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NORTH
MINING SHARES

NORTH MINING SHARES COMPANY LIMITED
北方礦業股份有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 433)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

The board of directors (the "Board") of North Mining Shares Company Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2009, together with the comparative figures for the year ended 31 December 2008, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2009

	Notes	**2009** **HK$'000**	2008 HK$'000
Turnover	3(a)	**85,498**	74,400
Cost of sales		**(48,966)**	(111,218)
Gross profit/(loss)		**36,532**	(36,818)
Other income and gains	3(b)	**1,031,890**	28,455
Administrative expenses		**(37,126)**	(15,088)
Other operating expenses		**(277,300)**	(56,973)

	Notes	2009 HK$'000	2008 HK$'000
Profit/(Loss) from operations		**753,996**	(80,424)
Finance costs	*5*	**(324)**	–
Share of results of associates		**(652)**	18,492
Profit/(Loss) before income tax	*6*	**753,020**	(61,932)
Taxation	*7*	**22,981**	(862)
Profit/(Loss) for the year		**776,001**	(62,794)
Attributable to:			
Equity holders of the Company		**781,694**	(54,336)
Minority interests		**(5,693)**	(8,458)
		776,001	(62,794)
Dividends	*8*	**–**	–
Earning/(Loss) per share for profit/(loss) attribute to the equity holders of the Company			
Basic, HK cents	*9(a)*	**8.06**	(1.03)
Diluted, HK cents	*9(b)*	**7.97**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	2009	2008
	HK$'000	*HK$'000*
Profit/(Loss) for the year	**776,001**	(62,794)
Other comprehensive income (Net of tax effect):		
Surplus on revaluation of exploration and evaluation assets	**1,788,024**	874,245
Exchange differences arising from: translation of foreign subsidiaries	**(271)**	15,504
Other comprehensive income for the year	**1,787,753**	889,749
Total comprehensive income for the year	**2,563,754**	826,955
Attributable to:		
Equity holders of the Company	**1,693,304**	407,045
Minority interests	**870,450**	419,910
	2,563,754	**826,955**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		**251,520**	112,169
Investment properties		**263,128**	357,835
Intangible assets		**–**	45,010
Interests in associates		**32,633**	59,386
Prepaid lease payments		**87,817**	88,533
Exploration and evaluation assets		**3,314,575**	888,579
Mining rights		**3,149,583**	–
		7,099,256	1,551,512
Current Assets			
Inventories		**69,475**	–
Trade receivables	*10*	**2,525**	2,464
Prepayments, deposits and other receivables		**130,557**	105,213
Tax recoverable		**3,464**	–
Cash and cash equivalents		**94,698**	126,984
		300,719	234,661
Total assets		**7,399,975**	1,786,173
EQUITY			
Equity attributable to Company's equity holders			
Share capital		**155,129**	155,129
Reserves		**3,516,463**	1,151,338
		3,671,592	1,306,467
Minority interests		**2,202,083**	436,699
Total equity		**5,873,675**	1,743,166
LIABILITIES			
Non-Current Liabilities			
Deferred tax liabilities		**1,391,174**	30,536
Bank borrowings		**10,565**	–
		1,401,739	30,536
Current Liabilities			
Trade payables	*11*	**18,740**	1,888
Other payables and accruals		**50,910**	7,441
Bank borrowings		**32,381**	–
Amounts due to related parties		**22,530**	–
Tax payable		**–**	3,142
		124,561	12,471
Total liabilities		**1,526,300**	43,007
Total equity and liabilities		**7,399,975**	1,786,173
Net current assets		**176,158**	222,190
Total assets less current liabilities		**7,275,414**	1,773,702
Net assets		**5,873,675**	1,743,166

NOTES

1. BASIS OF PREPARATION

The consolidated 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 HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also include the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The consolidated financial statements have been prepared on the historical cost basis except for the revaluation of investment properties and exploration and evaluation assets which are stated at fair values.

