The following is the text of a report, prepared for the purpose of incorporation in the prospectus, received from KPMG, Certified Public Accountants, Hong Kong, the reporting accountants to the company.

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

21st November, 2008

The Directors
CVM Minerals Limited
Anglo Chinese Corporate Finance, Limited

Dear Sirs,

Introduction

We set out below our report on the financial information relating to CVM Minerals Limited (the "Company") and its subsidiary (hereinafter collectively referred to as the "Group") including the combined income statements, combined statements of changes in equity and combined cash flow statements of the Group for each of the years ended 31st December, 2005, 2006 and 2007 and the five months ended 31st May, 2008 (the "Relevant Period") and the combined balance sheets of the Group as at 31st December, 2005, 2006 and 2007 and 31st May, 2008, together with the notes thereto (the "Financial Information") for inclusion in the prospectus of the Company dated 21st November, 2008 (the "Prospectus").

The Company was incorporated in Hong Kong on 9th November, 2007 as a limited liability company under the Hong Kong Companies Ordinance. Pursuant to a corporate reorganisation (the "Reorganisation") as detailed in the section headed "Introduction of the Company into the Group structure" in Appendix VII to the Prospectus, which was complete on 14th October, 2008, the Company became the holding company of the subsidiary, set out in Section A below. The Company has not carried on any business since the date of its incorporation save for the aforementioned Reorganisation. In the circumstances, the Financial Information presented comprises the results of the subsidiary during the Relevant Period only.

As at the date of this report, no audited financial statements have been prepared for the Company as it is an investment holding company and has not carried on any business since its date of incorporation.

The statutory financial statements of the Company's subsidiary were audited during the Relevant Period by the respective statutory auditors as indicated below:

Name of company	Financial period	Auditors
Commerce Venture Magnesium Sdn. Bhd. (formerly known as Commerce Venture Manufacturing Sdn. Bhd.)	Years ended 31st December, 2005 and 2007	KPMG Malaysia Registered in Malaysia
	Year ended 31st December, 2006	Russell Bedford LC & Company Registered in Malaysia

Basis of preparation

The Financial Information has been prepared by the directors of the Company based on the audited financial statements or, where appropriate, unaudited management accounts of the companies now comprising the Group and on the basis set out in Section C Note 1 below, after making such adjustments as are appropriate. Adjustments have been made, for the purpose of this report, to restate these financial statements to conform with accounting policies as referred to in Section C, which are in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Respective responsibilities of directors and reporting accountants

The directors of the Company are responsible for the preparation of the Financial Information which gives a true and fair view. In preparing the Financial Information which gives a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently, that judgements and estimates are made which are prudent and reasonable and that the reasons for any significant departure from applicable accounting standards are stated.

It is our responsibility to form an independent opinion, based on our audit, on the Financial Information.

Basis of opinion

As a basis for forming an opinion on the Financial Information, for the purpose of this report, we have carried out appropriate audit procedures in respect of the Financial Information for the Relevant Period in accordance with Hong Kong Standards on Auditing issued by the HKICPA and have carried out such additional procedures as we considered necessary in accordance with Auditing Guideline "Prospectuses and the Reporting Accountant" issued by the HKICPA.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Information. It also includes an assessment of the significant estimates and judgements made by the directors of the Company in the preparation of the Financial Information, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the Financial Information is free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of the Financial Information. We believe that our audit provides a reasonable basis for our opinion.

We have not audited any financial statements of the companies now comprising the Group in respect of any period subsequent to 31st May, 2008.

Opinion

In our opinion, for the purpose of this report and on the basis of presentation set out in Section C Note 1 below, all adjustments considered necessary have been made and the Financial Information gives a true and fair view of the Group's combined results, combined statements of changes in equity and combined cash flows for the Relevant Period, and the Group's combined state of affairs as at 31st December, 2005, 2006 and 2007 and 31st May, 2008 and the Company's state of affairs as at 31st December, 2007 and 31st May, 2008.

Comparative financial information

For the purpose of this report, we have also reviewed the unaudited comparative financial information of the Group which includes the combined income statement, combined statement of changes in equity and combined cash flow statement for the five months ended 31st May, 2007, together with the notes thereto (the "31st May, 2007 Corresponding Information"). The directors of the Company are responsible for the preparation and for presentation of the 31st May, 2007 Corresponding Information in accordance with Hong Kong Financial Reporting Standards. Our responsibility is to express a conclusion on the 31st May, 2007 Corresponding Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the HKICPA. A review of the 31st May, 2007 Corresponding Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the 31st May, 2007 Corresponding Information.

Based on our review, nothing has come to our attention that causes us to believe that the 31st May, 2007 Corresponding Information does not give a true and fair view of the combined financial performance of the Group and its combined cash flows for the five months ended 31st May, 2007, in accordance with Hong Kong Financial Reporting Standards.

A BASIS OF PRESENTATION

Pursuant to the Reorganisation, the Company acquired the entire equity interest in Commerce Venture Magnesium Sdn. Bhd. ("CVM", formerly known as Commerce Venture Manufacturing Sdn. Bhd.) from its then shareholders. Upon completion of the Reorganisation, which was completed on 14th October, 2008, the Company became the holding company of CVM.

At the date of this report, the Company had a direct interest in the following subsidiary, which is a private company. The particulars of the subsidiary are set out below:

Name of company	Place and date of incorporation	Issued and fully paid up share capital	Directly attributable equity interest	Principal activity
Commerce Venture Magnesium Sdn. Bhd. (formerly known as Commerce Venture Manufacturing Sdn. Bhd.)	Malaysia 3rd July, 1995	RM31,000,000	100%	Mining of dolomite and manufacture of magnesium ingots

The Reorganisation has been accounted for in accordance with paragraph 5 of Accounting Guideline 5, *Merger accounting for common control combinations,* issued by the HKICPA, which requires the use of a principle similar to that for a reverse acquisition as set out in Hong Kong Financial Reporting Standard 3, *Business combinations*. The issue of shares of the Company in exchange for the entire interest in CVM resulted in the Company becoming the sole shareholder of CVM. For accounting purposes, CVM will be treated as the acquirer while the Company is deemed to have been acquired by CVM. The Financial Information has been prepared as a continuation of CVM and the assets and liabilities of CVM are recognised and measured at their historical carrying values prior to the Reorganisation.

B FINANCIAL INFORMATION

1 Combined income statements

	Section C Note	Year ended 31st December, 2005 HK$	2006 HK$	2007 HK$	Five months ended 31st May, 2007 HK$ (unaudited)	2008 HK$
Turnover	2	—	—	—	—	—
Other operating income		7,792	—	—	—	—
Other net loss	3	—	—	(74,394)	—	—
Administrative expenses		(626,264)	(1,551,036)	(2,583,335)	(666,662)	(2,832,609)
Loss from operations		(618,472)	(1,551,036)	(2,657,729)	(666,662)	(2,832,609)
Finance costs	4(a)	—	(12,953)	(24,351)	(8,133)	(15,890)
Loss before taxation	4	(618,472)	(1,563,989)	(2,682,080)	(674,795)	(2,848,499)
Income tax	5	—	—	—	—	—
Loss for the year/period		(618,472)	(1,563,989)	(2,682,080)	(674,795)	(2,848,499)
Loss per share	6					
- Basic		(3.95)	(0.21)	(0.09)	(0.02)	(0.09)

The accompanying notes form part of the Financial Information.

