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: 00661)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 APRIL 2008

The board of the directors' (the "Board") of China National Resources Development Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 30 April 2008 together with the comparative figures for the year ended 30 April 2007 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 30 April 2008

	Notes	**2008** *HK$'000*	2007 *HK$'000*
REVENUE	5	**164,330**	125,001
COST OF SALES		**(142,248)**	(120,747)
		22,082	4,254
OTHER REVENUE	5	**1,733**	961
GENERAL AND ADMINISTRATIVE EXPENSES		**(1,183,864)**	(66,841)
OPERATING LOSS FOR THE YEAR	6	**(1,160,049)**	(61,626)
LOSSES ON CHANGES IN FAIR VALUES – Investments held for trading		**(9,110)**	–
FINANCE COSTS	7	**(452)**	(413)
		(1,169,611)	(62,039)
SHARE OF RESULT OF A JOINTLY CONTROLLED ENTITY		**135**	(441)
GAIN ON DISPOSAL OF A JOINTLY CONTROLLED ENTITY		**4,493**	–

* *for identification purpose only*

	Notes	**2008** *HK$'000*	2007 *HK$'000*
LOSS BEFORE TAX		**(1,164,983)**	(62,480)
INCOME TAX	*8*	**(1,901)**	–
LOSS FOR THE YEAR		**(1,166,884)**	(62,480)
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Equity holders of the Company		**(1,165,896)**	(62,480)
Minority interests		**(988)**	–
		(1,166,884)	(62,480)
		HK cents	*HK cents*
Loss per share			
– Basic	*10*	**(29.50)**	(2.11)

CONSOLIDATED BALANCE SHEET

As at 30 April 2008

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**2,455**	96
Jointly controlled entities		**–**	29,025
Mining rights		**2,488,859**	–
		2,491,314	29,121
CURRENT ASSETS			
Investments held for trading		**33,704**	22,424
Trade and other receivables	*11*	**80,509**	38,256
Cash and bank balances		**40,869**	19,151
TOTAL CURRENT ASSETS		**155,082**	79,831
CURRENT LIABILITIES			
Bank overdraft – unsecured		**187**	–
Trade and other payables	*12*	**10,028**	3,503
Tax payable		**1,901**	–
TOTAL CURRENT LIABILITIES		**12,116**	3,503
NET CURRENT ASSETS		**142,966**	76,328
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,634,280**	105,449
NON-CURRENT LIABILITIES			
Cumulative redeemable preference shares		**110**	110
Deferred tax liabilities		**622,214**	–
TOTAL NON-CURRENT LIABILITIES		**622,324**	110
NET ASSETS		**2,011,956**	105,339
CAPITAL AND RESERVES			
Share capital		**257,584**	156,086
Reserves		**690,425**	(50,747)
Equity attributable to shareholders of company		**948,009**	105,339
Minority interests		**1,063,947**	–
TOTAL EQUITY		**2,011,956**	105,339

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2008

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 May 2007. The adoption of these new and revised Standards or 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 and revised standards or interpretations that have been issued but are not yet effective. The directors are in the process of making an assessment of the expected impact of these new and revised standards or interpretations upon initial application and so far consider that the application of these new standards or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Revised)	Presentation of Financial Statements [(3)]
HKAS 23 (Revised)	Borrowing Costs [(3)]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [(4)]
HKAS 32 & 1, Amendments	Puttable Financial Instruments and Obligations arising on Liquidation [(3)]
HKFRS 2 Amendment	Share-based Payment – Vesting Conditions and Cancellations [(3)]
HKFRS 3 (Revised)	Business Combinations [(4)]
HKFRS 8	Operating Segments [(3)]
HK(IFRIC)-Int 12	Service Concession Arrangements [(1)]
HK(IFRIC)-Int 13	Customer Loyalty Arrangements [(2)]
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction [(1)]

[(1)] *Effective for annual periods beginning on or after 1 January 2008*

[(2)] *Effective for annual periods beginning on or after 1 July 2008*

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

[(4)] *Effective for annual periods beginning on or after 1 July 2009*

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.