The preparation of consolidated financial statements in accordance with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Group.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

2.1 Standards and Interpretations adopted in the current year

In the current year, the Group has adopted the following new standards, amendments and interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKIPCA") which are relevant to and effective for the Group's financial period beginning on 1 January 2009:

HKAS 1 (revised)	Presentation of Financial Statements
HKAS 23 (revised)	Borrowing costs
HKAS 27 & HKFRS 1 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or an Associate
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising Liquidation
HKFRS 2 (Amendments)	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 (Amendments)	Improvement the disclosure of financial instruments
HKFRS 8	Operating Segments
HK(IFRIC)-INT 13	Customer Loyalty Programmes
HK(IFRIC)-INT 15	Agreements for the Construction of Real Estate
HK(IFRIC)-INT 16	Hedges of a Net Investment in a Foreign Operation
Improvement to HKFRS	Annual Improvements to HKFRS 2008, except for amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009.

Except as described below, the adoption of the new and revised HKFRSs has no material effect on the consolidated financial statements of the Group for the current and prior accounting periods.

HKAS 1 (revised) – Presentation of Financial Statements

This revised standard has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. This revised standard separates owner and non-owner changes in equity. The consolidated statement of changes of equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity. This revised standard also introduces the statements of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements.

HKFRS 8 – Operating Segments

This standard replaced HKAS 18 Segment Reporting upon its effective date. This standard affected the disclosure that has resulted in a redesignation of the Group's reportable segments. The Group concluded that the operating segments determined in accordance with HKFRS 8 are the same as the business segments previously identified. HKFRS 8 disclosures are shown in Note 5 to the consolidated financial statements, including the related revised comparative information. This standard does not have an impact on the financial position or performance of the Group, but affected presentation and disclosure of the consolidated financial statements.

2.2 Standards and Interpretations in issued but not yet adopted

The Group has not early applied any of the following new and revised Standards, Amendments and Interpretations which have been issued but are not yet effective for annual periods beginning on 1 January 2009:

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
Improvement to HKFRS	Annual Improvements to HKFRS 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[3]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[4]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[4]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[7]
HK(IFRIC)-INT 14 (Amendment)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC)-INT 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC)-INT 18	Transfers of Assets from Customers[5]
HK(IFRIC)-INT 19	Extinguishing Financial Liabilities with Equity Instruments[8]

[1] Effective for annual periods beginning on or after 1 July 2009
[2] Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
[3] Effective for annual periods beginning on or after 2 February 2010
[4] Effective for annual periods beginning on or after 1 January 2010
[5] Effective for transfers on or after 1 July 2009
[6] Effective for annual periods beginning on or after 1 January 2011
[7] Effective for annual periods beginning on or after 1 January 2013
[8] Effective for annual periods beginning on or after 1 July 2010

3. TURNOVER

For the year ended 31 December 2009, turnover for the Group was composed of rental income, sales of molybdenum concentrate and property management fee income. An analysis of the Group's turnover and other income and gains is as follows:

		Group	
		2009	2008
		HK$'000	*HK$'000*
(a)	**Turnover**		
	Sales of molybdenum concentrate	**70,671**	–
	Rental income	**11,067**	14,863
	Property management fee income	**3,760**	3,688
	Securities trading	**–**	55,849
		85,498	74,400
(b)	**Other income and gains**		
	Royalty income	**1,678**	1,588
	Compensation income	**34,024**	–
	Bank interest income	**86**	104
	Negative goodwill arising from business combinations	**993,555**	26,668
	Gain on disposal of associates	**2,261**	–
	Sundry income	**286**	95
		1,031,890	28,455

4. SEGMENT INFORMATION

The Group has adopted HKFRS 8 *Operating Segments* with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and to assessing their performance. In contrast, the predecessor Standard (HKAS 14 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach.

For management purposes, the Group is orgainsed into business units based on their products and services and has four reportable operating segments as follows:

(a) Property leasing operation: The leasing of commercial premises.

(b) Property management operation: Provision of management service to commercial premises.

(c) Securities trading operation: Trading of securities listed on the Stock Exchange

(d) Mining operation:
- – Exploration of mineral mines
- – Exploitation of molybdenum mines

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Information regarding the above segments is reported below. Amounts reported for the prior year have been restated to conform to the requirements of HKFRS 8.

