CNRD

CHINA NATIONAL RESOURCES DEVELOPMENT HOLDINGS LIMITED

中國資源開發集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 661)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 30 APRIL 2007

On behalf of the board of directors (the "Board") of China National Resources Development Holdings Limited (the "Company") and its subsidiaries (the "Group"), I am pleased to present the annual results of the Group for the financial year ended 30 April 2007.

Consolidated Income Statement

For the year ended 30 April 2007

	Notes	**2007** **HK$'000**	2006 HK$'000
REVENUE	*5*	**125,001**	76,399
COST OF SALES		**(120,747)**	(75,561)
		4,254	838
OTHER REVENUE	*5*	**961**	1,383
GENERAL AND ADMINISTRATIVE EXPENSES		**(66,841)**	(8,283)
OPERATING LOSS FOR THE YEAR	*6*	**(61,626)**	(6,062)
LOSSES ON CHANGES IN FAIR VALUES			
— Investments held for trading		**—**	(1,246)
FINANCE COSTS	*7*	**(413)**	(371)
		(62,039)	(7,679)
SHARE OF RESULT OF A JOINTLY CONTROLLED ENTITY		**(441)**	(627)
GAIN ON DISPOSAL OF SUBSIDIARIES		**—**	2,700
LOSS FOR THE YEAR		**(62,480)**	(5,606)
		HK cents	*HK cents*
Loss per share			
— Basic	*10*	**(2.11)**	(0.29)

* *For identification purpose only*

Consolidated Balance Sheet

As at 30 April 2007

	Notes	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**96**	124
Jointly controlled entities		**29,025**	28,995
		29,121	29,119
CURRENT ASSETS			
Investments held for trading		**22,424**	6,660
Trade and other receivables	*11*	**38,256**	2,906
Cash and bank balances		**19,151**	7,825
TOTAL CURRENT ASSETS		**79,831**	17,391
CURRENT LIABILITIES			
Trade and other payables	*12*	**3,503**	3,388
TOTAL CURRENT LIABILITIES		**3,503**	3,388
NET CURRENT ASSETS		**76,328**	14,003
TOTAL ASSETS LESS CURRENT LIABILITIES		**105,449**	43,122
NON-CURRENT LIABILITIES			
Cumulative redeemable preference shares		**110**	69
TOTAL NON-CURRENT LIABILITIES		**110**	69
NET ASSETS		**105,339**	43,053
CAPITAL AND RESERVES			
Share capital		**156,086**	104,024
Reserves		**(50,747)**	(60,971)
TOTAL EQUITY		**105,339**	43,053

Notes to the Consolidate Financial Statements

1. Statement of compliance

These consolidated 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 HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the The Stock Exchange of Hong Kong Limited.

2. Basis of preparation of financial statements

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments, which are measured at fair value.

3. Application of New and Revised Hong Kong Financial Reporting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operations and effective for annual reporting periods beginning on 1 April 2006. The adoption of these new and revised Standards and Interpretations did not result in substantial changes to the Group's accounting policies nor have affected the amounts reported for the current or prior years.

The Group has not early applied the following new standards, amendment or interpretations that have been issued but are not yet effective. The directors anticipate that the application of these new standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital Disclosures (1)
HKAS 23 (Revised)	Borrowing Costs (2)
HKFRS 7	Financial Instruments: Disclosures (1)
HKFRS 8	Operating Segments (2)
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives (3)
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment (4)
HK(IFRIC)-Int 11	HKFRS 2-Group and Treasury Share Transactions (5)
HK(IFRIC)-Int 12	Service Concession Arrangements (6)

(1) Effective for annual periods beginning on or after 1 January 2007
(2) Effective for annual periods beginning on or after 1 January 2009
(3) Effective for annual periods beginning on or after 1 June 2006
(4) Effective for annual periods beginning on or after 1 November 2006
(5) Effective for annual periods beginning on or after 1 March 2007
(6) Effective for annual periods beginning on or after 1 January 2008

4. **Business and Geographical Segments**

(i) ***Business segments***

The following continuing operations are the basis on which the Group reports its primary segment information. There are no sales or other transactions between the business segments.

