North Mining Shares Company Limited
北方礦業股份有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 433)

Annual Report 2009

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Chiu Yeung *(Chairman and Chief Executive Officer)*
Jin Jiu Xin *(Deputy Chairman)*
Zhao Qing
Zhang Jia Kun
Chai Ming

Independent Non-executive Directors

Mu Xiangming
Cheng Chak Ho
Lo Wa Kei Roy

COMPANY SECRETARY AND AUTHORISED REPRESENTATIVE

Yuen Wing Kwan

AUDIT COMMITTEE

Mu Xiangming
Cheng Chak Ho
Lo Wa Kei Roy

REMUNERATION COMMITTEE

Lo Wa Kei Roy
Chiu Yeung
Cheng Chak Ho

AUDITORS

Elite Partners CPA Limited
Certified Public Accountants

PRINCIPAL BANKERS

Citibank
Standard Chartered Bank (Hong Kong) Limited
HSBC
CITIC Ka Wah Bank Limited
Wing Hang Bank Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Rooms 3609-10, 36/F
China Resources Building
No. 26 Harbour Road
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26/F, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

LISTING INFORMATION

Stock Code: 433, Hong Kong

WEBSITE

www.northmining.com.hk

CHAIRMAN'S STATEMENT

To the shareholders,

On behalf of the board of directors (the "Board"), I am pleased to present the annual report of North Mining Shares Company Limited (the "Company", together with its subsidiaries, collectively the "Group") for the year ended 31 December 2009.

BUSINESS REVIEW

In 2009, after the breakout of the global financial crisis, many countries launched a series of unprecedented stimulus packages one after the other that have yielded significant effects. With our focus on the development of mining operations, I believe the mining business will contribute considerable profit to the Company in the coming years.

Mining, one of the principal activities of the Group, recorded a turnover of approximately HK$70,671,000 for the year ended 31 December 2009 (2008: nil). On 5 July 2009, the Company entered into an acquisition agreement to acquire 65% of equity interests in Shaanxi Province Luo Nan Xian Jiu Long Kuang Ye Company Limited ("Jiu Long Kuang Ye"), which holds the exploitation and exploration rights to a molybdenum mine located in Shaanxi Province. The acquisition was approved by the shareholders in the special general meeting of the Company held on 2 December 2009. The Company decided to enhance the molybdenum ore production and processing capacity from 10,000 tonnes per day to 38,000 tonnes per day by 2013. Therefore, a new processing plant is being built at Wanghegou to increase the processing capacity, save production (including transportation) costs, and to reach optimum economies of scale.

Jilin Province Rui Sui Kuang Ye Company Limited ("Rui Sui Kuang Ye"), a subsidiary of the Company, owns the exploration right to an iron mine located at Da Nan Gou, Jin Dou Xiang, Tong Hua in Jilin Province in the PRC covering an area of approximately 4.17 km^2, together with the exploration right to a molybdenum mine located at 吉林省白山市撫松縣 (Fu Song Xian, Baishan City, Jilin Province) in the PRC (the "Jilin Molybdenum Mine"), covering an area of approximately 9.35 km^2. According to the research report issued by 吉林省地礦勘察設計研究院 in November 2009, the estimated reserves of gold and molybdenum in the Jilin Molybdenum Mine are approximately over 10 tonnes and over 400,000 tonnes respectively.

IN THE FUTURE

According to the forecasts by certain major international economic organizations, in 2010, the global economic environment will improve steadily and the PRC's economy will show strong growth momentum. Hence, the overall global business environment for the mining industry will become more positive in 2010.

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

APPRECIATION

Finally, I would like to take this opportunity to express our sincere gratitude to our shareholders for their trust and continuous support, and to all the directors, the management and staff for their continuous hard work and dedication over the years.

Chiu Yeung
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL FINANCIAL PERFORMANCE

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

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

BUSINESS REVIEW

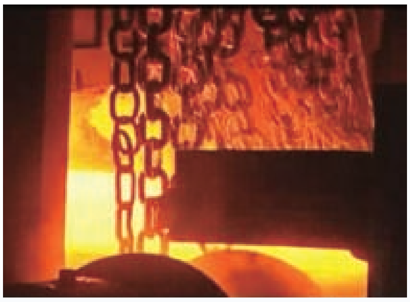
The principal activities of the Group are (i) mining operations – exploitation and exploration; (ii) property leasing operations; (iii) property management operations; and (iv) securities trading. A detailed analysis of each of these business segments is summarized below:

Mining Operations

Exploitation

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

MANAGEMENT DISCUSSION AND ANALYSIS



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

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

Exploration

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

During the year under review, the Group invested approximately HK$43,672,000 into Rui Sui Kuang Ye as capital for undertaking exploration work on the iron and molybdenum mine. According to the research report issued by Survey and Design Institute of Geology and Mineral Resources of Jilin Province (吉林省地礦勘察設計研究院), the estimated reserves of iron, gold and molybdenum in the mine operated by Rui Sui Kuang Ye are approximately over 4 million tonnes, 10 tonnes and over 400,000 tonnes respectively. As a result, when compared to the value at RMB779,000,000 as at 31 December 2008, the fair value of the mine exploration rights held by Rui Sui Kuang Ye increased significantly to approximately HK$3.3 billion as at 31 December 2009 as valued by an independent professional valuer.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Property Developments and Leasing

