



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 SIX MONTHS ENDED 31 OCTOBER 2007

INTERIM RESULTS

The board of directors (the “Board”) of China National Resources Development Holdings Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 31 October 2007. The interim results for the six months ended 31 October 2007 have not been audited, but have been reviewed by the Company’s audit committee and auditors.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 October 2007

		Unaudited	
		Six months ended	
		31 October	
	<i>Notes</i>	2007	2006
		HK\$'000	HK\$'000
REVENUE	2	67,356	10,946
COST OF SALES		(65,724)	(10,939)
GROSS PROFIT		1,632	7
OTHER REVENUE	3	886	1,073
GENERAL AND ADMINISTRATIVE EXPENSES		(32,826)	(1,899)
		(30,308)	(819)
GAIN/(LOSS) ON CHANGES IN FAIR VALUE OF INVESTMENTS HELD FOR TRADING		41,644	(258)
OPERATING PROFIT/(LOSS)	4	11,336	(1,077)
FINANCE COSTS	5	(174)	(3)
		11,162	(1,080)
SHARE OF PROFIT/(LOSS) OF A JOINTLY CONTROLLED ENTITY		59	(126)
PROFIT/(LOSS) FOR THE PERIOD		11,221	(1,206)
ATTRIBUTABLE TO:			
Equity shareholders of the company		11,343	(1,206)
Minority interests		(122)	—
		11,221	(1,206)
EARNINGS/(LOSS) PER SHARE	8	<i>HK cents</i>	<i>HK cents</i>
BASIC		0.35	(0.04)
DILUTED		0.33	N/A

* For identification purposes only

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 October 2007

		Unaudited 31 October 2007 HK\$'000	Audited 30 April 2007 HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		481	96
Mining right	9	1,056,112	—
Goodwill	10	1,003,923	—
Jointly controlled entities	11	28,406	29,025
TOTAL NON-CURRENT ASSETS		2,088,922	29,121
CURRENT ASSETS			
Investments held for trading		114,019	22,424
Trade and other receivables	12	10,001	38,256
Cash and bank balances		39,846	19,151
TOTAL CURRENT ASSETS		163,866	79,831
CURRENT LIABILITIES			
Trade and other payables	13	7,146	3,503
TOTAL CURRENT LIABILITIES		7,146	3,503
NET CURRENT ASSETS		156,720	76,328
TOTAL ASSETS LESS CURRENT LIABILITIES		2,245,642	105,449
NON-CURRENT LIABILITIES			
Cumulative redeemable preference shares	14	110	110
TOTAL NON-CURRENT LIABILITIES		110	110
NET ASSETS		2,245,532	105,339
CAPITAL AND RESERVES			
Share capital	15	211,688	156,086
Reserves		1,274,272	(50,747)
Equity attributable to			
— equity shareholders		1,485,960	105,339
— minority interests		759,572	—
TOTAL EQUITY		2,245,532	105,339

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 October 2007

	Unaudited	
	Six months ended	
	31 October	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash used in operating activities	(24,429)	(2,203)
Net cash generated from investing activities	1,020	947
Net cash generated from financing activities	44,104	61,664
Increase in cash and cash equivalents	20,695	60,408
Cash and cash equivalents at 30 April	19,151	7,825
Cash and cash equivalents at 31 October	39,846	68,233