2008

Income statement

	Property investment and management consultancy *HK$'000*	Corporate investment and trading in securities *HK$'000*	Mineral exploration *HK$'000*	Total for continuing operations *HK$'000*
Revenue	–	163,208	14	163,222
Segment results from continuing operations	–	(24,348)	(2,143)	(26,491)
Unallocated corporate income				2,841
Unallocated corporate expenses				(28,478)
Share of result of a jointly controlled entity				135
Finance cost				(452)
Gain on disposal of jointly controlled entity				4,493
Impairment loss on goodwill				(1,117,031)
Income tax expenses				(1,901)
Loss for the year				**(1,166,884)**

Other information

	Property investment and management consultancy *HK$'000*	Corporate investment and trading in securities *HK$'000*	Mineral exploration *HK$'000*	Total *HK$'000*
Capital expenditure	**–**	**42**	**223**	**265**
Depreciation	**–**	**46**	**79**	**125**

2008

Balance sheet

	Property investment and management consultancy *HK$'000*	Corporate investment and trading in securities *HK$'000*	Mineral exploration *HK$'000*	Total *HK$'000*
Assets				
Segment assets	**–**	**127,803**	**2,518,562**	**2,646,365**
Unallocated assets				**31**
Total assets				**2,646,396**
Liabilities				
Segment liabilities	**–**	**6,191**	**628,130**	**634,321**
Unallocated liabilities				**119**
Total liabilities				**634,440**

2007

Income statement

	Property investment and management consultancy *HK$'000*	Corporate investment and trading in securities *HK$'000*	Mineral exploration *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)
Loss for the year				(62,480)

Other information

	Property investment and management consultancy *HK$'000*	Corporate investment and trading in securities *HK$'000*	Mineral exploration *HK$'000*	Total *HK$'000*
Capital expenditure	–	18	–	18
Depreciation	–	46	–	46

2007

Balance sheet

	Property investment and management consultancy *HK$'000*	Corporate investment and trading in securities *HK$'000*	Mineral exploration *HK$'000*	Total *HK$'000*
Assets				
Segment assets	–	79,886	–	79,886
Unallocated assets				29,066
Total assets				108,952
Liabilities				
Segment liabilities	–	4,529	–	4,529
Unallocated liabilities				134
Total liabilities				4,663

(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:

	2008 ***HK$'000***	2007 *HK$'000*
Sales of marketable securities	**163,208**	122,917
Other interest income	**651**	1,995
Dividend income	**471**	89
	164,330	125,001

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

	2008	2007
	HK$'000	*HK$'000*
Gain on revaluation of securities	**–**	810
Miscellaneous income	**1,732**	151
Exchange gain	**1**	–
	1,733	961

6. Operating loss for the year

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

	2008	2007
	HK$'000	*HK$'000*
Staff costs (including directors' remuneration)		
Salaries and allowances	**1,377**	1,269
Share-based payments *(note a)*	**2,849**	3,917
Other staff costs	**157**	70
Mandatory provident fund contributions	**24**	19
	4,407	5,275
Depreciation	**125**	46
Auditors' remuneration	**742**	387
Operating leases on land and buildings	**799**	662
Share-based payments-consultants *(note a)*	**48,020**	58,240
Impairment losses on goodwill	**1,117,031**	–

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

	2008	2007
	HK$'000	*HK$'000*
Directors' emolument	**2,478**	3,451
Staff costs	**371**	466
Professional fees	**48,020**	58,240
	50,869	62,157

7. Finance costs

	2008	2007
	HK$'000	*HK$'000*
Interest on other loans	**447**	407
Dividends on cumulative redeemable preference shares *(note 9)*	**5**	6
	452	413

8. Taxation

	2008	2007
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**(1,901)**	–
Other jurisdictions	**–**	–
Tax expense for the year	**(1,901)**	–

Provision for Hong Kong profits tax has been made on the estimated assessable profits arising in or derived from Hong Kong during the year (2007: 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 (2007: Nil).

