)**	(26,627)
Impairment of available-for-sale financial asset		**(2,178)**	–
Impairment of goodwill		**(570)**	–
Impairment of property, plant and equipment		**(2,742)**	–

	Notes	2008 HK$'000	2007 HK$'000
Operating loss		**(69,141)**	(18,296)
Finance costs		**–**	(2)
Loss before income tax	*5*	**(69,141)**	(18,298)
Income tax expense	*6*	**(12)**	(2)
Loss for the year from continuing operations		**(69,153)**	(18,300)
Discontinued operations			
Profit/(Loss) for the year from discontinued operations	*8*	**94,554**	(2,885)
Profit/(Loss) for the year		**25,401**	(21,185)
Attributable to:			
Equity holders of the Company		**35,206**	(30,687)
Minority interests		**(9,805)**	9,502
Profit/(Loss) for the year		**25,401**	(21,185)
Earnings/(Loss) per share for profit/(loss) attributable to the equity holders of the Company during the year	*9*		
From continuing and discontinued operations			(restated)
Earnings/(Loss) per share – basic		**HK0.67 cent**	HK(1.07) cent
Earnings/(Loss) per share – diluted		**N/A**	N/A
From continuing operations			
Loss per share – basic		**HK(1.31) cent**	HK(0.63) cent
Loss per share – diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET

as at 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**26,454**	53,724
Land use rights		**–**	5,333
Interest in an associate		**–**	8,542
Available-for-sale financial assets		**–**	–
Goodwill		**–**	–
Intangible assets		**20,020**	–
Prepayments and deposits		**46,625**	466
		93,099	68,065
Current assets			
Inventories		**177**	113,774
Trade receivables	*10*	**–**	17,205
Prepayments, deposits and other receivables		**12,890**	51,915
Amount due from an associate		**–**	2,723
Amounts due from related parties		**–**	1,842
Pledged bank deposits		**805**	76,533
Cash and cash equivalents		**178,809**	77,337
		192,681	341,329
Current liabilities			
Trade payables	*11*	**–**	41,071
Accruals and other payables		**27,960**	208,505
Amounts due to related parties		**1,095**	47,367
Amount due to a director		**1,779**	–
Borrowings		**1,897**	54,318
Bills payable		**–**	124,423
Provisions		**–**	7,828
Tax payable		**–**	3,284
		32,731	486,796
Net current assets/(liabilities)		**159,950**	(145,467)
Net assets/(liabilities)		**253,049**	(77,402)
EQUITY			
Equity attributable to the Company's equity holders			
Share capital		**548,305**	272,400
Reserves		**(317,588)**	(375,810)
		230,717	(103,410)
Minority interests		**22,332**	26,008
Total equity/(Capital deficiency)		**253,049**	(77,402)

Notes:

1. DISCLAIMER OF OPINION ON VIEW GIVEN BY FINANCIAL STATEMENTS

The Company's Auditors, Messrs Grant Thornton, expressed a disclaimer of opinion on view given by the financial statements for the year ended 31 December 2008. An extract of their basis for disclaimer of opinion and disclaimer of opinion on view given by financial statements are as follows:

Basis for disclaimer of opinion

Disposal of subsidiaries

The consolidated income statement include a profit for the year from discontinued operations of HK$94,554,000 which comprised of the loss of discontinued operations of HK$19,342,000 and the gain on disposal of subsidiaries of HK$113,896,000. As detailed in note 42.3 to the financial statements, on 22 October 2008, the Group entered into a disposal agreement with an independent third party, to dispose of the entire equity interest in Ningbo Meili Assets Management Co., Limited and its subsidiaries (collectively "Ningbo Meili Group"). The disposal of Ningbo Meili Group was completed on 22 December 2008 (the "Disposal Date").