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 October 2007 — Unaudited

Attributable to equity holders of the company

	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Share based payment reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1 May 2007	156,086	764,721	2,241	61,926	(37,773)	(841,862)	105,339	—	105,339
Issue of ordinary shares	50,000	1,250,000	—	—	—	—	1,300,000	—	1,300,000
Recognition of share-based payment	—	—	—	25,633	—	—	25,633	—	25,633
Share option exercised	5,602	72,948	—	(34,228)	—	—	44,322	—	44,322
Exchange differences arising on translation of jointly controlled entity	—	—	—	—	(677)	—	(677)	—	(677)
Acquisition of subsidiaries	—	—	—	—	—	—	—	759,694	759,694
Profit/(loss) for the period	—	—	—	—	—	11,343	11,343	(122)	11,221
At 31 October 2007	<u>211,688</u>	<u>2,087,669</u>	<u>2,241</u>	<u>53,331</u>	<u>(38,450)</u>	<u>(830,519)</u>	<u>1,485,960</u>	<u>759,572</u>	<u>2,245,532</u>
At 1 May 2006	104,024	754,414	2,241	—	(38,244)	(779,382)	43,053	—	43,053
Issue of ordinary shares	52,012	10,402	—	—	—	—	62,414	—	62,414
Shares issue expenses	—	(788)	—	—	—	—	(788)	—	(788)
Exchange differences arising on translation of jointly controlled entity	—	—	—	—	561	—	561	—	561
Loss for the period	—	—	—	—	—	(1,206)	(1,206)	—	(1,206)
At 31 October 2006	<u>156,036</u>	<u>764,028</u>	<u>2,241</u>	<u>—</u>	<u>(37,683)</u>	<u>(780,588)</u>	<u>104,034</u>	<u>—</u>	<u>104,034</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of Preparation and Principal Accounting Policies

The unaudited condensed consolidated interim financial statements have been prepared in accordance with applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The accounting policies and basis of preparation used in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 30 April 2007.

The unaudited condensed interim financial statements have been prepared under the historical cost basis, except for certain financial instruments, which are measured at fair value.

HKICPA has issued a number of new standards, amendments to standards and interpretations that are effective for accounting periods beginning on 1 May 2007. The Group has carried out an assessment of these standards, amendments and interpretations and considered that they have no significant impact on these unaudited condensed consolidated interim financial statements.

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

HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹
HK(IFRIC) — Int 12	Service Concession Arrangements ²
HK(IFRIC) — Int 13	Customer Loyalty Programmes ³
HK(IFRIC) — Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ²

1. Effective for annual periods beginning on or after January 1, 2009
2. Effective for annual periods beginning on or after January 1, 2008
3. Effective for annual periods beginning on or after July 1, 2008

2. Segment Information

(a) Business segments

For the six months ended 31 October 2007, the Group is engaged in the following three business segments:

- (i) natural resources investment and development;
- (ii) corporate investment and trading in securities; and
- (iii) property investment and management consultancy.

For the six months ended 31 October 2006, the Group was engaged in the business of corporate investment and trading in securities and property investment and management consultancy.

Segment information by business is presented as follows:

	Unaudited Revenue		Unaudited Segment results	
	Six months ended		Six months ended	
	31 October		31 October	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Natural resources investment and development	—	—	(66)	—
Property investment and management consultancy	—	—	—	(62)
Corporate investment and trading in securities	67,356	10,946	(30,153)	102
	<u>67,356</u>	<u>10,946</u>	<u>(30,219)</u>	<u>40</u>
Gain/(loss) on changes in fair value of investments held for trading			41,644	(258)
Unallocated costs less income			(263)	(862)
			<u>11,162</u>	<u>(1,080)</u>
Share of profit/(loss) of a jointly controlled entity			59	(126)
Profit/(loss) for the period			<u>11,221</u>	<u>(1,206)</u>

(b) *Geographical segments*

Segment information by geographical market is presented as follows:

Unaudited revenue for the six months ended 31 October 2007

	Hong Kong and PRC		Mongolia		Consolidated	
	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE						
External revenue	67,356	10,946	—	—	67,356	10,946
Other revenue	886	1,073	—	—	886	1,073
Total revenue	68,242	12,019	—	—	68,242	12,019
SEGMENT RESULTS	11,287	(1,206)	(66)	—	11,221	(1,206)

3. **Other Revenue**

	Unaudited Six months ended 31 October	
	2007	2006
	HK\$'000	HK\$'000
Interest income	316	965
Miscellaneous income	335	19
Dividend income	235	89
	886	1,073