2007
Income statement

	Property investment and management consultancy *HK$'000*	Corporate investment and trading in securities *HK$'000*	Total for continuing operations *HK$'000*
Revenue	—	122,917	122,917
Segment results from continuing operations	—	806	806
Unallocated corporate income			62
Unallocated corporate expenses			(62,494)
Share of loss of a jointly controlled entity			(441)
Finance costs			(413)
Gain on disposal of subsidiaries			—
Loss for the year			(62,480)

Other information

	Property investment and management consultancy *HK$'000*	Corporate investment and trading in securities *HK$'000*	Total *HK$'000*
Capital expenditure	—	18	18
Depreciation	—	46	46
Impairment loss on trade receivables	—	—	—
Gain on disposal of property, plant and equipment	—	—	—

2007

Balance sheet

	Property investment and management consultancy *HK$'000*	Corporate investment and trading in securities *HK$'000*	Total *HK$'000*
Assets			
Segment assets	—	79,886	79,886
Unallocated assets			29,066
Total assets			108,952
Liabilities			
Segment liabilities	—	3,479	3,479
Unallocated liabilities			134
Total liabilities			3,613

2006

Income statement

	Property investment and management consultancy *HK$'000*	Corporate investment and trading in securities *HK$'000*	Total for continuing operations *HK$'000*
Revenue	—	76,131	76,131
Segment results from continuing operations	(6,447)	631	(5,816)
Unallocated corporate income			1,372
Unallocated corporate expenses			(1,618)
Share of loss of a jointly controlled entity			(627)
Loss on changes in fair values — investments held for trading			(1,246)
Finance costs			(371)
Gain on disposal of subsidiaries			2,700
Loss for the year			(5,606)

Other information

	Property investment and management consultancy *HK$'000*	Corporate investment and trading in securities *HK$'000*	Total *HK$'000*
Capital expenditure	26	—	26
Depreciation	41	—	41
Impairment loss on trade receivables	18	—	18
Gain on disposal of property, plant and equipment	165	—	165

2006
Balance sheet

	Property investment and management consultancy *HK$'000*	Corporate investment and trading in securities *HK$'000*	Total *HK$'000*
Assets			
Segment assets	829	8,996	9,825
Unallocated assets			36,685
Total assets			46,510
Liabilities			
Segment liabilities	3,361	8	3,369
Unallocated liabilities			88
Total liabilities			3,457

(ii) Geographical segments

No geographical segment information of the Group is shown as the Group's operations, turnover by geographical market and assets are wholly located in Hong Kong and the People's Republic of China ("PRC").

5. Revenue

(a) An analysis of the Group's revenue for the year is as follows:

	2007 ***HK$'000***	2006 *HK$'000*
Corporate investment and trading in securities	**122,917**	76,131
Other interest income	**1,995**	215
Dividend income	**89**	53
	125,001	76,399

(b) An analysis of the Group's other revenue for the year is as follows:

	2007	2006
	HK$'000	*HK$'000*
Gain on revaluation of securities	**810**	—
Miscellaneous income	**151**	67
Gain on disposal of property, plant and equipment	**—**	165
Unrealised gain on conversion of preference shares	**—**	1,151
	961	1,383

6. Operating Loss for the Year

Operating loss of the Group for the year has been arrived at after charging the followings:

	2007	2006
	HK$'000	*HK$'000*
Staff costs (including directors' remuneration):		
Salaries and allowances	**1,269**	1,353
Share-based payments *(note a)*	**3,917**	—
Other staff costs	**70**	36
Mandatory provident fund contributions	**19**	42
	5,275	1,431
Depreciation	**46**	41
Auditors' remuneration	**387**	341
Operating leases on land and buildings	**662**	369
Share-based payments-consultants *(note a)*	**58,240**	—