The books and records of Ningbo Meili Group were kept and maintained by the local management of Ningbo Meili Group, which were not made available to the Group's management subsequent to the Disposal Date. Under circumstances as explained above, we were not able to carry out procedures which we considered necessary on the books and records of Ningbo Meili Group, to satisfy ourselves as to the existence, completeness, accuracy and valuations of its assets of HK$331,428,000 and liabilities of HK$517,313,000 as at the Disposal Date and of its loss of HK$19,342,000 for the year up to the Disposal Date. Consequently, we were unable to satisfy ourselves as to whether the gain on disposal of HK$113,896,000 arising thereon was fairly stated.

Any adjustments found to be necessary to the above amounts would affect the amounts recorded in the consolidated income statement in respect of Ningbo Meili Group, with a corresponding effect on the gain on disposal of subsidiaries, and the related disclosure thereof in the consolidated financial statements.

Existence and valuation of inventories

As at 31 December 2007, included in inventories of HK$113,774,000 in the consolidated balance sheet of the Group, were motor vehicles recovered from the legal proceedings as detailed in note 43(3) to the financial statements with a total cost of HK$54,180,000 and aggregate impairment provision of HK$11,340,000 as at 31 December 2007 ("Motor Vehicles"). We had not been provided the access to these Motor Vehicles physically and there were no alternative audit procedures which we could adopt to ascertain the existence and conditions of these Motor Vehicles. Accordingly we had been unable to obtain all the audit evidence that we considered necessary for our audit purpose in relation to the existence and valuation of these Motor Vehicles. Any adjustments to the balance of the Motor Vehicles and the associated impairment provision would have a consequential effect on the net liabilities and loss of the Group as at 31 December 2007 and for the year then ended respectively.

The above limitation on our scope of work happened in our audit of the Group's consolidated financial statements for the year ended 31 December 2007, which becomes the comparatives to the consolidated financial statements for the year ended 31 December 2008.

Books and records of Guangzhou Shenfei Automobile Sales and Services Company Limited and its subsidiaries (collectively "Guangzhou Shenfei")

As at 31 December 2007, the Group's consolidated financial statements included the assets and liabilities of Guangzhou Shenfei. Guangzhou Shenfei ceased operations in 2006. The books and records of Guangzhou Shenfei prior to its cessation of operations were kept and maintained by the local management of Guangzhou Shenfei ("Guangzhou Shenfei Local Management"). The Guangzhou Shenfei Local Management had left the Group following the cessation of the Guangzhou Shenfei operations and the books and records of Guangzhou Shenfei as made available to us by the Group's management were incomplete for our audit purposes. Under circumstances as explained above, we were not able to carry out audit procedures which we considered necessary on the books and records of Guangzhou Shenfei, to satisfy ourselves as to the existence, completeness, accuracy and valuations of the assets and liabilities of Guangzhou Shenfei as at 31 December 2007 for the purpose of our audit of the Group's financial statements. Guangzhou Shenfei's assets of HK$71,882,000 and liabilities of HK$152,339,000 have been included in the Group's consolidated balance sheet as at 31 December 2007. Any adjustments to the assets and liabilities of Guangzhou Shenfei as at 31 December 2007 may have consequential significant effects on the net liabilities and loss of the Group as at 31 December 2007 and for the year then ended respectively.

The above limitation on our scope of work happened in our audit of the Group's consolidated financial statements for the year ended 31 December 2007, which becomes the comparatives to the consolidated financial statements for the year ended 31 December 2008.

Disclaimer of opinion on view given by financial statements

Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2008 and the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards. In all other respects, in our opinion the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

2. GENERAL INFORMATION AND BASIS OF PREPARATION

Far East Golden Resources Group Limited (the "Company") is an exempted company with limited liability incorporated and domiciled in Bermuda. The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda and, its principal place of business is Suites 1407-8, 14th Floor, Great Eagle Centre, 23 Harbour Road, Hong Kong. The Company's shares are listed on the main board of The Stock Exchange of Hong Kong Limited ("Stock Exchange").

The principal activities of the Company and its subsidiaries (together referred to as the "Group") were:

– Environment products and related business;

– Natural resources business;

– Operation of indoor game centres; and

– Manufacture and sale of automobile axles.