Xian, the PRC

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

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

Changchun, the PRC

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Property Management

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

Other Business

Securities Trading

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

Interests in Associates

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

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

DIVIDENDS

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

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally financed its operations with internally generated cashflow. During the year under review, the Group recorded a net cash outflow of approximately HK$25,220,000 (2008: cash outflow of HK$50,845,000) which was mainly due to the capital investment in exploration of mineral mines during the year. Nevertheless, with the significant amounts of cash on hand amounted to approximately HK$94,698,000 as at 31 December 2009 (2008: HK$126,984,000), the Board considered that the Group's liquidity position is healthy.

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

The Group is of good liquidity and sufficient solvent ability. As at 31 December 2009, the Group's current ratio was approximately 2.41 (2008: approximately 18.8). The decrease in current ratio was mainly due to the increase in current liabilities in the Group's mining operation through a newly acquired subsidiary during the year under review.

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

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

CAPITAL STRUCTURE AND TREASURY POLICIES

Capital Structure

The Group's capital structure as at 31 December 2009 mainly comprised current assets of approximately HK$300,719,000 (2008: HK$234,661,000), current liabilities of approximately HK$124,561,000 (2008: HK$12,471,000) and shareholders' equity of approximately HK$3,671,592,000 (2008: HK$1,306,467,000).

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Treasury Policies

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

BANK BORROWING AND CHARGES OF GROUP ASSETS

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

CONTINGENT LIABILITIES

As at 31 December 2009, the Group did not have significant contingent liabilities (2008: Nil).

MATERIAL ACQUISITIONS

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

HUMAN RESOURCES AND REMUNERATION POLICY

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

BIOGRAPHICAL DETAILS OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Chiu Yeung, aged 37, was appointed as an executive director of the Company on 25 February 2002 and is also a director of certain subsidiaries of the Group. He was appointed as the chief executive officer of the Company on 12 January 2007 and was elected as Chairman of the Board on 9 December 2009. Mr. Chiu graduated from Shanghai Finance and Economic University in 1995 and then held management positions in such businesses as trading, real estates and finance in the PRC. He is well experienced in management, property investment and finance. He is also a director of Universal Union Limited ("Universal Union") and China Wan Tai Group Limited ("China Wan Tai"), the controlling shareholders of the Company.

Mr. Jin Jiu Xin, aged 58, was appointed as an executive director of the Company on 28 February 2006, is currently a director of certain subsidiaries of the Group and was appointed as the deputy chairman of the Board on 12 January 2007. Mr. Jin had previously worked in managerial posts of various companies in the PRC, where he specialised in administration, property development, and business dispute resolution in Hong Kong and the PRC.

Mr. Zhao Qing, aged 48, was appointed as an executive director of the Company on 14 August 2009. He graduated from Shanghai University of Finance and Economics with a Master Degree in Investment and Economics in 1998. He has extensive experience in management and had been the deputy chief executive officer of Wan Tai Group Limited, the general manager of Guo Qin Investment Company Limited and the financial controller and chairman of Song Liao Automobile Company Limited.

Mr. Zhang Jia Kun, aged 62, was appointed as an executive director of the Company on 14 August 2009. He graduated from Shanghai Education College and Shanghai Business College where he majored in professional mathematics and financial management respectively. He has extensive experience in financial management. Currently, he is the general manager of finance of Wan Tai Group Limited and the legal representative and chairman of the Company's wholly-owned subsidiary Shanghai Yuan Bei Trading Company Limited.

Mr. Chai Ming, aged 51, was appointed as an executive director of the Company on 26 August 2009. He has extensive experience in business commencement and management in the environmental protection and energy domains. He is the chairman of Zhongxing Keyang Energy & Environment Protection Company Limited, Hero Sunny Investment Limited (Hong Kong) and Yan An Ke Lin Re Dian Company Limited respectively.

BIOGRAPHICAL DETAILS OF DIRECTORS

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Mu Xiangming, aged 54, was appointed as an independent non-executive director of the Company on 20 April 2001. He is also the Chairman of the Audit Committee of the Company. Mr. Mu graduated from Fudan University (Shanghai) Law School with an L.L.B. and from University of Oregan (USA) Law School with an L.L.M. Mr. Mu had been a member of Shanghai Municipal Government Foreign Economic Trade Committee from 1983 to 1986 and a practicing lawyer in a US law firm for nearly four years. He is now a partner of a law firm in Shanghai, the PRC.