4.1 Operating segment information

For the year ended 31 December 2009

Segment revenue and results

				Mining operation			
	Securities trading *HK$'000*	Property leasing *HK$'000*	Property management *HK$'000*	Mining exploitation *HK$'000*	Mining exploration *HK$'000*	Other *HK$'000*	Total *HK$'000*
Revenue							
Segment turnover	–	11,067	3,760	70,671	–	–	85,498
Result							
Segment result	–	(179,239)	86	1,003,272	–	(67,175)	756,944
Unallocated income							4,311
Unallocated corporate expenses							(7,259)
Share of result of associates							(652)
Finance costs							(324)
Profit before tax							753,020
Income tax							22,981
Profit for the year							776,001

Segment assets, liabilities and other segment information

	Securities trading *HK$'000*	Property leasing *HK$'000*	Property management *HK$'000*	Mining operation: Mining exploitation *HK$'000*	Mining operation: Mining exploration *HK$'000*	Other *HK$'000*	Total *HK$'000*
Segment assets	**–**	**288,632**	**5,411**	**3,315,740**	**3,549,054**	**241,138**	**7,399,975**
Segment liabilities	**–**	**1,422**	**240**	**595,886**	**918,725**	**10,027**	**1,526,300**
Other segment information:							
Depreciation and amortisation	**–**	**2,536**	**8**	**–**	**7,964**	**4,201**	**14,709**
Fair value loss on investment properties	**–**	**118,588**	**–**	**–**	**–**	**–**	**118,588**
Impairment loss recognised during the year	**–**	**89,074**	**–**	**–**	**2,514**	**56,717**	**148,305**
Capital expenditures	**–**	**23,818**	**–**	**4,582**	**43,647**	**–**	**72,047**

For the year ended 31 December 2008

Segment revenue and results

	Securities trading *HK$'000*	Property leasing *HK$'000*	Property management *HK$'000*	Mining operation: Mining exploitation *HK$'000*	Mining operation: Mining exploration *HK$'000*	Other *HK$'000*	Total *HK$'000*
Revenue							
Segment turnover	55,849	14,863	3,688	–	–	–	74,400
Result							
Segment result	(48,171)	(15,579)	489	–	–	–	(63,261)
Unallocated income							1,787
Unallocated corporate expenses							(18,950)
Share of result of associates							18,492
Loss before tax							(61,932)
Income tax							(862)
Loss for the year							(62,794)

Segment assets, liabilities and other segment information

	Securities trading *HK$'000*	Property leasing *HK$'000*	Property management *HK$'000*	Mining operation: Mining exploitation *HK$'000*	Mining operation: Mining exploration *HK$'000*	Other *HK$'000*	Total *HK$'000*
Segment assets	–	471,784	38	–	1,022,122	292,229	1,786,173
Segment liabilities	–	8,029	435	–	30,536	4,007	43,007
Other segment information:							
Depreciation and amortisation	–	1,051	1	–	–	1,515	2,567
Impairment losses recognised during the year	–	49,545	–	–	–	–	49,545
Capital expenditure	–	19,725	–	–	–	54	19,779

1. Segment result represents the profit earned by each segment without allocation of corporate income and expenses, central administrative expenses, directors' salaries and finance cost. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

2. For the purposes of monitoring segment performances and allocating resources between segments:

   – all assets are allocated to reportable segments other than goodwill, intangible assets and assets used jointly reportable segments.

   – all liabilities are allocated to reportable segments other than derivative financial instruments, bank borrowings, deferred tax liabilities and liabilities for which reportable segments are jointly liable.