2 Combined balance sheets

	Section C Note	31st December, 2005 *HK$*	2006 *HK$*	2007 *HK$*	31st May, 2008 *HK$*
Non-current assets					
Fixed assets	9				
- Property, plant and equipment		106,707	64,516,745	119,249,065	140,797,067
- Interest in leasehold land held for own use under operating lease		—	12,479,590	13,193,181	13,413,300
Exploration and evaluation assets	10	2,184,438	3,156,239	3,839,776	3,921,633
Mining deposit	11	—	198,694	212,342	216,869
		2,291,145	80,351,268	136,494,364	158,348,869
Current assets					
Other receivables	12	21,541	11,701	6,256,001	15,192,615
Cash and cash equivalents	13	894	1,516,781	482,332	576,593
		22,435	1,528,482	6,738,333	15,769,208
Current liabilities					
Obligations under finance leases	14	—	34,018	81,011	84,716
Other payables	15	2,655,824	9,065,882	22,570,460	42,718,017
		2,655,824	9,099,900	22,651,471	42,802,733
Net current liabilities		(2,633,389)	(7,571,418)	(15,913,138)	(27,033,525)
Total assets less current liabilities		(342,244)	72,779,850	120,581,226	131,315,344
Non-current liabilities					
Bank loans	16	—	6,631,738	52,117,314	64,254,095
Obligations under finance leases	14	—	144,384	714,075	693,423
		—	6,776,122	52,831,389	64,947,518
Net (liabilities)/assets		(342,244)	66,003,728	67,749,837	66,367,826
Capital and reserves					
Share capital	17	406,252	65,671,502	65,671,502	65,671,502
Reserves	18	(748,496)	332,226	2,078,335	696,324
Total (deficit)/equity		(342,244)	66,003,728	67,749,837	66,367,826

The accompanying notes form part of the Financial Information.

3 Combined statements of changes in equity

	Section C Note	**Share capital**	**Exchange reserve**	**Accumulated losses**	**Total (deficit)/ equity**
		HK$	*HK$*	*HK$*	*HK$*
		(Note 17)	*(Note 18(a))*	*(Note 18(b))*	
At 1st January, 2005		200,872	(186)	(130,483)	70,203
Issue of shares	17	205,380	—	—	205,380
Exchange difference on translation of financial statements of a subsidiary		—	645	—	645
Loss for the year		—	—	(618,472)	(618,472)
At 31st December, 2005		406,252	459	(748,955)	(342,244)
At 1st January, 2006		406,252	459	(748,955)	(342,244)
Issue of shares	17	65,265,250	—	—	65,265,250
Exchange difference on translation of financial statements of a subsidiary		—	2,644,711	—	2,644,711
Loss for the year		—	—	(1,563,989)	(1,563,989)
At 31st December, 2006		65,671,502	2,645,170	(2,312,944)	66,003,728
At 1st January, 2007		65,671,502	2,645,170	(2,312,944)	66,003,728
Exchange difference on translation of financial statements of a subsidiary		—	4,428,189	—	4,428,189
Loss for the year		—	—	(2,682,080)	(2,682,080)
At 31st December, 2007		65,671,502	7,073,359	(4,995,024)	67,749,837
At 1st January, 2008		65,671,502	7,073,359	(4,995,024)	67,749,837
Exchange difference on translation of financial statements of a subsidiary		—	1,466,488	—	1,466,488
Loss for the period		—	—	(2,848,499)	(2,848,499)
At 31st May, 2008		65,671,502	8,539,847	(7,843,523)	66,367,826

	Section C Note	**Share capital** *HK$* *(Note 17)*	**Exchange reserve** *HK$* *(Note 18(a))*	**Accumulated losses** *HK$* *(Note 18(b))*	**Total (deficit)/ equity** *HK$*
Unaudited					
At 1st January, 2007		65,671,502	2,645,170	(2,312,944)	66,003,728
Exchange difference on translation of financial statements of a subsidiary		—	2,700,324	—	2,700,324
Loss for the period		—	—	(674,795)	(674,795)
At 31st May, 2007		65,671,502	5,345,494	(2,987,739)	68,029,257

The accompanying notes form part of the Financial Information.

4 Combined cash flow statements

	Year ended 31st December,			Five months ended 31st May,	
	2005	2006	2007	2007	2008
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
Operating activities					
Loss before taxation	(618,472)	(1,563,989)	(2,682,080)	(674,795)	(2,848,499)
Adjustments for:					
- Depreciation	11,869	47,719	83,253	26,589	48,664
- Amortisation of lease prepayments	—	96,766	138,213	57,177	61,615
- Loss on sale of fixed assets	—	—	74,394	—	—
- Interest expense	—	12,953	24,351	8,133	15,890
Operating loss before changes in working capital	(606,603)	(1,406,551)	(2,361,869)	(582,896)	(2,722,330)
Increase in mining deposit	—	(190,698)	—	—	—
(Increase)/decrease in other receivables	(17,868)	11,018	(5,992,969)	(1,800,760)	(8,867,818)
Increase/(decrease) in other payables	2,299,751	1,932,205	(3,386,165)	(514,734)	4,903,307
Net cash generated from/ (used in) operating activities	1,675,280	345,974	(11,741,003)	(2,898,390)	(6,686,841)
Investing activities					
Payment for purchase of fixed assets	(118,695)	(73,741,630)	(47,755,897)	(10,990,217)	(19,203,672)
Proceeds from sale of fixed assets	—	—	102,143	—	—
Payment for purchase of exploration and evaluation assets	(1,874,299)	(773,068)	(449,019)	(159,829)	—
Deposits pledged	—	—	(47,187)	—	—
Net cash used in investing activities	(1,992,994)	(74,514,698)	(48,149,960)	(11,150,046)	(19,203,672)

	Year ended 31st December,			Five months ended 31st May,	
	2005	2006	2007	2007	2008
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
Financing activities					
Capital element of finance lease rentals paid	—	(19,474)	(314,477)	(13,937)	(34,163)
Proceeds from the issue of shares	205,380	65,265,250	—	—	—
Advances from a shareholder	—	4,025,842	15,779,242	531,954	14,917,453
Proceeds from bank loans	—	6,364,881	43,321,570	12,236,255	11,112,277
Interest paid on financial lease rentals	—	(12,953)	(24,351)	(8,133)	(15,890)
Net cash generated from financing activities	205,380	75,623,546	58,761,984	12,746,139	25,979,677
Net (decrease)/increase in cash and cash equivalents	(112,334)	1,454,822	(1,128,979)	(1,302,297)	89,164
Cash and cash equivalents at beginning of the year/period	112,811	894	1,516,781	1,516,781	435,145
Effect of foreign exchange rate changes	417	61,065	47,343	32,248	4,091
Cash and cash equivalents at end of the year/period	894	1,516,781	435,145	246,732	528,400

Major non-cash transactions:

(a) The Group acquired property, plant and equipment with an aggregate cost of HK$190,698 and HK$895,973 during the years ended 31st December, 2006 and 2007 respectively by means of finance leases.

(b) The Group accrued interest on bank loans of HK$2,311,097, HK$715,073 and HK$2,149,323 during the years ended 31st December, 2007 and the five months ended 31st May, 2007 and 2008, respectively, which were capitalised as construction in progress included within property, plant and equipment.

The accompanying notes form part of the Financial Information.