Dr. Cheng Chak Ho, aged 40, was appointed as an independent non-executive director of the Company on 12 April 2001. He has extensive experience in valuations of all kinds of property, plant and machinery, and businesses. Dr. Cheng has also been involved in valuations of several major infrastructure projects in the Asia Pacific Rim. He has experience of property agency, investment dealings and property development. Among others, he is a senior member of the Canadian Institute of Management, a member of the Hong Kong Institute of Surveyors and a member of American Society of Mechanical Engineers. Dr. Cheng holds a Bachelor of Science in Building from the City University of Hong Kong, a Master Degree in Urban Design from the University of Hong Kong, a Master of Science in Engineering (Mechanical Engineering) and a Doctor of Philosophy in Economics from the University of Brighton, USA.

Mr. Lo Wa Kei Roy, aged 38, was appointed as independent non-executive director of the Company on 25 September 2004. He is a fellow member of the Hong Kong Institute of Certified Public Accountants (Practicing), a member of Institute of Chartered Accountant of England and Wales, a fellow member of the Association of Chartered Certified Accountants, a fellow member of CPA Australia and a member of the Hong Kong Securities Institute. Mr. Lo has over 16 years experience in auditing, accounting and finance. In addition, he is also currently an independent non-executive director of Sun Hing Vision Group Holdings Limited, Time Infrastructure Holdings Limited, and China Zhongwang Holdings Limited, all companies listed on the Stock Exchange.

REPORT OF THE DIRECTORS

The directors of the Company (the "Directors") present their report and the audited financial statements of the Group for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and property investment. The principal activities of the Group are mining operations – exploitation and exploration, property leasing operations and property management operations. Details of the Group's principal subsidiaries are set out in Note 19 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

An analysis of the principal activities and geographical locations of the operations of the Group during the financial year are set out in Note 6 to the consolidated financial statements.

FINANCIAL STATEMENTS

The results of the Group for the year ended 31 December 2009 and the state of the Company's and the Group's affairs as at 31 December 2009 are set out in the consolidated financial statements on pages 27 to 31.

The cashflows of the Group are set out in the consolidated financial statements on pages 33 to 34.

The Directors do not recommend the payment of any dividend nor transfer of any amount to reserves in respect of the year ended 31 December 2009 (2008: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

During the year under review, the Group's single largest customer and supplier accounted for approximately 7% (2008: 75%) and 6% (2008: 93%) respectively, of the Group's total operating revenue. The Group's five largest customers and suppliers accounted for approximately 32% (2008: 78%) and 48% (2008: 94%) respectively, of the Group's total operating revenue.

At no time during the year have the Directors, their associates or any shareholder of the Company (which, to the knowledge of the Directors, owns more than 5% of the Company's share capital) had any interest in these major customers and suppliers.

RESERVES

Details of movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 32 and Note 27 to the consolidated financial statements.

REPORT OF THE DIRECTORS

DISTRIBUTABLE RESERVE

Details of the amount of the Company's reserve distributable to shareholders as at 31 December 2009 are set out in Note 27 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year are set out in Note 15 to the consolidated financial statements.

SUBSIDIARIES

The particulars of the Company's principal subsidiaries as at 31 December 2009 are set out in Note 19 to the consolidated financial statement.

SHARE CAPITAL

Details of movements in share capital of the Company during the year are set out in Note 26 to the consolidated financial statements.

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

Pursuant to Rule 13.51B(1) of the Rules Governing the listing of securities of The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the changes of directors' biographical details are set out below:–

1. Mr. Chiu Yeung was appointed as the chairman of the Board on 9 December 2009.

2. Mr. Lo Wa Kei Roy was appointed as an independent non-executive director of China Zhongwang Holdings Limited, a company listed on the Stock Exchange, during the year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year ended 31 December 2009.

SHARE OPTION SCHEME

The Group currently does not have any share option scheme.

REPORT OF THE DIRECTORS

DIRECTORS

The Directors during the financial year and up to the date of this report were:

Executive Directors
Chiu Yeung *(Chairman and Chief Executive Officer)*
Jin Jiu Xin *(Deputy Chairman)*
Zhao Qing *(appointed on 14 August 2009)*
Zhang Jia Kun *(appointed on 14 August 2009)*
Chai Ming *(appointed on 26 August 2009)*
Gao Yuan Xing *(appointed on 3 September 2009 and resigned on 12 March 2010)*
Ji Jian Xun *(resigned on 9 December 2009)*
Qian Yi Dong *(appointed on 26 March 2009 and resigned on 26 August 2009)*
He Hui Min *(resigned on 26 March 2009)*

Independent Non-executive Directors
Mu Xiangming
Cheng Chak Ho
Lo Wa Kei Roy
Li Mei *(resigned on 2 June 2009)*

In accordance with the Company's bye-law 86(2), Mr. Zhao Qing, Mr. Zhang Jia Kun and Mr. Chai Ming will hold the office only until the forthcoming annual general meeting, and being eligible, offer themselves for re-elections at the forthcoming annual general meeting.

In accordance with the Company's bye-laws 87(1) and (2), Mr. Jin Jiu Xin, Mr. Lo Wa Kei Roy and Dr. Cheng Chak Ho will retire from office by rotation, and all of them being eligible, offer themselves for re-elections at the forthcoming annual general meeting.