4. **Operating Profit/(Loss)**

Operating profit/(loss) has been arrived at after charging:

	Unaudited Six months ended 31 October	
	2007	2006
	HK\$'000	HK\$'000
Staff costs, including directors' emoluments		
— Salaries and allowances	596	506
— Retirement benefits schemes contributions	10	9
— Share-based payments	1,103	—
Depreciation	24	23
Operating leases — land and buildings	374	319
Share-based payments — consultants	24,530	—

5. Finance Costs

	Unaudited Six months ended 31 October	
	2007	2006
	HK\$'000	HK\$'000
Interest on other loans	171	—
Dividends on cumulative redeemable preference shares (<i>note 7</i>)	3	3
	<u>174</u>	<u>3</u>

6. Taxation

No provision for Hong Kong profits tax and overseas profits tax is made in the financial statements as the Group has no assessable profits for the period.

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.

7. Dividends on Cumulative Redeemable Preference Shares

	Unaudited Six months ended 31 October	
	2007	2006
	HK\$'000	HK\$'000
Payable of HK\$0.151 per share on 16,485 shares (2006: Payable of HK\$0.2 on 16,485 shares)	3	3

Dividends on cumulative redeemable preference shares are paid half yearly at a rate of 6% per annum on the notional value of HK\$5 per preference share on 30 June and 31 December in each year. Unpaid dividends for the period of approximately HK\$3,000 (2006: HK\$3,000) were accrued as at 31 October 2007.

8. Earnings/(Loss) Per Share Attributable to Equity Holders of the Company

The calculation of the basic earnings/(loss) per share is based on the unaudited net profit attributable to equity holders of the Company for the six months ended 31 October 2007 of approximately HK\$11,343,000 (six months ended 31 October 2006 loss: HK\$1,206,000) and on the weighted average number of 3,236,352,470 (2006: 2,821,096,253 ordinary shares) ordinary shares in issue for the six months ended 31 October 2007.

The calculation of diluted earnings per share attributable to the equity holders of the Company for the six months ended 31 October 2007 is based on the profit attributable to the equity holders of the Company of HK\$11,343,000 and on the weighted average of 3,437,687,400 ordinary shares outstanding during the six months ended, being the weighted average number of ordinary shares of 3,236,352,470 used in basic earnings per share calculation and adjusted for the effect of share options issued of 199,045,347 and convertible preference share issued of 16,485.

The diluted loss per share for the six months ended 31 October 2006 was not presented as the potential ordinary shares had anti-dilutive effects on loss per share.

9. Mining Right

	Unaudited 31 October 2007 HK\$'000	Audited 30 April 2007 HK\$'000
At valuation	<u>1,056,112</u>	<u>—</u>

Mining right arising from acquisition of subsidiaries is stated at fair value.

10. Acquisition of Subsidiary

On 25 September 2007, the Company acquired 51% of the issued share capital of China Reservoir Mining Limited satisfied by the issue of share of the Company. The fair value of the share consideration was approximately HK\$1,300 million at the shares allotment date.

The net assets acquired and the goodwill arising are as follows:

	HK\$'000
Fair value of shares allotted	1,300,000
Net assets acquired	<u>296,077</u>
Goodwill	<u>1,003,923</u>

Net cash inflow arising on acquisition is as follows:

Cash consideration paid	—
Cash and cash equivalents acquired	<u>469</u>
	<u>469</u>

11. Jointly Controlled Entities

	Unaudited 31 October 2007 HK\$'000	Audited 30 April 2007 HK\$'000
Share of net liabilities	(41,584)	(40,965)
Amounts due from jointly controlled entities	136,311	136,311
Amounts due to jointly controlled entities	(20)	(20)
Provision for impairment losses	<u>(66,301)</u>	<u>(66,301)</u>
	<u>28,406</u>	<u>29,025</u>

Included in the Group's interests in jointly controlled entities as at 31 October 2007 is the Group's share of net assets of 中環資源再生開發利用有限公司 (「中環資源」) of approximately HK\$28,406,000 (30 April 2007: HK\$ 29,025,000).