On 22 October 2008, the Group entered into a disposal agreement with an independent third party, to dispose of the entire equity interest in Ningbo Meili Assets Management Co., Limited and its subsidiaries (collectively "Ningbo Meili Group"), which principally engaged in sales and repair of motor vehicles and sales of properties. The disposal of Ningbo Meili Group was completed on 22 December 2008 and the Group has discontinued its operations in sales and repair of motor vehicles and sales of properties thereafter. Details of this transaction have been set out in the Company's circular dated on 27 November 2008.

As sales and repair of motor vehicles and sales of properties represent components of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represent separate major lines of businesses, the Group presented, in its financial statements, these operations as discontinued operations in accordance with HKFRS 5.

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The financial statements for the year ended 31 December 2008 were approved by the Board on 23 April 2009.

3. ADOPTION OF NEW OR AMENDED HKFRSs

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2008:

HK (IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions
HKAS 39 and HKFRS 7 (Amendments)	Reclassification of Financial Assets

The adoption of the new HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented. Accordingly, no prior period adjustment is required.

At the date of authorisation of these financial statements, the following new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKAS 1 (Revised)	Presentation of Financial Statement [1]
HKAS 23 (Revised)	Borrowing Costs [1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statement [2]
HKAS 1, HKAS 32, HKAS 39 & HKFRS 7 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation [1]
HKAS 39 (Amendment)	Eligible Hedged Items [2]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards [2]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [1]
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations [1]
HKFRS 3 (Revised)	Business Combinations [2]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments [1]
HKFRS 8	Operating Segments [1]
HK (IFRIC) – Int 2	Member's Share in Co-operative Entities and Similar Instruments [1]
HK (IFRIC) – Int 9 & HKAS 39 (Amendments)	Reassessment of Embedded Derivatives and HKAS 39 Financial Instruments: Recognition and Measurement – Embedded Derivatives [7]
HK (IFRIC) – Int 13	Customer Loyalty Programmes [3]
HK (IFRIC) – Int 15	Agreements for the Construction of Real Estate [1]
HK (IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation [4]
HK (IFRIC) – Int 17	Distributions of Non-Cash Assets to Owners [2]
HK (IFRIC) – Int 18	Transfers of Assets from Customers [5]
Various	Annual Improvements to HKFRSs 2008 [6]

[1] *Effective for annual periods beginning on or after 1 January 2009*

[2] *Effective for annual periods beginning on or after 1 July 2009*

[3] *Effective for annual periods beginning on or after 1 July 2008*

[4] *Effective for annual periods beginning on or after 1 October 2008*

[5] *Effective for transfers received on or after 1 July 2009*

[6] *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*

[7] *Effective for annual periods ending on or after 30 June 2009*

The Directors anticipate that all of the pronouncement will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement.

Among these new standards and interpretations, HKAS 1 (Revised) is expected to materially change the presentation of the Group's financial statements. The amendment affects the presentation of owner's changes in equity and introduces a statement of comprehensive income. The Group will have the option of presenting items of income and expenses and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of other comprehensive income). The amendment does not affect the financial position or results of the Group but will give rise to additional disclosures.

In addition, HKFRS 8 Operating Segments may result in new or amended disclosures. The Directors are in the process of identifying reportable operating segments as defined in HKFRS 8.

The Directors are currently assessing the impact of other new and amended HKFRSs but are not yet in a position to state whether they would have material financial impact on the Group's results and financial position.

4. SEGMENT INFORMATION

Primary reporting format – business segments

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

- Environment products and related business;
- Natural resources business;
- Operation of indoor game centres; and
- Manufacture and sale of automobile axles.

Sales and repair of motor vehicles and sales of properties as mentioned in note 2 have been classified as discontinued operations for the year.