4.2 Geographical information

The Group's operations are located in the following geographical areas. The following table provides an analysis of the Group's revenue from external customers and assets by geographical location:

	Segment revenue from external customers		**Segment assets**	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**–**	55,849	**8,896**	239,327
The PRC	**85,498**	18,551	**7,391,079**	1,546,846
	85,498	74,400	**7,399,975**	1,786,173

5. FINANCE COST

	Group 2009 HK$'000	2008 HK$'000
Interest on bank loans wholly repayable within five years	**324**	–

6. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(loss) before income tax is arrived at after charging:

	Group 2009 HK$'000	2008 HK$'000
Amortisation of intangible assets	**1,696**	1,850
Amortisation of prepaid lease payments	**1,967**	2,012
Amortisation of mining rights	**6,744**	–
Fair value loss on investment properties	**118,588**	3,566
Impairment loss on property under development	**84,794**	–
Impairment loss on associates	**13,237**	–
Impairment loss on intangible assets	**30,723**	–
Impairment loss on prepayments, deposits and other receivables	**2,681**	–
Impairment loss on property, plant and equipment	**4,280**	–
Impairment loss on goodwill	**12,591**	–
Depreciation of property, plant and equipment	**4,302**	2,567

7. TAXATION

No provision for Hong Kong profit tax has been made in the consolidated financial statements as the Company and its subsidiaries operated in Hong Kong either incurred taxation loss or had no assessable profit for the year (2008: Nil).

	Group 2009 HK$'000	2008 HK$'000
Current tax:		
PRC	**1,859**	1,995
Under provision in prior years	**15**	44
Deferred tax	**(24,855)**	(1,177)
	(22,981)	862

Hong Kong profit tax has been provided at the rate of 16.5% (2008: 16.5%). The PRC enterprise income tax has been provided at the rate of 25%.

8. DIVIDENDS

The Directors do not recommend the payment of any final dividend in respect of the year ended 31 December 2009 (2008: Nil).

9. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share amount is based on the net profit/(loss) for the year of HK$781,694,000 (2008: net loss of HK$54,336,000) attributable to equity holders of the Company, and weighted average of 9,695,585,425 (2008: 5,273,607,648) ordinary shares in issue during the year.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity holders of the Company of approximately HK$781,694,000 (2008: loss of HK$54,336,000) and the weighted average number of ordinary shares of 9,804,191,616 (2008: 5,273,607,648) shares, calculated as follows:

i) Weighted average number of ordinary shares (diluted)

	2009
	'000
Weighted average number of ordinary shares at 31 December 2009	**9,695,586**
Effect of deemed issue of share for acquisition of a subsidiary	**108,606**
Weighted average number of ordinary shares (diluted) at 31 December 2009	**9,804,192**

ii) There was no potential dilutive shares in existence for the year ended 31 December 2008, accordingly, no diluted loss per share has been presented for the year ended 31 December 2008.

10. TRADE RECEIVABLES

An ageing analysis of the account receivables as at the end of the reporting year, based on invoice date and net of provisions, is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
0 – 30 days	**2,525**	2,464

The directors of the Group consider that the fair value of account receivables are not materially different from their amounts because these amounts have short maturity period on their inception.

11. TRADE PAYABLES

	Group	
	2009	2008
	HK$'000	*HK$'000*
Due within 1 month or on demand	**18,740**	1,888

The amounts of account payables are short term and hence the carrying values of account payables are considered to be a reasonable approximation of fair value.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL FINANCIAL PERFORMANCE

During the year under review, the Group recorded a turnover of approximately HK$85,498,000, representing an increase of 14.92% over 2008 (2008: approximately HK$74,400,000). Such increase is mainly due to the increase in turnover from the Group's mining business operations during the year. The turnover attributable to mining business operations amounted to HK$70,671,000 for the year ended 31 December 2009 (2008: Nil).

For the year ended 31 December 2009, the Group recorded a profit attributable to equity holders of the Company of approximately HK$781,694,000 (2008: loss of approximately HK$54,336,000), representing a significant increase as compared to the year 2008. The increase in profit is mainly due to the negative goodwill of approximately HK$993,555,000 arising from the acquisition of Shaanxi Province Luo Nan Xian Jiu Long Kuang Ye Company Limited ("Jiu Long Kuang Ye") during the year.