Reconciliation between tax expense and accounting loss for the year is as follows:

	2008	2007
	HK$'000	*HK$'000*
Loss for the year	**(1,166,884)**	(62,480)
Notional tax on loss before tax, calculated at the tax rates applicable to profits in the jurisdictions concerned	**(179,754)**	(10,934)
Tax effect of income not taxable	**(185)**	(684)
Tax effect of expenses not deductible and loss not allowable	**180,695**	10,910
Tax effect of temporary differences not recognised for the year	**(10)**	2
Tax effect of estimated tax losses not recognised for the year	**1,175**	706
Tax effect of utilization of tax loss previously not recognised	**(20)**	–
	1,901	–

9. Dividends on cumulative redeemable preference shares

	2008	2007
	HK$'000	*HK$'000*
Preference dividends		
Payable of HK$0.151 per share on 16,485 shares (2007: HK$0.151 on 16,485 shares)	**3**	3
Payable of HK$0.149 per share on 16,485 shares (2007: HK$0.149 on 16,485 shares)	**2**	3
	5	6

10. Loss per share

The basic loss per share is calculated based on the loss attributable to shareholders of HK$1,165,896,000 (2007: HK$62,480,000) and the weighted average number of 3,952,289,745 (2007: 2,958,315,554) ordinary shares in issue during the year.

The diluted loss per share for the years ended 30 April 2008 and 30 April 2007 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

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade receivables	**–**	36,760	**–**	–
Other receivables	**57,202**	160	**412**	536
Prepayments and deposits	**23,307**	1,336	**721**	1,304
	80,509	38,256	**1,133**	1,840

The aging analysis of trade receivables is as follows:

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
0 – 3 months	**–**	36,760	**–**	–

12. Trade and other payables

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade payables	**–**	–	**–**	–
Temporary deposits, accruals and other payables	**10,028**	3,503	**4,153**	3,351
	10,028	3,503	**4,153**	3,351

The aging analysis of trade payable is as follows:

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
0 – 3 months	**–**	–	**–**	–

13. Commitments

(a) Capital commitments

	Group 2008 HK$'000	Group 2007 HK$'000
At the balance sheet date, the capital commitments outstanding not provided for in the financial statements are as follows:		
Contracted but not provided for:		
Construction of plant and machinery	**3,507**	–

(b) Commitments under operating leases

	Group 2008 HK$'000	Group 2007 HK$'000
At the balance sheet date, the Group's future minimum lease payments under non-cancellable operating leases are payable as follows:		
Land and buildings		
– within one year	**304**	254

Operating lease payments represent rental payable by the Group for its office properties.

FINANCIAL REVIEW

During the year under review, the Group recorded a turnover of approximately HK$164 million (2007: HK$125 million), representing an increase of approximately 31% against the prior year. Net loss attributable to shareholders amounted to approximately HK$1,166 million (2007: net loss HK$62.5 million). The reason of loss incurred for the year was due to the impairment losses on goodwill arising on acquisition of 51% interest in China Reservoir Mining Limited (a subsidiary of the Company). Details of acquisition were set out in the circular of the Company dated 29 June 2007. Pursuant to the purchase agreement, the purchase consideration was determined at HK$300 million by the issue of shares of the Company at HK$0.30 per share which represented the fair value on acquisition of 51% interest in China Reservoir Mining Limited.

The Company issued 1,000 million shares to vendors at date of completion of acquisition. However, the value of the shares issued was required to state at the market price HK$1.30 per share at the date of allotment of shares to vendors in accordance with the HKFRS3 Business Combinations. The excess value over the fair value of subsidiary acquired was charged to the income statement as impairment loss.