Note a:

During the year, share-based payments arising from share options granted to directors, employees and consultants of the Group recognized as expenses in the consolidated income statement are as follows:

	2007	2006
	HK$'000	*HK$'000*
Directors' emolument	**3,451**	—
Staff costs	**466**	—
Professional fees	**58,240**	—
	62,157	—

7. Finance Costs

	2007	2006
	HK$'000	*HK$'000*
Interest on other loans	**407**	241
Interest on convertible notes	**—**	122
Dividends on cumulative redeemable preference shares	**6**	8
	413	371

8. Taxation

No provision for Hong Kong profits tax has been made as the Group has no assessable profits for the year (2006: Nil). No provision for overseas income taxes has been made as the Group's operation in these countries was operating at a loss during the year (2006: Nil).

Deferred tax assets has not been recognised in the financial statements in respect of estimated tax losses due to the unpredictability of future profit streams.

9. Dividends on Cumulative Redeemable Preference Shares

	2007	2006
	HK$'000	*HK$'000*
Preference dividends		
Payable of HK$0.151 per share on 16,485 shares (2006: HK$0.151 on 41,990 shares)	**3**	7
Payable of HK$0.149 per share on 16,485 shares (2006: HK$0.149 on 10,990 shares)	**3**	1
	6	8

10. Loss per Share

The basic loss per share is calculated based on the loss attributable to shareholders of HK$62,480,000 (2006: HK$5,606,000) and the weighted average number of 2,958,315,554 (2006: 1,955,556,995) ordinary shares in issue during the year.

The diluted loss per share for the years ended 30 April 2007 and 30 April 2006 has not been disclosed as the potential shares arising from the exercise and conversion of the Company's share options, convertible notes and convertible preference shares would decrease the loss per share of the Group for the year and is regarded as anti-dilutive.

11. Trade and other Receivables

	2007	2006
	HK$'000	*HK$'000*
Trade receivables	**36,760**	2,333
Other receivables	**160**	27
Prepayments and deposits	**1,336**	546
	38,256	2,906

The aging analysis of trade receivables is as follows:

	2007	2006
	HK$'000	*HK$'000*
0 — 3 months	**36,760**	2,333

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

12. Trade and other Payables

	2007	2006
	HK$'000	*HK$'000*
Trade payables	**—**	—
Temporary deposits, accruals and other payables	**3,503**	3,388
	3,503	3,388

The aging analysis of trade payable is as follows:

	2007	2006
	HK$'000	*HK$'000*
0 — 3 months	**—**	—

The directors consider that the carrying amount of trade and other payables approximates their fair value.

Financial review

During the year under review, the Group recorded a turnover of approximately HK$125 million (2006: HK$76 million), representing an increase of approximately 64% against the prior year. Net loss attributable to shareholders amounted to approximately HK$62.5 million (2006: net loss HK$5.6 million). The reason of significant loss incurred for the year was due to the recognition of share-based payments of approximately HK$62 million as expenses which were arising from share options granted to directors, employees and consultants of the Group during the year.

Final dividend

The Board of Directors do not recommend the payment of a final dividend for the year ended 30 April 2007.

Business review and prospect

The Group is principally engaged in securities trading and investments, property investment, management consultancy and natural resources investment and development.

Apart from the existing business engaged by the Group, the board is proactively appraising various investment opportunities to explore high potential investment and attractive business opportunities.

Taking the advantage of the current overall business environment in the PRC, the Company is capturing good quality investment and development businesses, mainly in molybdenum/wolfram and silver/copper minings and related businesses.

On 27 March 2007, the Company entered into the agreement with Sherryknoll Enterprises Limited, Kalagate Limited and Choronell Limited (the "Vendors") in relation to the acquisition of 51% equity interest in China Reservior Mining Limited ("CRML") for a total consideration of HK$300 million.