C NOTES TO THE FINANCIAL INFORMATION

1 Significant accounting policies

(a) ***Statement of compliance***

The Financial Information has 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 the HKICPA, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. The Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by CVM is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. For the purposes of preparing the Financial Information, the Group has not applied any new and revised HKFRSs that is not yet effective for the Relevant Period, except for HKFRS 6, "Exploration for and evaluation of mineral resources" that has been early adopted on 1st January, 2005. The adoption of these new and revised HKFRSs has no significant impact on the Financial Information. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning on 1st January, 2008 are set out in note 24.

(b) ***Basis of preparation of the Financial Information***

The Financial Information comprises the Company and its subsidiary (together referred to as the "Group").

The Group has recorded net current liabilities of HK$2,633,389, HK$7,571,418, HK$15,913,138 and HK$27,033,525 as at 31st December, 2005, 2006 and 2007 and 31st May, 2008 respectively. The Financial Information has been prepared on a going concern basis notwithstanding the above mentioned factors as an undertaking has been issued by the immediate and ultimate holding company, Ho Wah Genting Berhad ("HWGB"), to maintain the Group as a going concern. In addition, HWGB has confirmed that it will not demand the Group to repay any part of the advances made to the Group by itself or companies controlled by it if this would render the Group unable to pay its other debts as and when they fall due.

The Financial Information is presented in Hong Kong dollars. The functional currency of CVM is Ringgit Malaysia ("RM"). The measurement basis used in the preparation of the Financial Information is the historical cost basis.

The preparation of the Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the Financial Information and estimates with a significant risk of material adjustment in the next year are discussed in note 22.

(c) ***Property, plant and equipment***

Items of property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 1(e)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 1(o)).

Construction in progress represents property, plant and equipment under construction and equipment pending installation and is stated at cost less impairment losses (see note 1(e)). Cost comprises direct costs of construction. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are complete.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

- Motor vehicles	5 - 10 years
- Other fixed assets	10 years

No depreciation is provided in respect of construction in progress until it is substantially completed and ready for its intended use.

Both the useful life of an asset and its residual value, if any, are reviewed annually.

(d) ***Leased assets***

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) *Classification of assets leased to the Group*

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) *Assets acquired under finance leases*

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 1(c). Impairment losses are accounted for in accordance with the accounting policy as set out in note 1(e). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) *Operating lease charges*

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight line basis over the period of the lease term.

(e) ***Impairment of assets***

(i) *Impairment of other receivables*

Other receivables that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For other current receivables carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against other receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) *Impairment of other assets*

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- exploration and evaluation expenditures; and
- pre-paid interests in leasehold land classified as being held under an operating lease.

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

- Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(f) ***Other receivables***

Other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 1(e)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(g) ***Interest-bearing borrowings***

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

Amortisation of transaction costs is recognised in profit or loss on an effective interest basis over the term of the loan to which the costs relate.

(h) ***Other payables***

Other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(i) ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(j) ***Employee benefits***

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

(k) ***Income tax***

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investment in a subsidiary to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if, and only if, the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(l) ***Provision and contingent liabilities***

Provisions are recognised for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(m) ***Exploration and evaluation expenditure***

Exploration and evaluation expenditure comprises costs which are directly attributable to: researching and analysing existing exploration data; conducting geological studies, exploratory drilling and sampling; examining and testing extraction and treatment methods; and compiling pre-feasibility and feasibility studies. Exploration and evaluation expenditure also includes the costs incurred in the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects.

Exploration and evaluation expenditure is capitalised. If a project does not prove viable, all irrecoverable costs associated with the project are expensed in the income statement. Capitalised exploration and evaluation expenditures are stated in the balance sheet at cost less accumulated amortisation and impairment losses (see note 1(e)).

Upon the commencement of quarrying activities, the capitalised exploration and evaluation expenditure is amortised using the units of production method based on the proven and probable minerals reserves.

(n) ***Translation of foreign currencies***

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

Results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date. The resulting exchange difference is recognised directly in a separate component of equity.

On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which relate to that foreign operation is included in the calculation of the profit or loss on disposal.

(o) ***Borrowing costs***

Borrowing costs are expensed in profit or loss in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(p) ***Related parties***

For the purposes of the Financial Information, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decision, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(q) ***Segment reporting***

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

2 Turnover

The principal activities of the Group are the mining of dolomite and manufacture of magnesium ingots. The Group did not earn any revenue from this activity during the Relevant Period as it is still in a development stage.

The Group's operating loss is entirely derived from magnesium mining in Malaysia. Accordingly, no analysis by geographical and business segments has been presented.

3 Other net loss

	Year ended 31st December,			Five months ended 31st May,	
	2005	2006	2007	2007	2008
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
Loss on sale of fixed assets	—	—	74,394	—	—

4 Loss before taxation

Loss before taxation is arrived at after charging:

	Year ended 31st December,			Five months ended 31st May,	
	2005	2006	2007	2007	2008
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
(a) Finance costs:					
Interest on bank advances wholly repayable after five years	—	—	2,311,097	715,073	2,149,323
Finance charges on obligations under finance leases	—	12,953	24,351	8,133	15,890
	—	12,953	2,335,448	723,206	2,165,213
Less: Interest expense capitalised into construction in progress*	—	—	(2,311,097)	(715,073)	(2,149,323)
	—	12,953	24,351	8,133	15,890

* Borrowing costs have been capitalised at a rate of 8.6% per annum for the year ended 31st December, 2007 and for the five months ended 31st May, 2008.

	Year ended 31st December,			Five months ended 31st May,	
	2005	2006	2007	2007	2008
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
(b) Staff costs:					
Salaries, wages, bonuses and benefits	216,076	546,955	958,873	290,077	751,464
Contributions to defined contribution retirement plan	8,010	48,304	93,738	26,052	86,522
	224,086	595,259	1,052,611	316,129	837,986

Pursuant to the relevant labour rules and regulations in Malaysia, CVM participates in defined contribution retirement benefit schemes ("the Schemes") organised by the Malaysian government whereby CVM is required to make contributions to the Schemes at a rate of 12% of the eligible employees' salaries. Contributions to the Schemes vest immediately.

The Group has no other material obligation for the payment of pension benefits beyond the annual contributions described above.

	Year ended 31st December,			Five months ended 31st May,	
	2005	**2006**	**2007**	**2007**	**2008**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
(c) Other items:					
Auditors' remuneration	4,724	8,051	9,533	3,944	6,071
Depreciation	11,869	47,719	83,253	26,589	48,664
Amortisation of lease prepayments	—	96,766	138,213	57,177	61,615
Operating lease charges:					
- office premises	40,665	28,605	190,666	78,878	85,000
- office equipment	—	5,534	10,668	4,413	13,041

5 Income tax

(a) No provision for Hong Kong Profits Tax has been made as the Group did not have assessable profits subject to Hong Kong Profits Tax during the Relevant Period.

(b) Pursuant to the income tax rules and regulations of Malaysia, CVM is liable to Malaysian income tax at a rate of 28% for the years ended 31st December, 2005 and 2006. In September 2006, the Malaysian government announced a reduction in the income tax rate from 28% to 27% for the year of assessment 2007 and from 27% to 26% for the year of assessment 2008.