The amounts due from/(to) these jointly controlled entities are unsecured, interest free and have no fixed terms of repayments.

12. Trade and Other Receivables

	Unaudited 31 October 2007 HK\$'000	Audited 30 April 2007 HK\$'000
Trade debtors	7,577	36,760
Other receivables	155	160
Prepayments and deposits	2,269	1,336
	<u>10,001</u>	<u>38,256</u>

The ageing analysis of trade debtors is as follows:

0-3 months	<u>7,577</u>	<u>36,760</u>
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13. Trade and Other Payables

	Unaudited 31 October 2007 HK\$'000	Audited 30 April 2007 HK\$'000
Trade creditors	—	—
Temporary deposits, accruals and other payables	7,146	3,503
	<u>7,146</u>	<u>3,503</u>

The ageing analysis of trade creditors is as follows:

0-3 months	<u>—</u>	<u>—</u>
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14. Cumulative Redeemable Preference Shares

As at 31 October 2007, 16,485 (30 April 2007:16,485 convertible cumulative redeemable preference shares) convertible cumulative redeemable preference shares ("CPS") of HK\$1 each are in issue.

A holder of the CPS is entitled to receive a fixed cumulative preferential dividend at the rate of 6% per annum on the notional value of HK\$5 per CPS to be paid half-yearly on 30 June and 31 December in each year.

A holder of the CPS may convert his shares held at any time into Ordinary Shares at the conversion price of HK\$0.036 per share, subject to adjustment.

The CPS may be redeemed by the holders of the CPS at any time after 30 June 1996 at a redemption price per share equal to the notional value plus accrued dividend.

The Company has the option to redeem all or some of the CPS at any time of the notional value of the CPS if the average of the closing prices of the Ordinary Share quoted on the Stock Exchange over the preceding 30 consecutive dealing days ending on the seventh day prior to the date upon which notice of redemption is given is greater than or equal to 150% of the conversion price in effect on such seventh day.

15. Share Capital

	Ordinary shares of HK\$0.05 each ("Ordinary Shares")	
	Number of Shares	2007 HK\$'000
Authorised:		
At 30 April 2007 and at 31 October 2007	30,000,000,000	1,500,000
Issued and fully paid:		
At 30 April 2007	3,121,731,727	156,086
Issue of shares	1,000,000,000	50,000
Share options exercised	112,027,825	5,602
At 31 October 2007	4,233,759,552	211,688

16. Contingent Liabilities

There were no material contingent liabilities under the Group as at 30 April 2007 and 31 October 2007.

17. Commitments under Operating Leases

At 31 October 2007, the Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	Unaudited 31 October 2007 HK\$'000	Audited 30 April 2007 HK\$'000
Land and buildings — Within one year	731	254

18. Subsequent Events

On 27 July 2007, Profit Jumbo Investment Limited, a wholly owned subsidiary of the Company, entered into a framework agreement in respect of acquisition of the entire issued share capital of each of Fugen Investments Limited, Golden Brand Investments Limited and Giant Strong International Limited which collectively hold the entire issued share capital of Gold Way Investment International Limited. Gold Way Investment International Limited owns 55% equity interest in 新疆匯祥永金礦業有限公司 which is engaged in natural resources investment and development. The purchase consideration is up to HK\$1,452 million. The above terms shall be prescribed in the formally signed sale and purchase agreement upon completion of due diligence performed by the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Future Prospects

For the six months ended 31 October 2007, the Group recorded a turnover of approximately HK\$67,356,000 and an unaudited gain attributable to shareholders of approximately HK\$11,343,000, whereas the loss of the same period in 2006 was approximately HK\$1,206,000. As at 31 October 2007, the net asset of the Group amounted to HK\$2,245,532,000.