BUSINESS REVIEW

The principal activities of the Group are (i) mining operations – exploitation and exploration; (ii) property leasing operations; (iii) property management operations; and (iv) securities trading. A detailed analysis of each of these business segments is summarized below:

Mining Operations

Exploitation

On 5 July 2009, the Group entered into an acquisition agreement to acquire 65% equity interests of Jiu Long Kuang Ye for a total consideration of 1,366,940,000 shares of the Company (the "Consideration Shares") at an issue price of HK$0.60 per Consideration Share. Jiu Long Kuang Ye operates one molybdenum mine namely Wanghegou Molybdenum Mine which is located at Xi Ban Cha Gou, Huang Long Pu Cun, Shi Men Zhen, Luo Nan Xian, Shaanxi Province, the PRC. The acquisition of Jiu Long Kuang Ye was completed in December 2009. The Consideration Shares were issued by the Company to the vendors on 12 January 2010, on which day the market price of the Company's share was HK$0.49, thus making up the total consideration of the acquisition to HK$669,800,600. A negative goodwill of approximately HK$993,555,000 has been recorded from the acquisition which was due to the fair value recognition of the mining rights held by Jiu Long Kuang Ye of approximately HK$3.15 billion as valued by an independent professional valuer as at the completion date of business combination.

Since the completion of the acquisition in December 2009, Jiu Long Kuang Ye has recorded impressive turnover and profit of approximately HK$70,671,000 (2008: Nil) and HK$9,717,000 (2008: Nil), by adding up the negative goodwill arising from the business combination of approximately HK$993,555,000, Jiu Long Kuang Ye contributed approximately HK$1,003,272,000 and have been reflected in the Group's results for the year 2009.

The turnover and profit contribution from Jiu Long Kuang Ye is expected to increase substantially in 2010 as its full year's turnover and profit will be fully reflected in the Company's financial performance in the year of 2010 and also, the capacity of plants will be increased in coming years.

Exploration

During the year under review, the Group's mining technical team focused on the exploration work on the mineral resources mine held by Jilin Province Rui Sui Kuang Ye Company Limited ("Rui Sui Kuang Ye"), a subsidiary of the Company. Rui Sui Kuang Ye operates an iron mine located at Da Nan Gou, Jin Dou Xiang, Tong Hua, Jilin Province, the PRC, which covers an area of approximately 4.17 km^2. During the year under review, the Group's mining technical team successfully renewed an exploration right to a molybdenum mine which covers an area of approximately 10.13 km^2.

During the year under review, the Group invested approximately HK$43,674,000 into Rui Sui Kuang Ye as capital for undertaking exploration work on the iron and molybdenum mine. According to the research report issued by Survey and Design Institute of Geology and Mineral Resources of Jilin Province (吉林省地礦勘察設計研究院), the estimated reserves of iron, gold and molybdenum in the mine operated by Rui Sui Kuang Ye are approximately over 4 million tonnes, 10 tonnes and over 400,000 tonnes respectively. As a result, when compared to the value at RMB779,000,000 as at 31 December 2008, the fair value of the mine exploration rights held by Rui Sui Kuang Ye increased significantly to approximately HK$3.3 billion as at 31 December 2009 as valued by an independent professional valuer.

With the dedicated work of the Group's professional mining technical team, the Group is confidence that the iron and molybdenum mine held by Rui Sui Kuang Ye can commence operation in coming years. The Company will be devoted to improving the operation of Rui Sui Kuang Ye's mines and expect them to provide a strong income stream to the Company in the coming years.

Property Developments and Leasing

Xian, the PRC

During the year, the Company discovered that, without its knowledge or consent, the land where the property development project to be erected was apparently surrendered to the Xian government by 西安和順房地產開發有限公司 (Xian He Shun Real Estate Development Limited), the joint venture partner in the property development project, in a suspected fraud. Therefore, the Group provided a full impairment on the property development project amounted to approximately HK$84,794,000.

In order to protect the interests of the shareholders and the Group as a whole, the Group reported to the Xian police and appointed a legal representative to handle the case immediately after the fraud transaction was discovered . According to Xian police, several persons involved in the fraud transaction had been arrested. In December 2009, BOCMT Real Estate Holdings Limited, a wholly owned subsidiary of the Company, Xian He Shun Real Estate Development Limited and 西安房地產開發(集團)股份有限公司 (Xian Real Estate Development (Group) Shares Company Limited) (collectively the "JV Partners") entered into a civil settlement agreement whereby the JV Partners agreed that Xian Real Estate Development (Group) Shares Company Limited would compensate the Company in the sum of RMB30,000,000 and the total assets ownership of 西安交通大學第二附屬中學南校區 (Xian Communication University Second Affiliated Middle School Southern District) (the "School"). The transfer of the School's title to the Group is currently in progress.