BUSINESS REVIEW AND PROSPECT

Business Review

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

Given the continuing economic growth and accelerated industrialization and urbanization in the PRC as well as the development in the global economy, natural resources are in demand at all times and the Board considers that the demand for natural resources will maintain its growth momentum.

In view of the prospects of the natural resources business, during the year, the Company acquired the following assets as part of the Group's strategy to broaden its business scope and earning base:–

Mining and related businesses

(1) The Mines located in The Republic of Mongolia – the Aleinuer Molybdenum Mine, the Burentsogt Wolfram Mine, the Sala Wolfram Mine and the Tuv Province Wolfram Mine

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 acquisition was completed in September 2007. Details of the acquisition was disclosed in the circular of the Company dated 29 June 2007.

Aleinuer Molybdenum Mine

The molybdenum mine is an outdoor mine with an average grade of 0.062% and molybdenum resources of 26,000 tonnes, the exploration facilities of which have commenced construction. It is expected that upon commencement of commercial operation in early 2009 following the completion of the construction of the facilities, based on findings of a recent infrastructure exploration exercise, the average ore grade of molybdenum in the mine was found upgraded to above 0.081%. The Aleinuer Molybdenum Mine will have a daily ore processing volume of 5,000 tonnes and an annual output of approximately 2,520 tonnes of 45% molybdenum ore and of 3,100 tonnes of 18% associated copper concentrate. Calculated in accordance with the current market price, the price of 45% molybdenum would be approximately RMB180,000 per tonne. In view of the funding to be provided by 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.

Tuv Province Wolfram Mine

In February 2008, the Company obtained a mining license from the Mineral Resources and Petroleum Authority of Mongolia Government for the Tuv Province Wolfram Mine in Outer Mongolia which has already obtained exploration permit. Having secured the 30-year license, the Company plans to soon formally start wolfram mining business.

The Tuv Province Wolfram Mine is about 200 km from the south-west of Ulam Bator City, Outer Mongolia. Spanning more than 2.5 sq.km., it is deemed a medium to large mine containing mainly wolfram and also other metals, and is one of the largest wolfram mines in Mongolia. According to the preliminary exploration by the Company and the examination and approval by Mongolia State Reserve Board, it has been revealed that the Tuv Province Wolfram Mine contains a total wolfram ore reserve of approximately 15,000 tonnes of 0.45% grading on average. The Company has authorized National Academy of Design to organize a feasibility study report on the Tuv Province Wolfram Mine, with the aim to moving effectively toward full scale ore dressing and mining.

The Board of the Company believes that securing the wolfram mining license provides a strong proof to our strengths and well-organized development philosophy. Currently, all our mines are operating smoothly and delivering satisfactory performance.

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.

(2) The Xinjiang silver and copper mining project located in Xinjiang Uyghur Autonomous Region Xinjiang, the PRC

Another remarkable mining acquisition undertaken by the Company is the Xinjiang silver and copper mining project located in Xinjiang, the PRC.

On 19 November 2007, Profit Jumbo Investment Ltd ("Profit Jumbo"), a wholly owned subsidiary of the Company, entered into an acquisition agreement with independent third parties ("the Vendors") in respect of an 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. Fuken Investments, Golden Brand Investments and Giant Strong own 80%, 14% and 6% of issued share capital of Gold Way Investment International Limited ("Gold Way Investment") respectively. Gold Way Investment currently owns 55% interest of Xinjiang Mining, (Xinjiang Hui Xiang Yong Jin Mining Ltd which is held as to 55% by Gold Way Investment and as to 45% by Xinjiang Kam Hui Geology Mining Ltd, an independent third party) which holds the mining rights of the WQ(SLB) Mine and the exploration rights of the Sa Re West Copper Mine, the Sa Re South Copper Mine and the Guo En De Copper Mine located in the Xinjiang Uygur Autonomous Region, the PRC.