2008

	Continuing operations					Discontinued operations		
	Operation of indoor game centres *HK$'000*	Manufacture and sales of automobile axles *HK$'000*	Environment products and related business *HK$'000*	Natural resources business *HK$'000*	Total *HK$'000*	Sales and repair of motor vehicles *HK$'000*	Sales of properties *HK$'000*	Total *HK$'000*
Revenue								
Sales to external customers	691	–	324	–	1,015	373,279	511	373,790
Segment results	(570)	(308)	(1,130)	(5,366)	(7,374)	(2,619)	(13,109)	(15,728)
Unallocated income and expense, net					(56,847)			–
Gain on disposal of subsidiaries					–			113,896
Impairment of available-for-sale financial asset					(2,178)			–
Impairment of property, plant and equipment					(2,742)			–
Finance costs					–			(3,030)
(Loss)/profit before income tax					(69,141)			95,138
Income tax expense					(12)			(584)
(Loss)/profit for the year					(69,153)			94,554
Segment assets	189	194	43,155	22,773	66,311	–	–	–
Unallocated assets					219,469			–
Total assets					285,780			–
Segment liabilities	950	472	509	5,347	7,278	–	–	–
Unallocated liabilities					20,682			–
Borrowings					1,897			–
Amounts due to related parties					1,095			–
Amount due to a director					1,779			–
Total liabilities					32,731			–
Capital expenditure	3	–	24,346	2,617	26,966	5,615	–	5,615
Depreciation	–	–	203	170	373	2,947	215	3,162
Amortisation	–	–	668	–	668	80	–	80
Impairment of inventories	–	–	–	–	–	5,508	–	5,508
Impairment of receivables	–	–	–	–	–	1,757	11,837	13,594

2007

	Continuing operations			Discontinued operations		
	Operation of indoor game centres	Manufacture and sales of automobile axles	Total	Sales and repair of motor vehicles	Sales of properties	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue						
Sales to external customers	582	–	582	915,856	3,867	919,723
Segment results	(1,131)	(272)	(1,403)	(4,255)	14,236	9,981
Unallocated income and expense, net			(16,893)			–
Finance costs			(2)			(3,737)
Loss before income tax			(18,298)			6,244
Income tax expense			(2)			(9,129)
Loss for the year			(18,300)			(2,885)
Segment assets	264	156	420	312,937	24,537	337,474
Unallocated assets			58,393			–
Interest in an associate			–			8,542
Amount due from an associate			–			2,723
Amounts due from related parties			80			1,762
Total assets			58,893			350,501
Segment liabilities	588	432	1,020	334,079	23,270	357,349
Unallocated liabilities			23,458			–
Borrowings			–			54,318
Amounts due to related parties			21,806			25,561
Tax payable			–			3,284
Total liabilities			46,284			440,512
Capital expenditure	54	–	54	6,416	517	6,933
Depreciation	110	–	110	4,926	603	5,529
Amortisation	–	–	–	146	–	146
Impairment of inventories	–	–	–	3,807	–	3,807
Reversal of impairment of receivables	–	–	–	–	(1,069)	(1,069)

Secondary reporting format – geographical segments

Over 90% of the Group's revenues are derived in the People's Republic of China ("PRC") and over 90% of the segment assets are located in the PRC. In this regard, no separate analysis of segment information by geographical segments is presented.

5. LOSS BEFORE INCOME TAX

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

	Continuing operations		**Discontinued operations**		**Consolidated**	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Auditors' remuneration	**1,154**	1,133	**–**	326	**1,154**	1,459
Share-based compensation	**14,455**	–	**–**	–	**14,455**	–
Depreciation of property, plant and equipment	**5,311**	2,293	**3,162**	5,529	**8,473**	7,822
Amortisation of land use rights	**–**	–	**80**	146	**80**	146
Amortisation of intangible assets	**668**	–	**–**	–	**668**	–
Impairment of available-for-sale financial asset	**2,178**	–	**–**	–	**2,178**	–
Impairment of goodwill	**570**	–	**–**	–	**570**	–
Impairment of property, plant and equipment	**2,742**	–	**–**	–	**2,742**	–
Reversal of impairment of receivables	**–**	–	**–**	(1,069)	**–**	(1,069)
Impairment of trade receivables	**–**	–	**316**	–	**316**	–
Impairment of other receivables	**1,440**	–	**13,278**	–	**14,718**	–
Gain on disposal of subsidiaries	**–**	(6,114)	**(113,896)**	–	**(113,896)**	(6,114)
Discount on initial recognition of long-term interest-free deposits	**3,468**	–	**–**	–	**3,468**	–
Cost of inventories recognised as expenses*	**238**	89	**353,725**	880,398	**353,963**	880,487
Operating lease charges in respect of land and buildings	**2,562**	1,276	**1,246**	1,359	**3,808**	2,635