Changchun, the PRC

During the year under review, the Group received a notice from Changchun government recommending the Group to carry out comprehensive decoration works for upgrading the shopping mall in order to align with the grading level of other shopping malls located in the core of Changchun City. The Group welcomed such recommendation as it considered that the upgrade of the shopping mall can help to improve the rental incomes in future years. As a result, the Group had to terminate all the leases with tenants and commenced the comprehensive decoration works during the year. As at 31 December 2009, the Group had invested approximately HK$23,818,000 in the decoration works which are expected to complete in the forth quarter of 2010. In view of the above, the Group recorded a fair value loss on the investment properties of approximately HK$118,588,000 for the year ended 31 December 2009.

For the year ended 31 December 2009, the Group recorded a turnover of approximately HK$11,067,000 attributable from the leasing of shopping mall spaces in Changchun City, representing a decrease of approximately 25.5% as compared to approximately HK$14,863,000 for the year ended 31 December 2008. Such decrease was mainly due to early termination of the leases with tenants during the year.

Nevertheless, the Board considers that the shopping mall in Changchun City will bring a positive return and steady rental income to the Company after completion of the shopping mall's upgrading works.

Property Management

For the year ended 31 December 2009, the Group recorded a turnover of approximately HK$3,760,000 attributable to its property management business, representing an increase of 2.0% as compared to approximately HK$3,688,000 for the year ended 31 December 2008. The increase was mainly due to the increase in management fee during the year.

Other Business

Securities Trading

During the year 2009, the Group focused on mining business development and trimmed down its securities trading operation which recorded no turnover for the year ended 31 December 2009 (2008: approximately HK$55,849,000).

Interest in Associates

As at 31 December 2009, the Group held 27% interests in Tonghua Hengan Pharmaceutical Holding Company Limited ("Hengan"), which is principally engaged in the business of manufacturing and production of pharmaceutical products in the PRC. During the year under review, the local government launched a transportation infrastructure plan to build a railway which will across the factory of Hengan. As a result, Hengan closed down its operations to facilitate the transportation infrastructure plan. Due to this reason, the Group provided an impairment loss on the goodwill and the cost of investment in Hengan of approximately HK$12,591,000 and HK$13,237,000 for the year ended 31 December 2009, leaving only the Group's portion of land value held by Hengan of approximately HK$30,623,000. In addition, due to the close down of factory during the year, the Group also recorded a loss of approximately HK$652,000 from Hengan for the year ended 31 December 2009 whereas the Group recorded a profit of approximately HK$4,328,000 for the year 2008. Furthermore, the Group has provided full impairment on the intangible assets of approximately HK$30,723,000 which represents two technical know-hows for the production of pharmaceutical products which was used by Hengan.

In December 2009, the Group disposed of 44% equity interests in a property development company – Tonghua Yong Ji Real Estate Company Limited ("Yong Ji") for the consideration of RMB11,000,000. Yong Ji is principally engaged in property development and operates one residential construction project in the PRC. The major reason for the disposal of Yong Ji is that the Group plans to realise additional working capital to focus in mining operations which may, in the view of the Board, generate greater return to the Group. For the disposal of Yong Ji, the Group recorded a gain on disposal of approximately HK$2,261,000.

Prospects

In 2010, the Group will focus on the development of the mining business, and in particular, it will endeavor to enhance its strength in the operation in this sector. At the same time, the Group will continue to keep abreast of the changing market conditions and will adjust its business and operation strategies so as to leverage on the economic growth and thus enlarge our market share. In addition, the Group will continue seeking for investment opportunities with potentials in the PRC with an aim to maximize the return to our shareholders.