DIRECTORS' INTERESTS IN SHARES

As at 31 December 2009, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follow:

Name of directors	Capacity	Number of shares held	Approximate percentage interest in the issued share capital of the Company
Chiu Yeung *(Note 1)*	Held by controlled corporation	468,750	0.0048%
Gao Yuan Xing *(Note 2)*	Beneficial owner	1,000,000	0.01%

Notes:

1. Mr. Chiu Yeung was beneficially interested in the entire issued share capital of Jin Tai Finance Company Limited ("Jin Tai"). Jin Tai held 468,750 shares in the Company.

2. Mr. Gao Yuan Xing resigned as executive Director on 12 March 2010.

3. All interests stated above represent long position.

Save as disclosed above, as at 31 December 2009, none of the Directors or the chief executive of the Company, or any of their associates, had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTEREST IN SHARES

As at 31 December 2009, according to the register kept by the Company pursuant to Section 336 of the SFO, and so far as was known to the Directors or chief executive of the Company, the following persons had, or was deemed or taken to have, an interest or short position in the shares or underlying shares of the Company:

Name of shareholders	Capacity	Number of shares held	Approximate percentage interest in the issued share capital of the Company
Qian Yong Wei *(Note 1)* ("Mr. Qian")	Held by controlled corporation	5,871,678,552	60.56%
Xu Zhe Cheng *(Note 2)* ("Ms. Xu")	Held by spouse	5,871,678,552	60.56%
China Wan Tai Group Limited ("China Wan Tai") *(Note 3)*	Held by controlled corporation	5,871,678,552	60.56%
Universal Union Limited ("Universal Union")	Beneficial owner	5,871,678,552	60.56%

Notes:

1. Mr. Qian held 95% interest in China Wan Tai. China Wan Tai held 100% interest in Universal Union. Universal Union held 5,871,678,552 shares in the Company.

2. Ms. Xu is the spouse of Mr. Qian. The interest of Mr. Qian was deemed to be Ms. Xu's interest.

3. These shares are held by Universal Union, a wholly owned subsidiary of China Wan Tai which is in turn beneficially owned by Mr. Qian and Ms. Xu as to 95% and 5% respectively.

4. All interests stated above represent long position.

Save as disclosed above, the Directors and chief executive of the Company were not aware of any persons who, as at 31 December 2009, had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO and/or, who was, directly or indirectly, interested in 5% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year under review were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them, or was the Company, its holding company or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in the Company or any other body corporate.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

The Directors' remuneration for the year is set out in Note 9 to the consolidated financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

There was no contract of significance in relation to the Group's business to which the Company, any of its holding companies or fellow subsidiaries was a party, in which a Director had a material interest, subsisted at the end of the year under review or at any time during the year under review.

RELATED PARTY TRANSACTIONS

Details of the related party transactions during the year are set out in Note 37 to the consolidated financial statements.

COMPETING INTERESTS

The Directors believe that none of the Directors and their respective associates had an interest, directly or indirectly, in a business which competes or may compete with the business of the Group

REPORT OF THE DIRECTORS

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's bye-laws or the law of Bermuda.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's issued share capital were held by members of the public as at the date of this report.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 105 of this annual report.

AUDIT COMMITTEE

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

AUDITORS

Messrs. M.C. Ng & Co. were appointed as the auditors of the Company at the Company's special general meeting held on 11 April 2007 in succession to Messrs. HLB Hodgson Impey Cheng who resigned from the office on 14 March 2007.

Elite Partners CPA Limited were appointed as the auditors of the Company at the Company's special general meeting held on 24 January 2008 in succession to Messrs. M.C. Ng & Co. who resigned from the office on 1 November 2007.

Elite Partners CPA Limited will retire and, being eligible, offer themselves for re-appointment as auditors of the Company at the forthcoming annual general meeting.

A resolution for the re-appointment of Elite Partners CPA Limited as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Chiu Yeung
Chairman of the Board and Chief Executive Officer

Hong Kong, 29 March 2010

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PRACTICES

The Board believes that good corporate governance is crucial to improve the efficiency and performance of the Group and to safeguard the interests of the shareholders. Throughout the year ended 31 December 2009, the Company had applied the principles of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules and complied with all the applicable code provisions of the Code, except for a deviation from the Code provision A.2.1, that the roles of chairman and chief executive officer should not be performed by the same individual.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

For the year ended 31 December 2009, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the year ended 31 December 2009, and they have all confirmed that they had fully complied with the required standard set out in the Model Code.

BOARD OF DIRECTORS

Composition

Directors during the year and up to the date of this report are as follows:

Executive Directors
Chiu Yeung *(Chairman and Chief Executive Officer)*
Jin Jiu Xin *(Deputy Chairman)*
Zhao Qing *(appointed on 14 August 2009)*
Zhang Jia Kun *(appointed on 14 August 2009)*
Chai Ming *(appointed on 26 August 2009)*
Gao Yuan Xing *(appointed on 3 September 2009 and resigned on 12 March 2010)*
Ji Jian Xun *(resigned on 9 December 2009)*
Qian Yi Dong *(appointed on 26 March 2009 and resigned on 26 August 2009)*
He Hui Min *(resigned on 26 March 2009)*

Independent Non-executive Directors
Mu Xiangming
Cheng Chak Ho
Lo Wa Kei Roy
Li Mei *(resigned on 2 June 2009)*

For the year ended 31 December 2009, the Board had at all times at least one independent non-executive Director who has appropriate professional qualifications or accounting or related financial management expertise.