Xinjiang Mining has already completed the exploration and obtained the mining right for the WQ(SLB) Mine. The WQ(SLB) Mine has a copper and silver mine area of approximately 1.02 kilometers. With reference to a survey report of the WQ(SLB) Mine dated 3 December 2007 as prepared by CNFMRGS, on-site exploration works on the WQ(SLB) Mine can be traced back to year 1960, in which the Department of Land and Resources of Xinjiang Uygur Autonomous Region has indicated in its preliminary report that the reserves of copper in the WQ Mine Area is expected to be approximately 1,800 tonnes. Based on on-site exploration works conducted by CNFMRGS in 2007, the proven reserves of copper and silver of the WQ(SLB) Mine are more than 320,000 tonnes and 420 tonnes respectively.

The WQ(SLB) Mine has already commenced trial commercial mining and refining operations. It is expected that when the first phase of the mining and processing facilities of the WQ(SLB) Mine commences its production, with a daily processing capacity of approximately 3,500 tonnes of ores and an annual production capacity of approximately 39,099 tonnes of copper concentrates (representing output of approximately 9,775 tonnes of copper and approximately 8 tonnes of silver), will commence commercial operation by 2009.

Xinjiang Mining has also obtained exploration licences for the Sa Re West Copper Mine, the Sa Re South Copper Mine and the Guo En De Copper Mine. As stated in the exploration licences, the Sa Re West Copper Mine, the Sa Re South Copper Mine and the Guo En De Copper Mine cover an aggregate exploration area of approximately 38 square kilometers. Details of the acquisition was disclosed in the circular of the Company dated 31 January 2008.

The acquisition was completed in February 2008 and marked a further step towards the Company's business in the investment and development in mining industry in the PRC.

(3) Mining related business

Apart from smooth progress reported for all its mining projects, the Company has been actively seeking cooperation opportunities with other large professional enterprises in the hope of speeding up development of its natural mineral resources business. Reference is made to the announcement of the Company dated 2 April 2008 in relation to the proposed acquisition of 51% equity interest in Beijing Oriental Yanjing Mining Engineering Company Limited ("the Target Company"). The Target Company is carrying out the business of mining engineering design in the PRC. The valuation report and legal opinion on the proposed acquisition have been obtained. Negotiation on details of the acquisition has been undergoing.

The Board has decided that the Group should be focused on the mining business in the PRC for its future prospects and considers that the proposed acquisition will consolidate the foundation of the core business of the Group. The Board expects that the proposed acquisition will generate a synergic effect to the Group in that it can leverage on the expertise of the professional team of the Target Company in mining engineering design.

Prospect

During 2007, China had repeatedly raised the deposit reserve ratio and the lending interest rates, with the monetary policy changed from a stable one to a considerably tightening one. The national economy demonstrated a sound trend of rapid growth, optimized structure and increased efficiency, with a GDP growth of 11.4% over the previous year. Yearly fixed asset investments of the society at large increase of 24.8% over the previous year to approximately RMB13,720 billion, with the growth rate representing a 0.9 percentage-point increase. Yearly investments in property development amounted to approximately RMB253 billion, up 30.2% over the previous year which represents a growth rate of 8.4% percentage-points. The driven impact of investment on the national economy remained significant.

Given the continuing increase in the demand and application of resources of molybdenum, wolfram, silver and copper, the Company is confident that the investment in mining and related businesses will produce considerable return to the Company in the future. The Group will continue its search for the other opportunities in order to build a portfolio of strong mining business with an emphasis on high value added products.

FINAL DIVIDEND

The Board of Directors does not recommend the payment of a final dividend for the year ended 30 April 2008.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 April 2008, the Group's current ratio was 12.8, based on the current assets of HK$155 million and current liabilities of HK$12 million. The Group's gearing ratio was 24%, based on the total liabilities of HK$634 and total assets of HK$2,646 million.

As at 30 April 2008, 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 2008, the Group had neither bank borrowings nor assets pledged to fund/loan providers.