* *Cost of inventories recognised as expenses included HK$5,508,000 (2007:HK$3,807,000) relating to impairment of inventories.*

6. INCOME TAX EXPENSE

For the year ended 31 December 2008, no provision for Hong Kong profits tax has been made in the financial statements as the Group did not derive any assessable profits for the year in Hong Kong. For the year ended 31 December 2007, Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profit for that year. Tax on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	Continuing operations		Discontinued operations		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Current tax						
– Hong Kong	**–**	2	**–**	–	**–**	2
– PRC	**12**	–	**1,322**	9,129	**1,334**	9,129
– Over-provision in prior years	**–**	–	**(738)**	–	**(738)**	–
Income tax expense	**12**	2	**584**	9,129	**596**	9,131

Reconciliation between income tax expense and accounting profit/(loss) at applicable tax rates:

	2008	2007
	HK$'000	*HK$'000*
Profit/(loss) before income tax		
Continuing operations	**(69,141)**	(18,298)
Discontinued operations	**95,138**	6,244
	25,997	(12,054)
Tax on profit/(loss) before tax, calculated at the rates applicable to losses in the tax jurisdictions concerned	**10,228**	(3,403)
Tax effect of non-deductible expenses	**19,497**	12,340
Tax effect of non-taxable income	**(29,171)**	(2,443)
Tax effect of tax losses not recognised as deferred tax asset	**780**	2,777
Tax effect of prior years' tax losses utilised this year	**–**	(140)
Over-provision in prior years	**(738)**	–
Income tax expense	**596**	9,131

7. DIVIDENDS

The Directors do not recommend the payment of a dividend for the year ended 31 December 2008 (2007: Nil) and the Company did not declare any interim dividend during the year.

8. DISCONTINUED OPERATIONS

As described in note 2, on 22 October 2008, the Group entered into an agreement with an independent third party to dispose of the entire equity interest in Ningbo Meili Group, which principally engaged in sales and repair of motor vehicles and sales of properties. The disposal of Ningbo Meili Group was completed on 22 December 2008 and the Group has discontinued its operations in sales and repair of motor vehicles and sales of properties thereafter. As sales and repair of motor vehicles and sales of properties represent components of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represent separate major lines of businesses, the Group presented, in its financial statements, these operations as discontinued operations in accordance with HKFRS 5.

The profit/(loss) for the year from the discontinued operations is analysed as follows:

	2008	2007
	HK$'000	*HK$'000*
Loss on discontinued operations	**(19,342)**	(2,885)
Gain on disposal of subsidiaries	**113,896**	–
Profits/(Loss) for the year from discontinued operations	**94,554**	(2,885)

9. EARNINGS/(LOSS) PER SHARE

	2008	2007
Earnings/(Loss) per share for profit/(loss) attributable to the equity holders of the Company during the year		
From continuing and discontinued operations		(restated)
Earnings/(Loss) per share – basic	**HK0.67 cent**	HK(1.07) cent
Earnings/(Loss) per share – diluted	**N/A**	N/A
From continuing operations		
Loss per share – basic	**HK(1.31) cent**	HK(0.63) cent
Loss per share – diluted	**N/A**	N/A
From discontinued operations		
Earnings/(Loss) per share – basic	**HK1.98 cent**	HK(0.44) cent
Earnings/(Loss) per share – diluted	**N/A**	N/A

The calculations of the basic earnings/(loss) per share attributable to the ordinary equity holders of the Company is based on the following data:

	2008	2007
	HK$'000	*HK$'000*
Profit/(Loss) attributable to the equity holders of the Company for the purpose of basic earnings per share		
Continuing operations	**(68,702)**	(18,162)
Discontinued operations	**103,908**	(12,525)
Total profit/(loss) from continuing and discontinued operations	**35,206**	(30,687)

	2008	2007
	Number of shares	Number of shares
	'000	*'000*
		(restated)
Weighted average number of shares for the purpose of basic earnings per share	**5,250,217**	2,875,175

Restatement for 2007 was related to the rights issue completed in the year ended 31 December 2008.