	Year ended 31st December,			Five months ended 31st May,	
	2005	**2006**	**2007**	**2007**	**2008**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
Reconciliation of effective income tax expense					
Loss before taxation	(618,472)	(1,563,989)	(2,682,080)	(674,795)	(2,848,499)
Income tax using the Malaysian income tax rate of 26% (2005: 28%; 2006: 28%; 2007: 27%) (note (i))	(173,172)	(437,916)	(724,161)	(182,194)	(740,610)
Effect of non-deductible expenses (note (ii))	173,172	437,916	724,161	182,194	740,610
Income tax expense	—	—	—	—	—

Notes:

(i) The income tax rate of 26% (2005: 28%; 2006: 28%; 2007: 27%) represents the domestic tax rate in the jurisdiction where the operation of CVM is substantially based.

(ii) As the Group did not have assessable profits subject to Hong Kong Profits Tax during the Relevant Period, the losses sustained by the Group were not deductible for Hong Kong Profits Tax purposes.

As CVM is still in a development stage and no revenue has been generated, the losses sustained by CVM were not deductible for Malaysian income tax purposes.

6 Loss per share

The calculation of loss earnings per share is based on the net loss attributable to shareholders for each of the years ended 31st December, 2005, 2006 and 2007 and the five months ended 31st May, 2007 and 2008 and the weighted average of 156,630, 7,518,714, 31,000,000, 31,000,000 and 31,000,000 ordinary shares in issue respectively, calculated as follows:

	Year ended 31st December,			Five months ended 31st May,	
	2005	**2006**	**2007**	**2007**	**2008**
				(unaudited)	
Issued ordinary shares at 1st January	98,000	198,000	31,000,000	31,000,000	31,000,000
Effect of issue of new shares	58,630	7,320,714	—	—	—
Weighted average number of ordinary shares at 31st December and 31st May	156,630	7,518,714	31,000,000	31,000,000	31,000,000

There were no dilutive ordinary shares during the Relevant Period and, therefore, diluted loss per share is not presented.

7 Directors' remuneration

Directors' remuneration disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance is as follows:

	Year ended 31st December, 2005				
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Executive directors					
Chong Wee Chong	—	147,874	—	—	147,874
Lim Ooi Hong	—	—	—	—	—
Gao Qi Fu	—	—	—	—	—
Independent non- executive directors					
Tan Nyap Keong @ Tony Tan	—	—	—	—	—
Wong Choi Kay	—	—	—	—	—
Chong Lee Chang	—	—	—	—	—
Lam Cheung Shu	—	—	—	—	—
Total	—	147,874	—	—	147,874

	Year ended 31st December, 2006				
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Executive directors					
Chong Wee Chong	—	280,415	—	30,511	310,926
Lim Ooi Hong	—	—	—	—	—
Gao Qi Fu	—	—	—	—	—
Independent non- executive directors					
Tan Nyap Keong @ Tony Tan	—	—	—	—	—
Wong Choi Kay	—	—	—	—	—
Chong Lee Chang	—	—	—	—	—
Lam Cheung Shu	—	—	—	—	—
Total	—	280,415	—	30,511	310,926

	Year ended 31st December, 2007				
	Directors' fees	**Salaries, allowances and benefits in kind**	**Discretionary bonuses**	**Retirement scheme contributions**	**Total**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Executive directors					
Chong Wee Chong	—	389,549	17,024	48,620	455,193
Lim Ooi Hong	—	82,066	11,349	11,400	104,815
Gao Qi Fu	—	—	—	—	—
Independent non- executive directors					
Tan Nyap Keong @ Tony Tan	—	—	—	—	—
Wong Choi Kay	—	—	—	—	—
Chong Lee Chang	—	—	—	—	—
Lam Cheung Shu	—	—	—	—	—
Total	—	471,615	28,373	60,020	560,008

	Five months ended 31st May, 2008				
	Directors' fees	**Salaries, allowances and benefits in kind**	**Discretionary bonuses**	**Retirement scheme contributions**	**Total**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Executive directors					
Chong Wee Chong	—	182,769	—	21,857	204,626
Lim Ooi Hong	—	146,340	—	17,486	163,826
Gao Qi Fu	—	—	—	—	—
Independent non- executive directors					
Tan Nyap Keong @ Tony Tan	—	—	—	—	—
Wong Choi Kay	—	—	—	—	—
Chong Lee Chang	—	—	—	—	—
Lam Cheung Shu	—	—	—	—	—
Total	—	329,109	—	39,343	368,452

	Five months ended 31st May, 2007 (unaudited)				
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Executive directors					
Chong Wee Chong	—	149,323	—	17,849	167,172
Lim Ooi Hong	—	—	—	—	—
Gao Qi Fu	—	—	—	—	—
Independent non- executive directors					
Tan Nyap Keong @ Tony Tan	—	—	—	—	—
Wong Choi Kay	—	—	—	—	—
Chong Lee Chang	—	—	—	—	—
Lam Cheung Shu	—	—	—	—	—
Total	—	149,323	—	17,849	167,172

No emoluments have been paid to the directors as an inducement to join or upon joining the Group or as compensation for loss of office during the Relevant Period. No director waived or agreed to waive any emoluments during the Relevant Period.

8 Individuals with highest emoluments

The five highest paid individuals of the Group include two directors during the year ended 31st December, 2007 (2005: one; 2006: one) and two directors during the five months ended 31st May, 2008 (2007: one), whose emoluments are disclosed in note 7. Details of remuneration paid to the remaining highest paid individuals of the Group are as follows:

	Year ended 31st December,			Five months ended 31st May,	
	2005	**2006**	**2007**	**2007**	**2008**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
Basic salaries, allowances and benefits in kind	66,716	240,076	331,455	139,328	246,414
Discretionary bonuses	—	—	13,733	—	—
Retirement scheme contributions	8,905	16,820	21,586	8,203	20,691
	75,621	256,896	366,774	147,531	267,105

The emoluments of these individuals are within the following band:

	Number of individuals				
	Year ended 31st December,			Five months ended 31st May,	
	2005	**2006**	**2007**	**2007**	**2008**
				(unaudited)	
HK$Nil to HK$500,000	4	4	3	3	4

No emoluments have been paid to these individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the Relevant Period.

9 **Fixed assets**

	Construction in progress	Motor vehicles	Furniture and fittings	Sub-total	Interests in leasehold land held for own use under operating leases	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Cost:						
At 1st January, 2005	—	—	—	—	—	—
Additions	—	—	118,695	118,695	—	118,695
Exchange differences	—	—	(133)	(133)	—	(133)
At 31st December, 2005	—	—	118,562	118,562	—	118,562
At 1st January, 2006	—	—	118,562	118,562	—	118,562
Additions	61,609,930	224,718	23,494	61,858,142	12,074,186	73,932,328
Exchange differences	2,583,084	9,422	10,013	2,602,519	506,227	3,108,746
At 31st December, 2006	64,193,014	234,140	152,069	64,579,223	12,580,413	77,159,636
At 1st January, 2007	64,193,014	234,140	152,069	64,579,223	12,580,413	77,159,636
Additions	47,718,488	895,973	37,409	48,651,870	—	48,651,870
Disposal	—	(240,730)	—	(240,730)	—	(240,730)
Exchange differences	6,291,438	41,924	11,921	6,345,283	864,181	7,209,464
At 31st December, 2007	118,202,940	931,307	201,399	119,335,646	13,444,594	132,780,240
At 1st January, 2008	118,202,940	931,307	201,399	119,335,646	13,444,594	132,780,240
Additions	19,193,693	—	9,979	19,203,672	—	19,203,672
Disposal	—	—	—	—	—	—
Exchange differences	2,370,390	19,855	4,216	2,394,461	286,614	2,681,075
At 31st May, 2008	139,767,023	951,162	215,594	140,933,779	13,731,208	154,664,987
Accumulated amortisation and depreciation:						
At 1st January, 2005	—	—	—	—	—	—
Charge for the year	—	—	11,869	11,869	—	11,869
Exchange differences	—	—	(14)	(14)	—	(14)
At 31st December, 2005	—	—	11,855	11,855	—	11,855