REPORT ON CORPORATE GOVERNANCE

The principal roles of the Board are to oversee the strategic development, to determine the objectives, strategies and policies of the Group, to monitor and control the financial performance and to ensure effective internal controls and risk management. Implementation of strategies and day-to-day operations are delegated to the management.

During the year, four Board meetings were held and the attendance records are as follows:

Name of Directors	Number of Board Meetings Attended	Attendance Rate
Chiu Yeung	4/4	100%
Jin Jiu Xin	4/4	100%
Zhao Qing (appointed on 14 August 2009)	1/1	100%
Zhang Jia Kun (appointed on 14 August 2009)	1/1	100%
Chai Ming (appointed on 26 August 2009)	1/1	100%
Gao Yuan Xing (appointed on 3 September 2009 and resigned on 12 March 2010)	1/1	100%
Ji Jian Xun (resigned on 9 December 2009)	3/4	75%
Qian Yi Dong (appointed on 26 March 2009 and resigned on 26 August 2009)	2/2	100%
He Hui Min (resigned on 26 March 2009)	0/1	0%
Mu Xiangming	2/4	50%
Cheng Chak Ho	4/4	100%
Lo Wa Kei Roy	2/4	50%
Li Mei (resigned on 2 June 2009)	2/2	100%

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

REPORT ON CORPORATE GOVERNANCE

NON-EXECUTIVE DIRECTORS

All the independent non-executive Directors of the Company were appointed for an initial term of one year except for Ms. Li Mei who, was appointed for an initial term of three years, had resigned on 2 June 2009. All Directors appointed to fill a casual vacancy are subject to re-election by shareholders at the next general meeting; and Directors newly appointed during the year are subject to re-election by shareholders at the next annual general meeting after their appointment and every Director (including those appointed for a specific term) is subject to retirement by rotation at least once every three years in accordance with the bye-laws of the Company.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of their independency pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Company does not have a nomination committee as the role and function of such committee are performed by the Board.

The Board is responsible for considering and approving the appointment of its members and making recommendations to shareholders on Directors standing for re-election, providing sufficient biographical details of Directors to enable shareholders to make an informed decision on the re-election, and where necessary, nominate and appoint Directors to fill casual vacancies. The chairman may in conjunction with the other Directors from time to time review the composition of the Board with particular regard to ensuring that there is an appropriate number of Directors on the Board independent of management.

According to the bye-laws of the Company, any Director appointed by the Board as an additional Director shall hold office only until the next annual general meeting, and the next general meeting if appointed to fill a casual vacancy, but is eligible for re-appointment by the shareholders.

In addition, pursuant to the Company's bye-laws, all Directors are subject to re-election by shareholders at the annual general meeting at least once every three years on a rotational basis. Details of those Directors who are retiring by rotation and seeking re-election at the forthcoming annual general meeting are set out in the shareholders' circular dated 28 April 2010.

REMUNERATION OF DIRECTORS

The Remuneration Committee of the Company was established in May 2006. The current members of the Remuneration Committee are:

Lo Wa Kei Roy (Chairman of the Committee), Independent Non-executive Director
Cheng Chak Ho, Independent Non-executive Director
Chiu Yeung, Chairman of the Board, Executive Director and Chief Executive Officer

The Remuneration Committee has adopted terms of reference which are in line with the Code.

The Remuneration Committee met once during the year to discuss the remuneration package of the newly appointed Directors. All members attended the meeting.

AUDITOR'S REMUNERATION

An amount of approximately HK$600,000 (2008: HK$400,000) was charged to the Group's consolidated financial statement for the year ended 31 December 2009 for the auditing services provided by Elite Partners CPA Limited. There was no non-audit service assignment provided by Elite Partners CPA Limited during the year (2008: HK$300,000).

AUDIT COMMITTEE

Current members of the Audit Committee are:

Mu Xiangming (Chairman of the Committee), Independent Non-executive Director
Cheng Chak Ho, Independent Non-executive Director
Lo Wa Kei Roy, Independent Non-executive Director

The Audit Committee has adopted terms of reference which are in line with the Code.

The Audit Committee held two meetings during the year ended 31 December 2009. Details of the attendance of the Audit Committee meetings are as follows:

Name of Members	**Attendance**
Mu Xiangming *(Chairman)*	2/2
Cheng Chak Ho	2/2
Lo Wa Kei Roy	2/2

The financial statements for the year ended 31 December 2009 have been reviewed by the Audit Committee.