Diluted earnings/(loss) per share from continuing and discontinued operations for both years ended 31 December 2008 and 2007 were not presented because the impact of the exercise of the share options was anti-dilutive. Potential ordinary shares are dilutive when and only when their conversion into ordinary shares would reduce earnings per share or reduce loss per share from continuing operations attributable to the equity holders of the Company.

10. TRADE RECEIVABLES

At each of the balance sheet date, the Group's trade receivables were individually determined to be impaired. The individually impaired receivables are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. Consequently, specific impairment provision was recognised. The Group does not hold any collateral over these balances.

The ageing analysis of the trade receivables of the Group as at 31 December 2008, based on the invoice date and net of impairment, is as follows:

	2008	2007
	HK$'000	*HK$'000*
0 – 30 days	**–**	11,687
31 – 60 days	**–**	1,788
61 – 90 days	**–**	374
91 – 180 days	**–**	645
Over 180 days	**–**	2,711
	–	17,205

11. TRADE PAYABLES

The ageing analysis of the trade payables of the Group as at 31 December 2008, based on the invoice date, is as follows:

	2008	2007
	HK$'000	*HK$'000*
0 – 30 days	–	28,631
31 – 60 days	–	985
61 – 90 days	–	615
91 – 180 days	–	585
Over 180 days	–	10,255
	–	41,071

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

As the Company disposed its entire interest in the Ningbo Meili Group in 2008, the presentation of the financial figures for the year ended December 31, 2007 are hereby amended. The Group's turnover and profit attributable to shareholders of the Company for the year ended 31 December 2008 amounted to HK$1 million (2007: HK$0.58 million) and HK$35.21 million (2007: loss of HK$30.69 million) respectively. As compared to the corresponding period in 2007, the turnover increased by approximately 72.41% while the loss turned to a profit. The significant improvement is mainly attributable to the disposal of Ningbo Meili Group which recorded disposal gain of HK$113.90 million. For the year ended 31 December 2008, the general operating expenses increased from HK$26.63 million in 2007 to HK$70.00 million, including the value of HK$14.45 million in relation to the granting of share options in February 2008.

Continuing operations

(a) Environment products and related business

The Group completed the acquisition of Beijing Century Wanyeyuan Bio-Engineering Co., Ltd ("Beijing Century") in September 2008. The new business recorded turnover HK$0.32 million and a loss of HK$1.13 million for the year ended 31 December 2008. During the year 2008, Beijing Century developed promising sales channel in the North-Eastern part of the PRC and the management expected that the turnover would grow significantly in 2009.

(b) Natural resources business

The Group completed the acquisition of Jilin Shengshi Mining Limited ("Jilin Shengshi") in August 2008. The new business has not recorded any turnover yet and incurred a loss of HK$5.37 million for the year ended 2008. Currently, the subsidiary of Jilin Shengshi owns two mine exploration rights in Jilin. Other than holding and managing its own mine exploration rights, Jilin Shengshi also entered into management agreements with the owners of mine exploration rights for providing mine management services.

(c) Games center

For the year ended 31 December 2008, the Group operated two indoor family entertainment game centers in the PRC. This business recorded turnover HK$0.69 million (2007: HK$0.58 million) and a loss of HK$0.57 million (2007: HK$1.13 million). The Group has no intention to commit more resources to this business line as the prospect of operating indoor game center in the PRC is gloomy in the highly competitive environment in the market.