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

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 25 September 2007, the Company successfully acquired 51% equity interest in CRML Group with the approval at general meeting. CRML Group and its subsidiaries are mainly engaged in exploration and mining of molybdenum and wolfram. CRML Group holds the mining license or exploration licenses of the Aleinuer Molybdenum Mine, the Burentsogt Wolfram Mine, the Sala Wolfram Mine and the Tuv Province Wolfram Mine in Mongolia. The molybdenum mine is an outdoor mine with an average grade of 0.6% and molybdenum resources of 26,000 tonnes, the exploration facilities of which have commenced construction. It is expected that upon the commencement of commercial operation in early 2009 following the completion of the construction of the facilities, the Aleinuer Molybdenum Mine will have a daily ore processing volume of 5,000 tonnes and an annual output of approximately 2,400 tonnes of 48% molybdenum ore concentrates. Calculated in accordance with the current market price, the price of 48% molybdenum would be approximately RMB200,000 per tonne. In view of the funding to be provided by the Approved Contractor for the design, exploration, construction and mining of the Aleinuer Molybdenum Mine, the directors consider that the Company has sufficient resources to meet the financing requirements for the operation of the Aleinuer Molybdenum Mine in the next couple of years.

Through the aforesaid acquisition, the Company has successfully tapped 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. According to the Company's announcement dated 31 July 2007, on 27 July 2007, Profit Jumbo Investement Ltd. ("Profit Jumbo"), a wholly owned subsidiary of the Company, entered into a Framework Agreement in respect of the acquisition of the entire issued share capital of each of Fuken Investments Limited ("Fuken Investments"), Golden Brand Investments Limited ("Golden Brand Investments") and Giant Strong International Limited ("Giant Strong") from the vendors. Gold Way Investment International

Limited (“Gold Way Investment”) is owned as to 80%, 14% and 6% by Fuken Investments, Golden Brand Investments and Giant Strong respectively. Gold Way Investment currently owns 55% interest of Xinjiang Mining, which holds the mining rights of a copper and silver mine area of approximately 1 km² and exploration rights of a copper and silver mine area of approximately 39 km² located in the Wuqia County in Xinjinag Uygur Autonomous Region, PRC. According to the information available to the Company as at 31 October 2007, within the 1 km² mine area of which the mining rights has been obtained, the estimated copper ore quantity is approximately 250,000 tonnes and the estimated silver ore quantity is approximately 35,000 tonnes. As at the date of this announcement, the Acquisition has not been completed yet. The acquisition will mark a further step towards the Company’s business in the investment and development in mining industry in the PRC.

Future Prospects

During the reporting period, the average three-month copper futures price on London Metals Exchange increased by approximately USD787 per tonne (or an increase of approximately 13.17%) to approximately USD6,763 per tonne from approximately USD5,976 per tonne when compared with the same period last year. On Shanghai Futures Exchange, average three-month copper futures closing price (tax inclusive) increased by approximately RMB6,991 per tone (or an increase of approximately 12.97%) to approximately RMB60,896 per tonne from approximately RMB53,905 per tonne when compared with the same period last year.

PRC will maintain a moderate overall growth despite mild market control measures to be launched in a continuous manner. As supported by economic conditions as well as supply and demand fundamentals, the copper/silver consumption will remain its growth momentum. Accordingly, it is expected that the copper price will stay at high levels.

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 and related businesses, we are confident that the investment will produce considerate return to the Company in the future.

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

The completion of the aforesaid acquisition 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.

Liquidity and Capital Resources

As at 31 October 2007, the Group had cash and bank balances of HK\$40 million with net current assets totaling to HK\$157 million with current ratio, based on the current assets of approximately HK\$164 million and current liabilities of approximately HK\$7 million, of 24. The Group's gearing ratio, based on non-current liabilities of HK\$110,000 and shareholders' equity of HK\$1,486 million, was insignificant.