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE COMMITTEE AND FINANCIAL REPORTING COMMITTEE

In order to further strengthen the Company's corporate governance, the Company established the following committees on 12 January 2008:

Corporate Governance Committee

Current members of the Corporate Governance Committee are:

Mr. Jin Jiu Xin (Chairman of the committee), the Deputy Chairman of the Board and Executive Director
Mr. Zhao Qing, Executive Director
Dr. Cheng Chak Ho, Independent Non-executive Director

The major responsibilities of the Corporate Governance Committee are to oversee the Company's corporate governance matters and to ensure that the Company has complied with the Code.

The Corporate Governance Committee held one meeting during the year ended 31 December 2009. Details of the attendance of the Corporate Governance Committee meeting are as follows:

Name of Members	Attendance
Jin Jiu Xin *(Chairman)*	1/1
Zhao Qing (appointed as member on 9 December 2009)	N/A
Cheng Chak Ho	1/1
Ji Jian Xun (resigned on 9 December 2009)	1/1

The Corporate Governance Committee had reviewed the corporate governance report of the Company and confirmed that the Company had complied with the Code throughout the year (except the deviation from the Code provision A.2.1).

Financial Reporting Committee

Current members of the Financial Reporting Committee are:

Mr. Chiu Yeung (the Chairman of the committee), Chairman of the Board, Executive Director and Chief Executive Officer
Mr. Jin Jiu Xin, Executive Director and the deputy chairman of the Board
Mr. Lo Wa Kei Roy, Independent Non-executive Director

The major responsibility of the Financial Reporting Committee is to oversee the preparation of financial statements of each financial period, which give a true and fair view of the state of affairs of the Group and of The Group's results and cash flow for that year. The Financial Reporting Committee is also responsible to ensure the compliance by the Group of disclosure requirements under the Listing Rules in a timely manner.

The Financial Reporting Committee held two meetings during the year ended 31 December 2009. Details of the attendance of the Financial Reporting Committee meetings are as follows:

Name of Members	Attendance
Chiu Yeung *(Chairman)*	2/2
Jin Jiu Xin	2/2
Lo Wa Kei Roy	2/2

The Financial Reporting Committee had reviewed the audited financial statements of the Group for the year ended 31 December 2009 and confirmed that the preparation of the audited financial statements of the Group for the year ended 31 December 2009 had complied with the disclosure requirements under the Listing Rules in a timely manner.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors acknowledge that it is their responsibility to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Group and to present a balanced, clear and understandable assessment of the financial results and disclosures of the Group under the Listing Rules and any other rules and statutory requirements. The Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern.

On behalf of the Board

Chiu Yeung
Chairman of the Board and Chief Executive Officer

Hong Kong, 29 March 2010

INDEPENDENT AUDITOR'S REPORT

開元信德會計師事務所有限公司
ELITE PARTNERS CPA LIMITED
Certified Public Accountants
CAREA

Suites 511-512, 5th Floor,
Lippo Sun Plaza,
28 Canton Road,
Kowloon,
Hong Kong

To the members of North Mining Shares Company Limited
("Formerly known as Sun Man Tai Holdings Company Limited")
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of North Mining Shares Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 27 to 104, which comprise the consolidated and company statements of financial position as at 31 December 2009, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The directors of the Company (the "Directors") are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Except for the limitation in the scope of our work as described in the basis for qualified opinion paragraph, we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of these consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for qualified opinion

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

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

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

INDEPENDENT AUDITOR'S REPORT

Qualified opinion arising from limitation on audit scope

In our opinion, except for the effects of such adjustments, as might have been determined to be necessary had we been able to satisfy ourselves as the to the matters as described in the paragraph of "Basis for qualified opinion", the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Report on matters under sections 141(4) and 141(6) of the Hong Kong Companies Ordinance

In respect alone of the limitation on our work relating to limitation on audit scope:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and

- we were unable to determine whether proper books of account had been kept.

Elite Partners CPA Limited
Certified Public Accountants
Hong Kong, 29 March 2010

Ng Man Chung Siman
Practising Certificate Number P03122

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
Turnover	5(a)	**85,498**	74,400
Cost of sales		**(48,966)**	(111,218)
Gross profit/(loss)		**36,532**	(36,818)
Other income and gains	5(b)	**1,031,890**	28,455
Administrative expenses		**(37,126)**	(15,088)
Other operating expenses		**(277,300)**	(56,973)
Profit/(Loss) from operations		**753,996**	(80,424)
Finance costs	7	**(324)**	–
Share of results of associates		**(652)**	18,492
Profit/(Loss) before income tax	8	**753,020**	(61,932)
Income tax expense	11	**22,981**	(862)
Profit/(Loss) for the year		**776,001**	(62,794)
Attributable to:			
Equity holders of the Company		**781,694**	(54,336)
Minority interests		**(5,693)**	(8,458)
		776,001	(62,794)
Dividends	13	**–**	–
Earnings/(Loss) per share for profit/(loss) attribute to the equity holders of the Company	14		
Basic, HK cents		**8.06**	(1.03)
Diluted, HK cents		**7.97**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	15	251,520	112,169
Investment properties	16	263,128	357,835
Intangible assets	17	–	45,010
Interests in associates	18	32,633	59,386
Prepaid lease payments	20	87,817	88,533
Exploration and evaluation assets	21	3,314,575	888,579
Mining rights	22	3,149,583	–
		7,099,256	1,551,512
Current Assets			
Inventories	23	69,475	–
Trade receivables	24	2,525	2,464
Prepayments, deposits and other receivables	25	130,557	105,213
Tax recoverable		3,464	–
Cash and bank balances		94,698	126,984
		300,719	234,661
Total assets		7,399,975	1,786,173
EQUITY			
Equity attributable to Company's equity holders			
Share capital	26	155,129	155,129
Reserves	27	3,516,463	1,151,338
		3,671,592	1,306,467
Minority interests		2,202,083	436,699
Total equity		5,873,675	1,743,166
LIABILITIES			
Non-Current Liabilities			
Deferred tax liabilities	28	1,391,174	30,536
Bank borrowings	29	10,565	–
		1,401,739	30,536