	Construction in progress	Motor vehicles	Furniture and fittings	Sub-total	Interests in leasehold land held for own use under operating leases	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
At 1st January, 2006	—	—	11,855	11,855	—	11,855
Charge for the year	—	33,707	14,012	47,719	96,766	144,485
Exchange differences	—	1,413	1,491	2,904	4,057	6,961
At 31st December, 2006	—	35,120	27,358	62,478	100,823	163,301
At 1st January, 2007	—	35,120	27,358	62,478	100,823	163,301
Charge for the year	—	65,417	17,836	83,253	138,213	221,466
Written back on disposal	—	(64,193)	—	(64,193)	—	(64,193)
Exchange differences	—	2,460	2,583	5,043	12,377	17,420
At 31st December, 2007	—	38,804	47,777	86,581	251,413	337,994
At 1st January, 2008	—	38,804	47,777	86,581	251,413	337,994
Charge for the period	—	39,943	8,721	48,664	61,615	110,279
Written back on disposal	—	—	—	—	—	—
Exchange differences	—	516	951	1,467	4,880	6,347
At 31st May, 2008	—	79,263	57,449	136,712	317,908	454,620
Carrying amount:						
At 31st December, 2005	—	—	106,707	106,707	—	106,707
At 31st December, 2006	64,193,014	199,020	124,711	64,516,745	12,479,590	76,996,335
At 31st December, 2007	118,202,940	892,503	153,622	119,249,065	13,193,181	132,442,246
At 31st May, 2008	139,767,023	871,899	158,145	140,797,067	13,413,300	154,210,367

(a) Construction in progress comprises costs incurred on a Perak magnesium smelter plant not yet completed at 31st May, 2008.

(b) Certain fixed assets are pledged to banks for banking facilities granted to the Group as disclosed in note 16.

(c) An analysis of net book value of properties is as follows:

	31st December,			31st May,
	2005	**2006**	**2007**	**2008**
	HK$	*HK$*	*HK$*	*HK$*
Interests in leasehold land held for own use under long operating leases outside Hong Kong	—	12,479,590	13,193,181	13,413,300

(d) ***Fixed assets held under finance leases***

The Group leases motor vehicles under finance leases expiring in 7 to 9 years. The leases do not include contingent rentals.

During the years ended 31st December, 2006 and 2007, additions to motor vehicles of HK$224,718 and HK$895,973 were financed by new finance leases. At 31st December, 2005, 2006 and 2007 and at 31st May, 2007 and 2008, the net book value of motor vehicle held under finance leases of the Group was HK$Nil, HK$199,020, HK$892,503, HK$186,889 and HK$871,899 respectively.

10 Exploration and evaluation assets

	HK$
Cost:	
At 1st January, 2005	311,432
Additions	1,874,299
Exchange differences	(1,293)
At 31st December, 2005	2,184,438
At 1st January, 2006	2,184,438
Additions	773,068
Exchange differences	198,733
At 31st December, 2006	3,156,239
At 1st January, 2007	3,156,239
Additions	449,019
Exchange differences	234,518
At 31st December, 2007	3,839,776
At 1st January, 2008	3,839,776
Exchange differences	81,857
At 31st May, 2008	3,921,633
Carrying amount:	
At 31st December, 2005	2,184,438
At 31st December, 2006	3,156,239
At 31st December, 2007	3,839,776
At 31st May, 2008	3,921,633

CVM has undertaken various feasibility studies in relation to the mining and extraction of magnesium dolomite since 2004. On 15th June, 2006, CVM entered into an agreement (the "Mining Agreement") with Harta Perak Corporation Sdn. Bhd. ("HPC"), a subsidiary of the Perak State Development Corporation ("SEDC"), a shareholder of the Company. Pursuant to the Mining Agreement, CVM has been granted, at no initial cost, an exclusive right to mine and extract magnesium dolomite from two pieces of land in the state of Perak, Malaysia (the "Dolomite Land") for a period of 20 years, with an option to renew for a further period of 10 years. The Mining Agreement can be early terminated by the Group by signing one month written notice to HPC. CVM is required to pay royalties to HPC based on the volume of dolomite extracted, subject to a monthly minimum payment (see note 20(b)).

Pursuant to two subsequent letters signed on 10th December, 2007 and 12th September, 2008 respectively, effective from 15th December, 2007 onwards, the Company is subject to pay monthly payment of RM15,000 (equivalent to HK$36,145) until the commencement of the mining operation, which is expected in or about March 2009.

HPC has been granted title to the land by the Perak State Government of Malaysia for a period of 60 years until 26th November, 2067. Pursuant to the relevant laws and regulations in Malaysia, HPC is entitled to extract any rock material in or upon the Dolomite Land.

At 31st May, 2008, no commercial mining activities had been conducted on the Dolomite Land and no amortisation charge was made during the Relevant Period.

11 Mining deposit

The amount represents deposit of RM90,000 (equivalent to HK$198,694, HK$212,342 and HK$216,869 at 31st December, 2006, 31st December, 2007 and 31st May, 2008) paid to HPC pursuant to the Mining Agreement (note 10).

12 Other receivables

		31st December,		31st May,
	2005	**2006**	**2007**	**2008**
	HK$	*HK$*	*HK$*	*HK$*
Prepayments, deposits and other receivables	21,541	11,701	6,256,001	14,970,464
Amounts due from related parties (note 21(c))	—	—	—	222,151
	21,541	11,701	6,256,001	15,192,615

Apart from deposits of HK$81,566 (2005: HK$21,541; 2006: HK$8,057 and 2007: HK$71,842), all of the prepayments, deposits and other receivables are expected to be recovered within one year.

13 Cash and cash equivalents

		31st December,		31st May,
	2005	**2006**	**2007**	**2008**
	HK$	*HK$*	*HK$*	*HK$*
Cash and cash equivalents in the combined balance sheets	894	1,516,781	482,332	576,593
Bank balance held as a security	—	—	(47,187)	(48,193)
Cash and cash equivalents in the combined cash flow statements	894	1,516,781	435,145	528,400

Deposits of HK$48,193 as at 31st May, 2008 (2007: HK$47,187) are pledged to a bank for a bank guarantee in favour of a public utilities company.