The mines located in The Republic of Mongolia, namely, the Aleinuer Molybdenum Mine, the Burentsogt Wolfram Mine, the Sala Wolfram Mine and the Tuv Province Wolfram Mine, the mining licence or exploration licences of which are held by CRML Group. CRML and its subsidiaries ("CRML Group") is principally engaged in exploration and mining of molybdenum and wolfram. Molybdenum has a high melting point of approximately 2,625 °C and is principally used as an alloys agent in steel, cast iron and super alloys to enhance the properties of the alloys such as hardness, strength, toughness and resistance to wear and corrosion. Wolfram has the highest melting point (of approximately 3,400 °C) amongst all metals. Wolfram has extensive applications in aerospace, military, shipbuilding, automobile, electric power, electronics and chemical industries.

CRML Group has already obtained the mining licence for the Aleinuer Molybdenum Mine. The Company has engaged the Independent Technical Adviser, John T.Boyd Company, a mining consultant independent of the Company and its associates, to perform a technical review on the Aleinuer Molybdenum Mine. According to the independent technical review by John T.Boyd Company, No. 1 Single Strip Mine（一號單體礦）planned to be explored in a phase I possesses an Indicated Mineral Resources of 26,200 tonnes with an average grade of 0.06%, while the approval report of the National Reserve Committee of Mongolia（蒙古國家儲量委員會）reports that Aleniuer Molybdenum Mine has a reserve of molybdenum of 57,000 tonnes. According to the feasibility report prepared by Changsha Engineering and Research Institute of Nonferrous Metallurgy, CRML Group planned that the construction of the mining facilities in the Aleinuer Molybdenum Mine, which is expected to take about one year to complete, will commence in April 2008. It is expected that the commercial operation of the Aleinuer Molybdenum Mine will commence in 2009 following the completion of the construction of the mining facilities. The Aleinuer Molybdenum Mine will have a daily processing volume of approximately 5,000 tonnes and an annual output of approximately 2,450 tonnes of 48% molybdenum ore concentrates. The current market price of 48% molybdenum ore concentrates is about RMB200,000 per tonne.

The acquisition constitutes a very substantial acquisition for the Company under the Listing Rules. Shareholders' approval for the relevant resolutions of the acquisition has been obtained. As at the date of this report, the acquisition has not been completed.

Through the aforesaid acquisition, the Company can successfully taps into the investment and development in mining industry in PRC and further strengthens the Company's business.

Another remarkable mining acquisition undertaking by the Company is Xinjiang silver and copper mining project. On 31 July 2007, the Company entered into the legally binding Framework Agreement in respect of the acquisition of the entire issued share capital of each of Fuken Investments, Golden Brand Investments and Giant Strong Investments from the Vendors. Pursuant to the Framework Agreement, the consideration for the acquisition shall be up to HK$1,980 million, subject to adjustment with reference to the valuation of the mining interests indirectly owned by Gold Way Investment by an independent professional valuer. The consideration, subject to adjustment, will be settled by the issue of new shares of the Company at a price not less than HK$2.2 per share.

Fuken Investments, Golden Brand Investments and Giant Strong Investment own 80%, 14% and 6% of the issued share capital of Gold Way Investment respectively. Gold Way Investment currently owns 55% interest of Xinjiang Mining, which holds the mining rights of the WQ(SLB) Mine and exploration rights of the WQ Mine Area located in the Xinjiang Uygur Autonomous Region, the PRC.

Xinjiang Mining currently owns the mining rights of the WQ(SLB) Mine (for a two-and-a-half-year period commencing from June 2007) and exploration rights (for one-year period commencing from June 2007) of the WQ Mine Area located in the Xinjiang Uygur Autonomous Region, the PRC. Based on the report issued by the China Non-ferrous Metal Mining and Geology Centre, the WQ Mine Area is located in the southern part of the Xinjiang Uyger Autonomous Region with established infrastructure support and water supply which facilities the future development of the WQ Mine Area.