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
Current Liabilities			
Bank borrowings	29	32,381	–
Trade payables	30	18,740	1,888
Other payables and accruals	31	50,910	7,441
Amounts due to related parties	32	22,530	–
Tax payable		–	3,142
		124,561	12,471
Total liabilities		1,526,300	43,007
Total equity and liabilities		7,399,975	1,786,173
Net current assets		176,158	222,190
Total assets less current liabilities		7,275,414	1,773,702
Net assets		5,873,675	1,743,166

The financial statements were approved and authorised for issue by the board of Directors on 29 March 2010, and were signed by the following Directors:–

Chiu Yeung
Director

Jin Jiu Xin
Director

STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	15	**1,194**	1,629
Interests in associates	18	**2,010**	1,378
Interests in subsidiaries	19	**1,161,488**	419,698
		1,164,692	422,705
Current Assets			
Prepayments, deposits and other receivables	25	**47,646**	102,066
Cash and bank balances		**5,094**	35,419
		52,740	137,485
Total assets		**1,217,432**	560,190
EQUITY			
Equity attributable to Company's equity holders			
Share capital	26	**155,129**	155,129
Reserves	27	**1,058,311**	401,669
Total equity		**1,213,440**	556,798
LIABILITIES			
Current Liabilities			
Other payables and accruals	31	**3,992**	3,392
Total liabilities		**3,992**	3,392
Total equity and liabilities		**1,217,432**	560,190
Net current asset		**48,748**	134,093
Total assets less current liabilities		**1,213,440**	556,798
Net assets		**1,213,440**	556,798

The financial statements were approved and authorised for issue by the board of Directors on 29 March 2010, and were signed by the following Directors:–

Chiu Yeung
Director

Jin Jiu Xin
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009

	Attributable to the equity holders of the Company												
	Share capital	Share premium	Contributed surplus	Capital reserves	Convertible notes reserve	Special reserve	Fair value reserve	Statutory reserve	Exchange reserve	(Accumulated losses)/ Retained profits	Sub-total	Minority Interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 January 2008	56,308	606,150	31,350	(894)	–	–	–	1	1,960	(242,538)	452,337	8,431	460,768
Loss and total comprehensive loss for the year	–	–	–	–	–	–	445,877	–	15,504	(54,336)	407,045	419,910	826,955
	56,308	606,150	31,350	(894)	–	–	445,877	1	17,464	(296,874)	859,382	428,341	1,287,723
Equity component of convertible bonds	–	–	–	–	87,205	–	–	–	–	–	87,205	–	87,205
Deferred tax liabilities of convertible notes	–	–	–	–	(14,389)	–	–	–	–	–	(14,389)	–	(14,389)
Conversion of convertible bonds	98,821	345,875	–	–	(72,816)	–	–	–	–	–	371,880	–	371,880
Acquisition of subsidiaries	–	–	–	–	–	–	–	2,389	–	–	2,389	8,358	10,747
Transfer to statutory reserve	–	–	–	–	–	–	–	618	–	(618)	–	–	–
Balance at 31 December 2008 and at 1 January 2009	155,129	952,025	31,350	(894)	–	–	445,877	3,008	17,464	(297,492)	1,306,467	436,699	1,743,166
Profit and total comprehensive income for the year	–	–	–	–	–	–	911,881	–	(271)	781,694	1,693,304	870,450	2,563,754
	155,129	952,025	31,350	(894)	–	–	1,357,758	3,008	17,193	484,202	2,999,771	1,307,149	4,306,920
Acquisition of a subsidiary	–	–	–	–	–	669,801	–	–	2,020	–	671,821	894,934	1,566,755
Transfer to statutory reserve	–	–	–	–	–	–	–	1,897	–	(1,897)	–	–	–
At 31 December 2009	**155,129**	**952,025**	**31,350**	**(894)**	**–**	**669,801**	**1,357,758**	**4,905**	**19,213**	**482,305**	**3,671,592**	**2,202,083**	**5,873,675**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2009