CAPITAL STRUCTURE

During the year under review,

(i) On 28 September 2007, the Company's issued share capital was increased by HK$50,000,000 as a result of the issue of 1,000,000,000 shares as consideration for the acquisition of the 51% equity interest of China Reservoir Mining Limited. The fair value of the consideration shares as determined by the closing market price of HK$1.30 per share on 28 September 2007 was HK$1,300,000,000. The premium of the issue of new shares amounted to HK$1,250,000,000 was credited to the Company's share premium account.

(ii) On 29 February 2008, the Company's issued share capital was increased by HK$4,500,000 as a result of the issue of 900,000,000 shares as consideration for the acquisition of the entire issued share capital of each of Fuken Investments Limited, Golden Brand Investments Limited and Giant Strong International Limited. The fair value of the consideration shares as determined by the closing market price of HK$0.68 per share on 29 February 2008 was HK$612,000,000. The premium of the issue of new shares amounted to HK$357,210,000 was credited to the Company's share premium account.

(iii) During the year, 129,947,825 shares of HK$0.05 each were issued as a result of exercise of share options.

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.

MAJOR CUSTOMER 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 purchase attributable to the Group's five largest suppliers were less than 30% of the Group's total purchase for the year.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

(1) On 27 March 2007, Ample Year Limited, a wholly-owned subsidiary of the Company, entered into an agreement with the Vendors (Sherryknoll Enterprises Limited, Kalagate Limited and Choronell Limited), pursuant to which the Company has conditionally agreed to acquire an aggregate of 51% equity interest in China Reservoir Mining Limited, a company incorporated in British Virgin Islands, for a total consideration of HK$300 million. The consideration for the acquisition was satisfied by the issue of the consideration shares at HK$0.30 per share to the Vendors. The acquisition was completed on 25 September 2007. Details of the acquisition was disclosed in the circular of the Company dated 29 June 2007.

(2) On 19 November 2007, Profit Jumbo Investment Limited, a wholly-owned subsidiary of the Company, entered into an acquisition agreement with the Vendors (Mr. Chen Liang, Mr. Lu Jian Yang and Mr. Hon Hak Ka) pursuant to which Profit Jumbo Investment Limited has conditionally agreed to acquired the Sale Shares and Sale Loan for an aggregate acquisition consideration of up to HK$1,452 million, which comprises the initial acquisition consideration of HK$1,136 million and the additional acquisition consideration of up to HK$316 million. The initial acquisition consideration was satisfied as to (i) HK$1,106 million by the issue of 700,000,000 new shares upon the acquisition completion to the Vendors by the Company for the partial settlement of the initial acquisition consideration; and (ii) HK$30 million by way of set-off of the amount of the disposal of Sale Shares and Sale Loan of Great Began Holdings Limited and Sharp Faith Holdings Limited (subsidiaries of the Company). The additional acquisition consideration was satisfied by the issue of 200,000,000 new shares. The acquisition was completed in Feb 2008. Details of the acquisition was disclosed in the circular of the Company dated 31 January 2008.

CONTINGENT LIABILITIES

As at 30 April 2008, the Group had no contingent liabilities.

EMPLOYEES, REMUNERATION POLICY AND SHARE OPTION SCHEME

As at 30 April 2008, the Group had 75 employees (2007: 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.

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 or 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 2008.

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.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed public float under the Listing Rules.

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 year.

NOMINATION OF DIRECTORS

The Company has not established a Nomination Committee. The duties and functions of the Nomination Committee recommended in the Code are performed by the Board collectively with no director being involved in fixing his/her own terms of appointment and no Independent Non-executive Director being involved in assessing his/her own independence.

PUBLICATION OF RESULTS ANNOUNCEMENT

The information as required by Appendix 16 of the Listing Rules will be published on the Stock Exchange's website (http://www.hkex.com.hk) and www.hk661.com in due course.

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

Hong Kong, 28 August 2008

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