As at 31 October 2007, the Group had neither bank borrowings nor assets pledged to fund/loan providers.

The Group believes that liquid assets, funds and future revenue will be sufficient to finance future expansion and working capital requirement.

Employees and Remuneration Policies

As at 31 October 2007, the Group had a total of 9 employees (including Hong Kong and PRC offices). The remuneration packages consist of basic salary, mandatory provident fund and other benefits considered as appropriate. Remuneration packages are generally structured by reference to market terms, individual qualification and the performance of individual staff. They are under periodic review based on individual merit and other market factors.

Foreign Exchange Exposure

The Group's cash balance and other current assets are denominated in 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 instruments for hedging purpose.

Contingent Liabilities

The Group has no material contingent liabilities as at 31 October 2007.

INTERIM DIVIDEND

The Board of Directors has resolved not to declare any interim dividend for the six months ended 31 October 2007 (2006: Nil).

DIRECTORS' INTEREST IN SHARES

As at 31 October 2007, the interests of the directors and chief executive of the Group and their respective associates in the equity or debt securities of the Group or any of its associated corporations recorded in the register maintain by the Group pursuant to section 352 of the Securities and Futures Ordinance (“SFO”), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long position in shares of the Company

Name of director	Capacity	Number of the issued shares held	Percentage of issued ordinary share capital
China Times (<i>Note</i>)	Beneficial owner	1,500,008,293 (L)	35.43%
Mr. Wang Jian Sheng (<i>Note</i>)	Corporate	1,500,008,293 (L)	35.43%
Mr. Li Qiao Feng	Beneficial owner	330,000	0.01%

Note:

The interests in these Shares are held by China Times Development Holdings Limited (“China Times”), the entire issued share capital of which is wholly and beneficially owned by Mr. Wang Jian Sheng who is the sole shareholder and sole director of China Times. In addition to the above, China Times and Mr. Wang are also deemed to be interested in 1,500,008,293 Shares.

Save as disclosed above, none of the Directors, chief executives of their associates had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations as defined in Part XV of SFO as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to be Company and the Stock Exchange pursuant to the Model Code.

Share Options

The share option scheme of the Company adopted on 27 October 1998 had been terminated and simultaneously a new share option scheme (the “Scheme”) had been approved and adopted at the annual general meeting of the Company held on 13 October 2003.

The purpose of the Scheme is a share incentive scheme to enable the Company to grant options to selected participants as incentives or rewards for their contribution to the Group. Under the Scheme, the Board may, at its discretion, grant options to any eligible participants (as set out in the Company’s circular dated 19 September 2003).

The following table discloses movements in the Company's share options during the period:

	No. of options As at 30 April 2007	No. of options exercised/ elapsed during the period	No. of options outstanding at 31 October 2007
Directors			
Li Qiao Feng	15,000,000	—	15,000,000
Zhang He	15,000,000	—	15,000,000
Wang Guoqi	1,500,000	—	1,500,000
Wang Qihong	1,500,000	—	1,500,000
Wong Sat	1,500,000	—	1,500,000
Employees and others	276,573,172	112,027,825	164,545,347
Total	311,073,172	112,027,825	199,045,347

Details of share options granted are as follows:

Date of grant/ Acceptance	Exercise period	Exercise price per share	Closing price Immediate before date of offer	Closing price immediate before date of grant
23 November 2006	23 November 2006- 6 November 2016	HK\$0.107	HK\$0.109	HK\$0.162
7 December 2006	7 December 2006- 28 November 2016	HK\$0.185	HK\$0.170	HK\$0.233
4 April 2007	4 April 2007- 3 April 2017	HK\$0.550	HK\$0.56	HK\$0.56

At no time during the year was the Company, its holding Company, or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholders' Interests in Securities

As at 31 October 2007, so far as is known to the Directors, the following persons (other than the Directors and Chief Executives of the Company) had interests or short positions in the Shares and underlying Shares of the Company as recorded in the required to be kept under section 336 of the SFO.