14 Obligations under finance leases

At 31st December, 2005, 2006, 2007 and 31st May, 2008, the Group had obligations under finance leases repayable as follows:

	31st December, 2005		31st December, 2006		31st December, 2007		31st May, 2008	
	Present value of the minimum lease payments	**Total minimum lease payments**	**Present value of the minimum lease payments**	**Total minimum lease payments**	**Present value of the minimum lease payments**	**Total minimum lease payments**	**Present value of the minimum lease payments**	**Total minimum lease payments**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Within 1 year	—	—	34,018	50,680	81,011	116,646	84,716	119,191
After 1 year but within 2 years	—	—	38,319	50,680	85,659	116,646	89,464	119,191
After 2 years but within 5 years	—	—	106,065	118,187	284,871	349,939	296,876	357,573
Over 5 years	—	—	—	—	343,545	456,823	307,083	327,028
	—	—	144,384	168,867	714,075	923,408	693,423	803,792
	—	—	178,402	219,547	795,086	1,040,054	778,139	922,983
Less: Total future interest expense		—		(41,145)		(244,968)		(144,844)
Present value of lease obligations		—		178,402		795,086		778,139

15 Other payables

	31st December, 2005	31st December, 2006	31st December, 2007	31st May, 2008
	HK$	*HK$*	*HK$*	*HK$*
Other payables and accrued expenses	2,655,824	4,429,711	1,686,167	6,584,491
Amounts due to related parties (note 21(d))	—	4,636,171	20,884,293	36,133,526
	2,655,824	9,065,882	22,570,460	42,718,017

All of the other payables and accrued expenses are expected to be settled within one year.

16 Bank loans

		31st December,		31st May,
	2005	**2006**	**2007**	**2008**
	HK$	*HK$*	*HK$*	*HK$*
Nominal value	—	10,001,411	55,722,000	67,940,445
Less: Transaction costs	—	(3,369,673)	(3,604,686)	(3,686,350)
	—	6,631,738	52,117,314	64,254,095

The bank loans are repayable as follows:

		31st December,		31st May,
	2005	**2006**	**2007**	**2008**
	HK$	*HK$*	*HK$*	*HK$*
Within 1 year	—	—	—	2,123,138
After 1 year but within 2 years	—	—	9,000,696	8,492,556
After 2 years but within 5 years	—	4,416,908	36,002,784	25,477,667
After 5 years	—	5,584,503	10,718,520	31,847,084
	—	10,001,411	55,722,000	67,940,445

The bank loans were granted to CVM and secured by way of:

(i) assignment of interests in leasehold land held for own use under operating leases of CVM;

(ii) first fixed and floating charge on present and future assets of CVM by way of debenture;

(iii) assignment of CVM's right, entitlement and interest in and to all building contracts, design drawings and other contracts pertaining to the magnesium ingot producing project (the "Project");

(iv) assignment of all rights, interest and benefits under insurances undertaken by CVM as part of its operations for the Project;

(v) assignment of all performance bonds or completion guarantee in relation to the Project;

(vi) assignment of all off take proceeds of CVM; and

(vii) corporate guarantee by HWGB amounting to RM142,000,000 (equivalent to HK$313,493,000, HK$335,027,700 and HK$342,170,324 at 31st December, 2006, 31st December, 2007 and 31st May, 2008 respectively) (see note 21(e)).

All of the Group's banking facilities are subject to the fulfilment of covenants, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 19(e). As at 31st December, 2005, 2006 and 2007 and 31st May, 2008, none of the covenants relating to drawn down facilities had been breached.

17 Share capital

The Company was incorporated on 9th November, 2007.

For the purpose of this report, share capital at 31st December, 2005, 2006 and 2007 and 31st May, 2008 represents that of CVM. The new shares in 2005 and 2006 were issued by CVM.

(a) *Authorised and issued share capital*

		31st December,		31st May,
	2005	**2006**	**2007**	**2008**
	HK$	*HK$*	*HK$*	*HK$*
Authorised:				
50,000,000 ordinary shares (2007: 50,000,000; 2006: 50,000,000; 2005: 500,000)	1,025,889	105,921,777	105,921,777	105,921,777
Issued and fully paid:				
At 1st January	200,872	406,252	65,671,502	65,671,502
Issue of new shares	205,380	65,265,250	—	—
At 31st December and 31st May	406,252	65,671,502	65,671,502	65,671,502

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of CVM. All ordinary shares rank equally with regard to CVM's residual assets.

(b) *Increase in authorised share capital*

On 21st March, 2006, the authorised share capital of CVM was increased from RM500,000 (equivalent to HK$1,025,889) divided into 500,000 ordinary shares of RM1 to RM10,000,000 (equivalent to HK$2,051,778) divided into 10,000,000 ordinary shares of RM1 by the creation of 9,500,000 ordinary shares of RM1 each.

On 16th October, 2006, the authorised share capital of CVM was increased from RM10,000,000 (equivalent to HK$2,051,778) divided into 10,000,000 ordinary shares of RM1 to RM50,000,000 (equivalent to HK$105,921,777) divided into 50,000,000 ordinary shares of RM1 by the creation of 40,000,000 ordinary shares of RM1 each.

(c) *Issue of shares*

During the years ended 31st December, 2005 and 2006, CVM issued 10,000 and 30,802,000 new ordinary shares of RM1 each respectively.

(d) ***Capital management***

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Group defines the capital as total shareholders' equity plus loans and borrowings.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Group is not subject to externally imposed capital requirements.

18 Reserves

(a) ***Exchange reserve***

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 1(n).

(b) ***Distributable reserves***

The Company was incorporated on 9th November, 2007 and has not carried out any business since the date of its incorporation. Accordingly, there was no reserve available for distribution to shareholders at 31st December, 2005, 2006 and 2007 and 31st May, 2008.

19 Financial instruments

(a) ***Financial risk management objectives and policies***

Management has adopted certain policies on financial risk management with the objective of:

(i) ensuring that appropriate funding strategies are adopted to meet the Group's short term and long term funding requirements taking into consideration the cost of funding, gearing levels and cash flow projections of each project and that of the Group; and

(ii) ensuring that appropriate strategies are also adopted to manage related interest and currency risk funding.

(b) ***Credit risk***

The Group has no significant credit risk during the Relevant Period as it is still in a development stage.

(c) ***Foreign currency exchange risk***

The Company and its subsidiary are not exposed to significant foreign currency exchange risks as their transactions and balances were substantially denominated in their respective functional currencies.

The operations of the Company's investments in Malaysia are mainly transacted in RM, which is not freely convertible into foreign currencies. Any distributions from these investments in RM may expose the Company to a certain degree of risk resulting from fluctuation in RM against the Hong Kong dollars.

(d) ***Interest rate risk***

The Group's interest rate risk arises primarily from long-term borrowings. Borrowings issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively.

The following table details the interest rate profile of CVM borrowings at the balance sheet date.

	31st December,						31st May,	
	2005		2006		2007		2008	
	Effective interest rate		*Effective interest rate*		*Effective interest rate*		*Effective interest rate*	
	%	*HK$*	*%*	*HK$*	*%*	*HK$*	*%*	*HK$*
Variable rate borrowings:								
- Secured bank loans	—	—	8.6%	10,001,411	8.6%	55,722,000	8.6%	67,940,445
Fixed rate borrowings:								
- Obligations under finance leases	—	—	5.5%	219,547	2.4% - 2.5%	1,040,054	2.4% - 2.5%	922,983
		—		10,220,958		56,762,054		68,863,428

At 31st December, 2006, 2007 and 31st May, 2008, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's loss after tax and combined equity by approximately HK$100,014, HK$557,220 and HK$509,553 respectively.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date.