Xianjiang Mining has already completed the exploration and obtained the mining rights for the WQ(SLB) Mine. According to the information provided by the Vendors, the WQ(SLB) Mine has a copper and silver mine area of approximately 1.02 km^2, with an estimated copper metal quantity of approximately 250,000 tonnes and an estimated silver metal quantity of approximately 3.5 tonnes. WQ(SLB) Mine has already commenced trial commercial mining and processing operations. It is expected that first phase of the mining and processing facilities of the WQ(SLB) Mine, with a daily processing capacity of approximately 5,000 tonnes of ores and an annual production capacity of approximately 15,000 tonnes of copper concentrates and 0.18 ton of silver concentrates, will commence commercial operation by end of 2007. The current market price of copper metal was approximately RMB65,500 per ton and the market price of silver was approximately RMB3,720 per kg.

It is expected that a formal sale and purchase agreement will be entered into between the Company and the vendor within these few weeks. Should the said agreement be enterred, it may constitute a notifiable transaction for the Company under the Listing Rules. The Company will make further announcement(s) in accordance with the requirements of the Listing Rules as and when appropriate.

The execution of the agreement will mark a further step towards the Company's business in the investment and development in mining industry in the PRC.

In view of the sustaining reliance on the sufficient sources of natural resources for the development of China over the couple of years. The Company will continue to acquire projects in mining related business. Given the continuing increase in the demand and application of molybdenum/wolfram and silver/copper mines and related businesses, we are confident that the investment will produce considerable return to the Company in the future.

Apart from the aforesaid acquisitions, the Company continue to strive for strategic acquisitions in mining and processing of molybdenum/wolfram, silver and copper.

The completion of the aforesaid acquisitions will provide the Company with an immediate stream of revenue and brings in a team of experts in the mining industry which will strengthen our operational capabilities in mining activities.

The Group will be continuously searching for other opportunity to build a portfolio of strong mining businesses with an emphasis on high value added products. This is crucial for the Group's transformation into a substantial participant and ultimately a leading player in the mining sector.

Equity

The Company's issued and fully paid share capital as at 30 April 2007 amount to approximately HK$156,086,000 divided into 3,121,731,727 ordinary shares of HK$0.05 each.

Liquidity and financial resources

As at 30 April 2007, the Group's current ratio was 22.8, based on the current assets of HK$79.8 million and current liabilities of HK$3.5 million. The Group's gearing ratio was insignificant, based on non-current liabilities of HK$110,000 and shareholders' equity of approximately HK$105 million.

As at 30 April 2007, the Group's total liabilities including current liabilities and non-current liabilities were about HK$3.6 million. The Group was in a net cash position and has sufficient funding to pay off all the outstanding liabilities, and meet its working capital requirement.

Bank Borrowings and Pledge of Assets

As at 30 April 2007, the Group had neither bank borrowings nor assets pledged to fund/loan providers.

Capital structure

During the year under review, (i) on 12 February 2007, the authorized share capital of the company was increased from HK$200,000,000 to HK$1,500,000,000 by the creation of 26,000,000,000 ordinary shares of HK$0.05 at par value each; (ii) 1,040,243,909 ordinary shares were issued on the basis of one offer share for every two shares held on 18 May 2006 at subscription price of HK$0.06 per share pursuant of open offer as set out in the Circular dated 1 June 2006; and (iii) the subscription rights attaching to 1,000,000 share options issued pursuant to the share option scheme of the Company were exercised at the subscription price of HK$0.185 per share, resulting in the issue of 1,000,000 shares of HK$0.05 each for a total cash consideration of approximately HK$185,000.

Foreign exchange exposure

The Group's cash balance and short term investments are in the currency of Hong Kong Dollars. Nonetheless, the effect of the exchange rate on the Group's cash flow is minimal and the Group had not employed any financial instrument for hedging purpose.