Long positions in shares of the Company

Name of Shareholder	Capacity	Number of shares	Approximate Percentage of total relevant class of shares in issue
China Times (<i>note 1</i>)	Beneficial owner	1,500,008,293	35.43%
Wang Jian Sheng (<i>note 1</i>)	Controlled corporation	1,500,008,293	35.43%
Choronell Ltd (<i>note 2</i>)	Beneficial owner	210,000,000	4.96%
Li Xuemei (<i>note 2</i>)	Controlled corporation	210,000,000	4.96%
Kalagate Limited (<i>note 3</i>)	Beneficial owner	400,000,000	9.45%
Zhang Chao (<i>note 3</i>)	Controlled corporation	400,000,000	9.45%
Sherryknoll Enterprises Limited (<i>note 4</i>)	Beneficial owner	390,000,000	9.21%
Yang Hui (<i>note 4</i>)	Controlled corporation	390,000,000	9.21%
China Times (<i>note 1</i>)	Beneficial owner	5,495	33.33%
Wang Jian Sheng (<i>note 1</i>)	Controlled corporation	5,495	33.33%

Notes:

1. These Shares are held by China Times, the entire issued share capital of which is beneficially owned by Mr. Wang Jian Sheng who is the sole shareholder and sole director of China Times and the Controlling Shareholder of the Company.
2. These Shares are held by Choronell Limited, the entire issued share capital of which is beneficially owned by Li Xuemei.
3. These Shares are held by Kalagate Limited, the entire issued share capital of which is beneficially owned by Zhang Chao.
4. These Shares are held by Sherryknoll Enterprises Limited, the entire issued share capital of which is beneficially owned by Yang Hui.

Save as disclosed above, the Directors are not aware of any other persons who have interests or short positions in the Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under section 336 of the SFO.

Directors' Interests in Contracts of Significance

Save as disclosed, no contracts significance, to which the Company, its holding company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted as at 31 October 2007 or during the period under review.

Equity

As at 31 October 2007, the total number of issued and fully paid ordinary shares of the Company was 4,233,759,552 amounted to approximately HK\$211,688,000; and there were 16,485 CPS of HK\$1 each in issue at 31 October 2007.

Purchase, Sale or Redemption of Securities

Save as disclosed, during the period 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.

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 interim results for the six months ended 31 October 2007.

Remuneration Committee

The Company has established its Remuneration Committee with specific written terms of reference. The Remuneration Committee is responsible for making recommendations to the Board on, among other things, the Company's policy and structure for the remuneration of all directors and senior management of the Company and is delegated by the board with the responsibility to determine on behalf of the Board the specific remuneration packages for all executive directors and senior management of the Company.

The Remuneration Committee comprises three independent non-executive directors, namely Mr. Wang Guoqi, Mr. Wang Qihong and Mr. Wong Sat. The Remuneration Committee has not held any meeting during the period under review.

Model Code for Securities Transactions

The Company has adopted the Model Code of the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the directors. Following specific enquiry by the Company, all directors confirmed that they have complied with the required standards as set out in the Model Code throughout the period.

Code on Corporate Governance Practices

The Company executed high standard of business ethics and corporate governance practices. The Board considers such commitment essential in achieving high level of transparency and accountability and it is to the best interests of the shareholders.

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not throughout the period under review, in compliance with the Code on Corporate Governance Practices (“CG Code”), as set out in Appendix 14 to the Listing Rules (except code A4.1 — which specifies term that non-executive directors should be appointed for a specific term, subject to the re-election and code A4.2 — which specifies that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years). However, all directors (including executive and non-executive) of the Company are subject to retirement by rotation at the annual general meeting in accordance with Bye-laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company’s corporate governance practice are no less exacting than those in the Code.

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

Hong Kong, 30 January 2008

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