DIVIDENDS

The Board has resolved not to recommend any final dividend for the year ended 31 December 2009 (2008: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally financed its operations with internal generated cashflow. During the year under review, the Group recorded a net cash outflow of approximately HK$32,286,000 (2008: cash outflow of HK$50,845,000) which was mainly due to the capital investment in exploration of mineral mines during the year. Nevertheless, with the significant amounts of cash on hand amounted to approximately HK$94,698,000 as at 31 December 2009 (2008: HK$126,984,000), the Board considered that the Group's liquidity position is healthy.

As at 31 December 2009, the Group had outstanding bank borrowing in the amount of approximately HK$42,946,000 (2008: Nil). The Group's gearing ratio as at 31 December 2009 was 1.2% (2008: Nil).

The Group is of good liquidity and sufficient solvent ability. As at 31 December 2009, the Group's current ratio was approximately 1.86 (2008: approximately 18.8). The decrease in current ratio was mainly due to the increase in current liabilities in the Group's mining operation through a newly acquired subsidiary during the year under review.

As at 31 December 2009, the Group's debt to equity ratio was approximately 0.42 (2008: 0.03). The significant increase in debt to equity ratio was mainly due to the increase in deferred tax liabilities and bank borrowings during the year under review. The ratio was calculated by dividing the total liabilities of approximately HK$1,526,300,000 (2008: HK$43,007,000) by total shareholders' equity of approximately HK$3,671,592,000 (2008: HK$1,306,467,000).

Overall, the Board believes that the Group has a healthy financial position and has sufficient resources to satisfy its capital expenditure and working capital requirement.

CAPITAL STRUCTURE AND TREASURY POLICIES

Capital Structure

The Group's capital structure as at 31 December 2009 mainly comprised of current assets of approximately HK$300,719,000 (2008: HK$234,661,000), current liabilities of approximately HK$124,561,000 (2008: HK$12,471,000) and shareholders' equity of approximately HK$3,671,592,000.

Current assets mainly comprised of cash and cash equivalent of approximately HK$94,698,000 (2008: 126,984,000), inventories of approximately HK$69,475,000 (2008: Nil) and prepayments, deposits and other receivables of HK$130,557,000 (2008: HK$105,213,000).

Current liabilities mainly comprised of current portion of bank borrowings of approximately HK$32,381,000 (2008: Nil), trade payables of HK$18,740,000 (2008: HK$1,888,000) and accruals and other payables of approximately HK$50,910,000 (2008: HK$7,441,000).

Treasury Policies

During the year ended 31 December 2009, the business activities of the Group were mainly denominated in Hong Kong dollars and Renminbi. The Board does not consider that the Group is significantly exposed to any foreign currency exchange risk. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group. For the year ended 31 December 2009, the Group did not employ any financial instruments for hedging purpose and did not engage in foreign currency speculative activities.

BANK BORROWING AND CHARGES OF GROUP ASSETS

As at 31 December 2009, the Group had bank borrowings amounted to approximately HK$42,946,000 (2008: Nil) which comprised current portion of approximately HK$32,381,000 and non-current portion of approximately HK$10,565,000. The current portion of bank borrowings was secured by a collateral with term deposits of RMB20 million provided by two related companies. The non-current portion of bank borrowings was secured by the Group's property, plant and equipment with carrying value of HK$27,005,000 and the Group's mining rights certificate held by Jiu Long Kuang Ye, being the subsidiary of the Company.

CONTINGENT LIABILITIES

As at 31 December 2009, the Group had no significant contingent liabilities (2008: Nil).

MATERIAL ACQUISITIONS

On 5 July 2009, the Group entered into an acquisition agreement with independent third parties (the "Vendors") to acquire 65% equity interests of Jiu Long Kuang Ye for a total consideration of 1,366,940,000 shares of the Company (the "Consideration Shares") to be at an issue price of HK$0.60 per Consideration Share. The acquisition agreement was completed on 2 December 2009. The Consideration Shares were issued by the Company to the Vendors on 12 January 2010, on which day the market price of the Company's share was HK$0.49, thus making up the total consideration of the acquisition to approximately HK$669,800,000.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 December 2009, the Group employed 782 full time employees (2008: 88 employees). Employee remuneration packages are structured and reviewed with reference to the nature of the jobs, market condition and individual merits. The Group also provides other employee benefits including year-end double pay, mandatory provident fund and medical insurance.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE PRACTICES