(d) Automobile axles

The Group's 51% owned sino-foreign equity joint venture (the "JV") established in the PRC, Shenyang Liaohua Automobile Axles Company Ltd has suspended operations since the mid of 2004 as a result of re-allocation of plant. For the year ended 31 December 2008, the business recorded losses from the operation HK$0.31 million (2007: HK$0.27 million).

Discontinued operations

(a) Dealership of motor vehicles and provision of repair services

The Group completed the disposal of Ningbo Meili Group in December 2008 and ceased to have any interest in its businesses. Before such disposal, the Group operated five sales outlets and five repair centers in Shanghai and Ningbo. For the year ended 31 December 2008, the turnover and the loss from sale and repair of motor vehicles business were HK$373.28 million (2007: HK$915.86 million) and HK$2.48 million (2007: HK$4.26 million) respectively.

(b) Property development

One of the subsidiaries of Ningbo Meili undertakes property development in Ningbo. For the year ended 31 December 2008, it sold a total of approximately 243.98 square meters (2007: 50.04 square meters) floor area. The turnover decreased from HK$3.87 million in 2007 to HK$511,000 in 2008 and the loss for the year ended 31 December 2008 was approximately HK$13.11 million (2007: profit of HK$14.24 million).

FUND RAISING ACTIVITIES AND USE OF PROCEEDS DURING THE PERIOD

As disclosed in the announcement of the Company dated 4 February 2008, the Company raised net proceeds of approximately HK$266 million from a right issue of 2,724,003,232 rights shares at the subscription price of HK$0.10 per rights share. As at 31 December 2008, approximately HK$67 million was utilized as general working capital of the Group, approximately HK$19 million was used for repayment of loan, and approximately HK$180 million remained unutilized.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2008, the shareholders' fund of the Group amounted to HK$253 million (31 December 2007: capital deficiency HK$77 million). The gearing ratio of the Group as at 31 December 2008 measured in terms of total liabilities divided by shareholders' equity was approximately 14.2% (31 December 2007: N/A). As at 31 December 2008, net current assets of the Group were approximately HK$159.95 million (31 December 2007: net current liabilities: HK$145.47 million). The pledged bank deposits were approximately HK$0.8 million (31 December 2007: HK$76.53 million) while the cash and cash equivalents amounted to HK$178.81 million (31 December 2007: HK$77.34 million). The Group has outstanding borrowings and bills payable of approximately HK$1.9 million (31 December 2007: HK$178.74 million) comprising (i) bills payable of HK$0 million (31 December 2007: HK$124.42 million) (ii) secured bank loans of HK$0 million (31 December 2007: HK$48.00 million) and (iii) other loan of HK$1.9 million (31 December 2007: HK$6.32 million). The bank borrowings are basically on floating interest rate basis.

CHARGES OF GROUP ASSETS

As at 31 December 2008, bank deposits of HK$0.8 million (at 31 December 2007: HK$76.53 million) were pledged to secure the general banking facilities granted to the Group.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

Almost all of the income and expenditure of the Group were denominated in RMB, Hong Kong Dollar and the United States Dollar. The Group has not taken any financial instruments for hedging purpose in 2008 due to tightened foreign exchange control.

NEW BUSINESS, MATERIAL ACQUISITIONS AND DISPOSALS

On 8 August, 2008 the Group completed the acquisition of the entire equity interest in Jilin Shengshi which has become the Company's subsidiary since then. The Board considered that the prospect of the natural resources businesses is optimistic given the scarcity of, and the increasing demand for, natural resources globally.

On 18 September 2008 the Group completed the acquisition of 65% equity interest in Beijing Century. Beijing Century has become the Company's subsidiary since then. In view of the steady growth of the global population, on-going reduction in arable land, and progressive rise in living standards globally, the demand for fertilizers (especially bioorganic fertilizer which is capable of purifying the living environment and improving food crops) has increased and is expected to continue to increase significantly. The fertilizer industry is not only highly promising, but allows the Group to be committed to social responsibilities to help improve the cultivation of plants to produce food suitable to humans and increasing crop yields to support a growing population globally.