(e) ***Liquidity risk***

The Group's net current liabilities amounted to HK$2,633,389, HK$7,571,418, HK$15,913,138 and HK$27,033,525 as at 31st December, 2005, 2006 and 2007 and 31st May, 2008 respectively. The Group recorded a net cash inflow/(outflow) from operating activities of HK$1,675,280, HK$345,974, HK$(11,741,003) and HK$(6,686,841) for the years ended 31st December, 2005, 2006 and 2007 and the five months ended 31st May, 2008 respectively. For the same periods, the Group had a net cash outflow to investing activities of HK$1,992,994, HK$74,514,698, HK$48,149,960 and HK$19,203,672 respectively. The Group also recorded a net cash inflow from financing activities of HK$205,380, HK$75,623,546, HK$58,761,984 and HK$25,979,677 for the years ended 31st December, 2005, 2006 and 2007 and the five months ended 31st May, 2008 respectively. The Group had an (decrease)/increase in cash and cash equivalents of HK$(112,334), HK$1,454,822, HK$(1,128,979) and HK$89,164 for the years ended 31st December, 2005, 2006 and 2007 and the five months ended 31st May, 2008 respectively.

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflow from operations to meet its debt obligations as they fall due, and on it ability to obtain external financing, to meet its committed future capital expenditures.

The directors of the Company have carried out a detailed review of the cash flow forecast of the Group for the two years and seven months ending 31st December, 2010. Based on such forecast, the directors have determined that adequate liquidity exists to finance the working capital and capital expenditure requirements of the Group during that period. The directors are of the opinion that the assumptions and sensitivities which are included in the cash flow forecast are reasonable. However, as with all assumptions in regard to future events, these are subject to inherent limitations and uncertainties and some or all of these assumptions may not be realised.

The following table details the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group can be required to pay:

	31st December, 2006					
	Carrying amount	**Total contractual undiscounted cash flow**	**Within 1 year**	**After 1 year but within 2 years**	**After 2 years but within 5 years**	**After 5 years**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Secured bank loans	10,001,411	15,787,765	—	—	6,830,650	8,957,115
Obligations under finance leases	178,402	219,547	50,680	50,680	118,187	—
Amounts due to related parties	4,636,171	4,636,171	4,636,171	—	—	—
Other payables and accruals	4,429,711	4,429,711	4,429,711	—	—	—
	19,245,695	25,073,194	9,116,562	50,680	6,948,837	8,957,115

	31st December, 2007					
	Carrying amount	**Total contractual undiscounted cash flow**	**Within 1 year**	**After 1 year but within 2 years**	**After 2 years but within 5 years**	**After 5 years**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Secured bank loans	55,722,000	78,207,476	—	11,880,643	32,039,978	34,286,855
Obligations under finance leases	795,086	1,040,054	116,646	116,646	349,939	456,823
Amounts due to related parties	20,884,293	20,884,293	20,884,293	—	—	—
Other payables and accruals	1,686,167	1,686,167	1,686,167	—	—	—
	79,087,546	101,817,990	22,687,106	11,997,289	32,389,917	34,743,678

The following table details the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group can be required to pay: (continued)

	31st May, 2008					
	Carrying amount	Total contractual undiscounted cash flow	Within 1 year	After 1 year but within 2 years	After 2 years but within 5 years	After 5 years
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Secured bank loans	67,940,445	95,528,935	3,676,950	14,330,753	26,466,684	51,054,548
Obligations under finance leases	778,139	922,983	119,191	119,191	357,573	327,028
Amounts due to related parties	36,133,526	36,133,526	36,133,526	—	—	—
Other payables and accruals	6,584,491	6,584,491	6,584,491	—	—	—
	111,436,601	139,169,935	46,514,158	14,449,944	26,824,257	51,381,576

(f) ***Fair values***

Recognised financial instruments

In respect of cash and cash equivalents, other receivables and other payables, the carrying amounts approximate fair value due to the relatively short term nature of these financial instruments.

The aggregate fair values of other financial assets and liabilities carried on the balance sheet as at 31st December, 2005, 2006, 2007 and 31st May, 2008 are shown below:

	31st December,						31st May,	
	2005		2006		2007		2008	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Financial liabilities								
- Secured bank loans	—	—	6,631,738	6,631,738	52,117,314	52,117,314	64,254,095	64,254,095
- Obligations under finance leases	—	—	178,402	178,402	795,086	795,086	778,139	778,139

The fair values of secured bank loans have been determined by discounting the relevant cash flows using current interest rates for similar instruments at the balance sheet date.

20 Commitments

(a) ***Capital commitments***

Capital commitments outstanding as at 31st December, 2005, 2006 and 2007 and 31st May, 2008 not provided for in the Financial Information were as follows:

	31st December,			31st May,
	2005	**2006**	**2007**	**2008**
	HK$	*HK$*	*HK$*	*HK$*
Contracted for	1,246,900	282,753,444	278,991,403	270,552,376
Authorised but not contracted for	—	11,480,040	20,868,888	21,465,585
	1,246,900	294,233,484	299,860,291	292,017,961

(b) ***Future minimum royalty payments***

Pursuant to the Mining Agreement (note 10), the royalties to HPC are subject to a monthly minimum payment of RM30,000 (equivalent to HK$72,289) for a period of 20 years, unless early terminated by the Group by giving one month written notice to HPC. The total minimum royalties amounted to RM7,200,000 (equivalent to HK$17,349,481).

(c) ***Operating lease commitments***

At 31st December, 2005, 2006 and 2007 and 31st May, 2008, the total minimum lease payments under non-cancellable operating leases are payable as follows:

	31st December,			31st May,
	2005	**2006**	**2007**	**2008**
	HK$	*HK$*	*HK$*	*HK$*
Within 1 year	—	—	198,185	159,422
After 1 year but within 5 years	—	—	—	106,603
After 5 years	—	—	—	—
	—	—	198,185	266,025

(d) ***Environmental contingencies***

To date, the Group has not incurred any significant expenditures for environment remediation and has not accrued any amounts for environmental remediation relating to its operations. Under existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Group. Laws and regulations protecting the environment have generally become more stringent in recent years and could become more stringent in the future. Environmental liabilities are subject to considerable uncertainties which affect the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include:

(i) the exact nature and extent of the contamination at the mines and processing plants;

(ii) the extent of required cleanup efforts;

(iii) varying costs of alternative remediation strategies;

(iv) changes in environmental remediation requirements; and

(v) the identification of new remediation sites.

The amount of such future cost is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under proposed for future environmental legislation cannot be reasonably estimated at present and could be material.

21 Related party transactions

During the Relevant Period, in addition to the transactions and balances disclosed in notes 10, 11, 12, 15 and 16 to the Financial Information, transactions with the following parties are considered as related party transactions.

Name of party	**Relationship**
HWGB	Immediate and ultimate holding company
Ho Wah Genting Poipet Resorts Sdn. Bhd. ("HWGP")	Associate of HWGB
Ho Wah Genting Trading Sdn. Bhd. ("HWGTSB")	Fellow subsidiary of CVM
CVM Minerals Limited	Fellow subsidiary of CVM
Mr. Chong Wee Chong	Director of CVM

Particulars of significant transactions between the Group and the above related parties during the Relevant Period are as follows:

(a) ***Recurring transactions***

	Year ended 31st December,			Five months ended 31st May,	
	2005	**2006**	**2007**	**2007**	**2008**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
Rent paid to:					
HWGB	—	—	190,666	78,878	85,000
Secretarial fees payable to:					
HWGB	—	—	—	—	18,214
Purchase of air tickets from:					
HWGP	—	71,124	244,862	4,440	243,595

The directors of the Company are of the opinion that the above related party transactions were conducted on normal commercial terms and were priced with reference to prevailing market prices, and in the ordinary course of business. The directors have confirmed that the above transactions will continue in the future after the listing of the Company's shares on The Stock Exchange of Hong Kong Limited ("SEHK").