Material Acquisitions and Disposal of Subsidiaries

The Group has not made any material acquisition or disposal of subsidiaries during the year ended 30 April 2007.

Contingent liabilities

At the balance sheet date, the Group had no contingent liabilities.

Employees, Remuneration Policy and Share Option Scheme

As at 30 April 2007, the Group had 10 employees (2006: 10). The remuneration package consists of basic salary, mandatory provident fund, medical insurance, and other benefits considered as appropriate. Remuneration packages are generally structured by reference to market terms, individual qualification and performance. They are under periodic review based on individual merit and other market factors.

The Company adopted a share option scheme on 13 October 2003 to enable the Company to grant options to selected participants, including employees and directors of the Group, as incentive or rewards for their contribution to the Group. During the year, the Company granted 312,073,172 options to its directors, employees and eligible grantees pursuant to the scheme.

Major Customers and Suppliers

During the year, the aggregate turnover attributable to the Group's five largest customers were less than 30% of the Group's sales for the year. The aggregate purchases attributable to the Group's five largest suppliers were less than 30% of the Group's total purchases for the year.

Model Code for Securities Transactions by Directors

The Company had complied with the code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in the Model Code. Having made specific enquiry of all Directors, they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transaction by the Directors adopted by the Company.

Compliance with the Code of Best Practice

In the opinion of the Directors, the Company has complied with the Code of Best Practice ("Code") as set out in Appendix 14 to the Listing Rules throughout the year under review, except that the independent non-executive Directors are not appointed for a specific term as required by paragraph 7 of the Code, but are subject to retirement by rotation in accordance with the Bye-Laws.

The Code as set out in Appendix 14 to the Listing Rules was replaced by the Code on Corporate Governance Practices ("Code on CG Practices") which as become effective for accounting periods commencing on or after 1 January 2005. Appropriate actions are being taken by the Company for complying with the Code on CG Practices.

Events after Year-End Date

(a) The shareholders of the Company have passed an ordinary resolution at a special general meeting held on 16 July 2007 to approve the acquisition of 51% interest in China Reservoir Mining Limited through Ample Year Limited, a wholly owned subsidiary of the Company. Details of the acquisition are contained in the circular dated 29 June 2007.

(b) On 31 July 2007, Profit Jumbo Investment Limited, a wholly owned subsidiary of the Company, entered into a legally binding Framework Agreement in respect of the acquisition of the entire issued share capital of Gold Way Investment International Limited, a company incorporated in Hong Kong. Gold Way Investment International Limited currently owns 55% interest of 新疆匯祥永金礦業有限公司 (Xinjiang Hui Xiang Yong Jin Mining Limited), a company incorporated in the PRC, which holds the mining rights of the WQ(SLB) Mine and exploration rights of the WQ Mine Area located in the Xinjiang Uygur Autonomous Region, the PRC.

Purchase, Sale or Redemption of Securities

During the year under review, the Company has not redeemed any of its securities and neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities.

Pre-emptive Rights

No pre-emptive rights exist in the jurisdiction of Bermuda in which the Company is incorporated.

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

Audit Committee

The Company established an audit committee in accordance with the requirements of the Code, for the purpose of reviewing and providing supervising over the Group's financial reporting process and internal controls. The audit committee comprising of three independent non-executive Directors, Messrs. Wang Guoqi, Wang Qihong and Wong Sat. The audit committee of the Company has reviewed the final results for the year ended 30 April 2007.

As at the date of this announcement, the Board comprises Mr. Wang Jian Sheng as chairman; Mr. Li Qiao Feng, Mr. Zhang He and Mr. Chen Shengjie as executive directors; and Mr. Wang Qihong, Mr. Guoqi and Mr. Wong Sat as independent non-executive directors.

By Order of the Board of
China National Resources Development Holdings Limited
Wang Jian Sheng
Chairman

Hong Kong, 30 August 2007