The Board believes that good corporate governance is crucial to improve the efficiency and performance of the Group and to safeguard the interests of the shareholders. Throughout the year ended 31 December 2009, the Company has applied the principles of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules and complied with all the applicable code provisions of the Code, except the following:

Under the code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the year 2009, the roles of Chairman and Chief Executive Officer of the Group were segregated and performed by separate individual, Mr. Ji Jian Xun ("Mr. Ji") and Mr. Chiu Yeung ("Mr. Chiu"), until 9 December 2009, upon which date Mr. Ji resigned as and Mr. Chiu was appointed as Chairman of the Board. Mr. Chiu has served as Chief Executive Officer of the Group since January 2007 and has accumulated extensive experience in the Group's businesses. The Board considers that given the nature of the Group's businesses which require considerable industry expertise, the vesting of two roles in the same person would provide the Group with stable and consistent leadership and allows for more effective and efficient planning and implementation of long term business strategies. The Board shall nevertheless review the structure from time to time and shall consider the appropriate adjustment should suitable circumstance arise.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

For the year ended 31 December 2009, 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. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the year ended 31 December 2009, and they have all confirmed that they had fully complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors, namely Messrs. Mu Xiangming, Cheng Chak Ho and Lo Wa Kei Roy. The purpose of the establishment of the audit committee is for reviewing and supervising the financial reporting process and internal control of the Group. The audit committee has reviewed the Group's financial statements for the year ended 31 December 2009.

EXTRACTED FROM AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

Basis for qualified opinion

During the year ended 31 December 2009, the Company discovered that the property development project ("Project") held by Xian BOCMT Estate Company Limited ("Xian BOCMT"), the non-wholly owned subsidiary of the Company with carrying value of approximately HK$84.8 million, was surrendered to the Xian government in previous years, without the Company's knowledge or consent, for a sum of approximately RMB1.178 billion in a suspected fraud transaction ("Suspected Fraud Transaction") by Xian He Shun Real Estate Development Limited, the joint venture partner of Xian BOCMT ("JV Partner"). Against this background, the Company provided full impairment loss on the Project amounted to approximately HK$84.8 million.

As the Project was surrendered to the Xian government in the Suspected Fraud Transaction by the JV Partner in previous years, we were unable to satisfy ourselves that the opening balances for the financial statements of Xian BOCMT which had been included in the consolidated financial statements of the Group were free from material misstatement. Furthermore, we were unable to ensure that whether proper books and records have been kept in respect of the financial statements of Xian BOCMT for the year ended 31 December 2009. Under this circumstances, we were unable to perform sufficient appropriate audit procedures on the financial statements of Xian BOCMT for the year ended 31 December 2009 to satisfy ourselves as to the accuracy and completeness of such financial statements, as included in the consolidated financial statements of the Group as at and for the year ended 31 December 2009.

Any adjustments to the amounts so consolidated in respect of the Suspected Fraud Transaction would have a corresponding effect on the consolidated financial statements of the Group as at and for the year ended 31 December 2009.

Qualified opinion arising from limitation of audit scope

In our opinion, except for the effects of such adjustments, as might have been determined to be necessary had we been able to satisfy ourselves to the matters as described in the paragraph of "Basis for qualified 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 2009 and of the Group's profit 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.

APPRECIATION

Finally, I would like to thank our shareholders for their trust and support and gratitude to all the directors and staff members for their continuous hard work and loyalty over the years.

PUBLICATION OF ANNUAL REPORT

A full text of the Company's 2009 Annual Report will be sent to the shareholders and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Chiu Yeung
Chairman

Hong Kong, 29 March 2010

As at the date of this announcement, the Board comprises Mr. Chiu Yeung, Mr. Jin Jiu Xin, Mr. Zhao Qing, Mr. Zhang Jia Kun and Mr. Chai Ming as executive directors; Mr. Mu Xiangming, Mr. Lo Wa Kei Roy and Dr. Cheng Chak Ho as independent non-executive directors.