(b) ***Non-recurring transactions***

	Year ended 31st December,			Five months ended 31st May,	
	2005	**2006**	**2007**	**2007**	**2008**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
Consultancy fee paid to:					
Mr. Chong Wee Chong	147,874	—	—	—	—

The directors of the Company are of the opinion that the above related party transaction was conducted on normal commercial terms and was priced with reference to prevailing market prices, and in the ordinary course of business. The directors have confirmed that the above transaction will not continue in the future after the listing of the Company's shares on the SEHK.

(c) ***Amounts due from related parties***

	31st December, 2005	31st December, 2006	31st December, 2007	31st May, 2008
	HK$	*HK$*	*HK$*	*HK$*
CVM Minerals Limited	—	—	—	222,151

Amounts due from related parties are unsecured, interest free and expected to be repaid within one year.

(d) ***Amounts due to related parties***

	31st December, 2005	31st December, 2006	31st December, 2007	31st May, 2008
	HK$	*HK$*	*HK$*	*HK$*
HWGB	—	4,194,631	20,884,293	36,130,784
HWGTSB	—	441,540	—	—
HWGP	—	—	—	2,742
	—	4,636,171	20,884,293	36,133,526

Amounts due to related parties are unsecured, interest free and expected to be repaid within one year. The balances will be repaid prior to the listing of the Company's shares on the SEHK.

(e) ***Guarantees***

Guarantees totalling RM142,000,000 (equivalent to HK$313,493,000, HK$335,027,700 and HK$342,170,324 at 31st December, 2006, 31st December, 2007 and 31st May, 2008 respectively) were given by HWGB against bank loans granted to the Group at 31st December, 2006, 31st December, 2007 and 31st May, 2008 respectively as disclosed in note 16.

The directors have confirmed that the above guarantees will be released upon the listing of the Company's shares on the SEHK.

(f) ***Exploration rights***

Pursuant to the Mining Agreement, CVM has been granted an exclusive right to mine and extract magnesium dolomite from the Dolomite Land at no initial cost. Expenditures of HK$1,874,299, HK$773,068, HK$449,019 and HK$Nil have been incurred for the exploration in such locations and capitalised as exploration and evaluation assets for the years ended 31st December, 2005, 2006 and 2007 and the five months ended 31st May, 2008 respectively (see note 10).

22 Significant accounting estimates and judgements

In determining the carrying amounts of certain assets and liabilities, the Group makes assumptions of the effects of uncertain future events on those assets and liabilities at the balance sheet date. These estimates involve assumptions about such items as risk adjustment to cash flows or discount rates used, future changes in salaries and future changes in prices affecting other costs. The Group's estimates and assumptions are based on the expectations of future events and are reviewed periodically. In addition to assumptions and estimations of future events, judgements are also made during the process of applying the Group's accounting policies.

(a) ***Useful lives of property, plant and equipment***

The management determines the estimated useful lives of and related depreciation charges for its property, plant and equipment. This estimate is based on the actual useful lives of assets of similar nature and functions. It could change significantly as a result of significant technical innovations and competitor actions in response to industry cycles. Management will increase the depreciation charges where useful lives are less than previously estimated lives, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) ***Impairment of assets***

The Group reviews the carrying amounts of the assets at each balance sheet date to determine whether there is objective evidence of impairment. When indication of impairment is identified, management prepares discounted future cashflow to assess the differences between the carrying amount and value in use and provided for impairment loss. Any change in the assumptions adopted in the cash flow forecasts would increase or decreased in the provision of the impairment loss and affect the Group's net asset value.

An increase or decrease in the above impairment loss would affect the net profit in future years.

(c) ***Going concern basis***

Management makes an assessment of the Group's ability to continue as a going concern when preparing the Financial Information. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, two years and seven months from the balance sheet date. The degree of consideration depends on the facts in each case.

The Group is dependent upon the ongoing support of its ultimate holding company to ensure that adequate undertaking is available to meet the Group's future working capital and financing requirements. Management believes the Group is able to continue as a going concern after taking into account the undertaking granted by its ultimate holding company. Accordingly, management has prepared the Financial Information on a going concern basis. An adverse change in any of the above conditions would require the Financial Information to be prepared on an alternative authoritative basis and such basis, together with the fact that the Financial Information is not prepared on a going concern basis, would need to be disclosed. If the Group were unable to continue as a going concern, adjustments relating to the recoverability and classification of recorded asset amounts or classification of liabilities may need to be incorporated in the Financial Information.

23 Financial information of the Company

The Company was incorporated on 9th November, 2007. The issued and paid up capital as at the date of incorporation was HK$0.1. The Company has not carried on any business since its date of incorporation.

Details of the related party transactions between the Company and CVM are set out in note 21(c).

24 Possible impact of amendments, new standards and interpretations issued but not yet effective for the accounting period beginning on 1st January, 2008

Up to the date of issue of these Financial Information, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the accounting period beginning on 1st January, 2008 and which have not been adopted in the Financial Information.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

D SUBSEQUENT EVENTS

The following significant events took place subsequent to 31st May, 2008:

1 Corporate reorganisation

On 14th October, 2008, the Group completed the Reorganisation to rationalise the Group's Structure in preparation for the listing of the Company's shares on the SEHK. Further details of the Reorganisation are set out in the Section headed "Introduction of the Company into the Group structure" in Appendix VII to the Prospectus and Section A above. As a result of the Reorganisation, the Company became the holding company of the Group.

2 Valuation of properties

For the purpose of the listing of the Company's shares on the Main Board of the SEHK, the properties of the Group were valued at 31st August, 2008 by Grant Sherman Appraisal Limited.

3 Secure of new bank facility

On 22nd September, 2008, CVM has secured a new bank facility from Bank Kerjasama Rakyat Berhad ("Bank Rakyat") amounted to RM 147 million (equivalent to HK$332 million) to refinance its existing bank facility from Bank Pembangunan Malaysia Berhad. The new bank facility bears a fixed interest rate of 8.5% and is expected to be repaid by installments through 2019. The facility is secured by way of:

(i) first fixed legal charge on present assets of CVM by way of debenture;

(ii) assignment of CVM's rights, entitlement and interest in and to all building contracts, design drawing and other contracts pertaining to the Project;

(iii) assignment of all CVM's rights, benefit and interests under insurances undertaken by CVM as part of its operations for the Project;

(iv) assignment of all off take proceeds of CVM;

(v) assignment over revenue account and monies standing to the credit of the revenue account, in favour of Bank Raykat;

(vi) the corporate guarantee of HWGB, which will be released upon the listing of the Company's shares on the SEHK; and

(vii) the corporate guarantee of the Company, after the listing of the Company's shares on the SEHK.

In addition, the bank facility is also subject to the fulfillment of certain financial covenants.

E IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31st May, 2008, the directors consider the immediate parent and ultimate controlling party of the Company to be Ho Wah Genting Berhad, which is incorporated in Malaysia. This entity produces consolidated financial statements available for public use.

F SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company in respect of any period subsequent to 31st May, 2008.

Yours faithfully,
KPMG
Certified Public Accountants
Hong Kong