On 22 December, 2008 the Group completed the disposal of its entire interest in Ningbo Meili Group. (comprising Ningbo Meili), which was then principally engaged in the sale of motor vehicles, provision of repair and maintenance services and sale of property businesses in the PRC. The business environment of the businesses carried on by Ningbo Meili Group has been challenging and its business performance has been far from satisfactory over the years. In order to strengthen the Group's overall competitiveness and improve its financial performance, it is considered to be more realistic to take steps to rationalise its business direction by re-deploying more resources to expand the relatively more promising businesses and mitigate the financial loss by disposing of its under-performed businesses such as those carried on by the Ningbo Meili Group. Following the disposal, Ningbo Meili ceased to be a subsidiary of the Company and the Company ceased to have any interest in the Ningbo Meili Group.

PROSPECTS

The Company has shifted its focus and reallocated more resources towards the environmental products and the development of the natural resources sectors. Due to the scarcity of natural resources and increasing concern of food safety and environmental protection, the Company believes that the future of these sectors will be more promising.

The Group has been actively re-evaluating its existing business operations, which includes studying the feasibility of exploring investment opportunities with high growth potentials with an aim to improving the financial performance of the Group.

In March 2009, the Group announced the acquisition of controlling equity interests in Alabama Center for Foreign Investment, LLC ("ACFI"). ACFI has been designated by the U.S. Citizenship and Immigration Services of the U.S. Department of Homeland Security ("USCIS") as regional center for the State of Alabama to participate in the Immigrant Investor Pilot Program. As a regional centre approved by the United States (the "US") federal government, ACFI would be able to participate in immigration investment related business. The Company considered such new business could compliment the Group's objective to diversify its business and strengthen its overall competitiveness and core competence. Other than the above mentioned businesses, the Group is also actively exploring the opportunities in overseas automotive industry. In March 2009, the Group incorporated a subsidiary in the US as a vehicle for pursuing this new direction.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

REPORT ON CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance that ensure better transparency, protection and promotion of the interests of the shareholders of the Company and the Company as a whole and to enhance corporate value and accountability.

The Company wishes to highlight the importance of its Board in ensuring effective leadership and control of the Company and the transparency and accountability of all operations.

Throughout the year, the Company has complied with the code provisions and certain recommended best practices set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 to the Listing Rules except the following deviation:

Code Provision E 1.2

Pursuant to code E 1.2 of the CG Code, the chairman of the board should attend the annual general meeting and arrange for the chairman of the audit, remuneration and nomination committees (collectively the "Committees") (as appropriate) or in the absence of the chairman of such committees, another member of the committee or failing this his duly appointed delegate, to be available to answer questions at the annual general meeting. The chairman of the independent board committee (if any) should be available to answer questions at any general meeting to approve a connected transaction or any transaction that is subject to independent shareholders' approval.

The chairman of the Board and the chairman of the Committees could not attend the annual general meeting of the Company held on 28 May 2008 due to business matters. Mr Hui Wing Sang Wilson, being one of the executive Directors and the delegate appointed by the Committee, attended the AGM to ensure effective communication with the shareholders of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Director of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct governing securities transactions by the Directors. After specific enquiry of all Directors, all Directors confirmed to the Company their compliance with the required standards set out in the Model Code for the year ended 31 December 2008.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company comprising all independent non-executive Directors has reviewed and discussed with the management and the external auditors regarding the consolidated financial statements of the Group for the year ended 31 December 2008.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

All the financial and other related information for the year ended 31 December 2008 required by Appendix 16 to the Listing Rules will be published on the websites of the Company (http://gr1188.etnet.com.hk) and the Stock Exchange in due course.

By Order of the Board
FAR EAST GOLDEN RESOURCES GROUP LIMITED
Yeung Yung
Chairman

23 April 2009

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Yeung Yung, Mr. Liu Quan, Mr. Hui Wing Sang, Wilson, Mr. Zhu Shengliang and three independent non-executive Directors, namely Mr. He Bangjie, Mr. Ting Kwok Kit, Johnny and Mr. Wong Lee Hing.