	2009 HK$'000	2008 HK$'000
Cash flows from operating activities		
Profit/(Loss) from operations	753,996	(80,424)
Adjustments for:		
Interest income	(86)	(104)
Compensation income	(34,024)	–
Depreciation	4,302	2,567
Amortisation of intangible assets	1,696	1,850
Amortisation of prepaid lease payments	1,967	2,012
Amortisation of mining rights	6,744	–
Gain on disposal of an associate	(2,261)	–
Negative goodwill arising from business combination	(993,555)	–
Loss on disposal of property, plant and equipment	–	63
Share of loss/(profit) of associates	652	(18,492)
Impairment loss on property under development	84,794	49,545
Fair value loss on investment properties	118,588	3,566
Impairment loss on interests in associates	13,237	–
Impairment loss on intangible assets	30,723	–
Impairment loss on prepayments, deposits and other receivables	2,681	–
Impairment loss on property, plant and equipment	4,280	–
Impairment loss on goodwill	12,591	–
Operating profit/(loss) before working capital changes	6,325	(39,417)
Decrease in inventories	23,537	–
Decrease/(Increase) in trade receivables, prepayments, deposits and other receivables	37,592	(101,870)
Decrease/(Increase) in amounts due from associates	3,644	(1,159)
Decrease in trading securities	–	15,469
Decrease in investment deposits	–	56,842
Decrease in trade payables, accruals and other payables	(70,402)	(2,735)
Decrease in amounts due to related parties	(1,134)	–
Cash used in operations	(438)	(72,870)
Interest received	86	104
Compensation income received	22,681	–
Corporate income tax paid	(707)	(3,737)
Net cash generated from/(used in) operating activities	21,622	(76,503)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2009

	2009 HK$'000	2008 HK$'000
Cash flows from investing activities		
Addition to exploration and evaluation assets	**(43,672)**	(4,050)
Purchase of property, plant and equipment and addition to properties under development	**(28,375)**	(19,780)
Purchase of prepaid lease payments	**–**	(90,545)
Cash effect on acquisition of subsidiaries *(Note 38)*	**25,205**	(304,663)
Net cash used in investing activities	**(46,842)**	(419,038)
Cash flows from financing activities		
Net proceeds received from convertible bonds	**–**	444,696
Net cash generated from financing activities	**–**	444,696
Net decrease in cash and cash equivalents	**(25,220)**	(50,845)
Cash and cash equivalents at 1 January	**126,984**	176,748
Effect of foreign exchange rate changes, net	**(7,066)**	1,081
Cash and cash equivalents at 31 December	**94,698**	126,984
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**94,698**	126,984

1. General Information

North Mining Shares Company Limited ("Formerly known as Sun Man Tai Holdings Company Limited") (the "Company") was incorporated in Bermuda as an exempted company with limited liability. The address of the registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

The principal activities of the Company are investment holding and property investment. The principal activities of the Company's subsidiaries are set out in Note 19 to the consolidation financial statements.

The consolidated financial statements are presented in Hong Kong dollars, which is the same functional currency of the Company.

In the opinion of the directors, the ultimate holding company of the Company is China Wan Tai Group Limited, which was incorporated in Hong Kong.

2. Adoption of New and Revised Hong Kong Financial Reporting Standards

2.1 Standards and Interpretations adopted in the current year

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

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

2. Adoption of New and Revised Hong Kong Financial Reporting Standards *(Continued)*

2.1 Standards and Interpretations adopted in the current year *(Continued)*

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

HKAS 1 (revised) – Presentation of Financial Statements

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

HKFRS 8 – Operating Segments

This standard replaced HKAS 18 Segment Reporting upon its effective date. This standard affected the disclosure that has resulted in a redesignation of the Group's reportable segments. The Group concluded that the operating segments determined in accordance with HKFRS 8 are the same as the business segments previously identified. HKFRS 8 disclosures are shown in Note 6 to the consolidated financial statements, including the related revised comparative information. This standard does not have an impact on the financial position or performance of the Group, but affected presentation and disclosure of the consolidated financial statements.

2.2 Standards and Interpretations in issued but not yet adopted

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

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

2. Adoption of New and Revised Hong Kong Financial Reporting Standards *(Continued)*

2.2 Standards and Interpretations in issued but not yet adopted *(Continued)*

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

HKFRS 3 (Revised) – Business Combinations and HKAS 27 (Amended) – Consolidated and Separate Financial Statements

HKFRS 3 (Revised) introduced significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

HKAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

The changes by HKFRS 3 (Revised) and HKAS 27 (Amended) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests. The change of accounting policy was applied prospectively and had no material impact on the financial position or performance of the Group.

HKFRS 9 – Financial Instruments

HKFRS 9 introduced new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 – Financial Instruments: Recognition and Measurement to be measured at either amotrised cost of fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

2. Adoption of New and Revised Hong Kong Financial Reporting Standards *(Continued)*

2.2 Standards and Interpretations in issued but not yet adopted *(Continued)*

Annual Improvement to HKFRS 2009

As part of Improvements to HKFRS 2009, HKAS 17 – Leases has been amended in relation to the classification of leasehold land. The amendments will be effective from 1 January 2010, with earlier application permitted. Before the amendments to HKAS 17, leases were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might not affect the classification and measurement of the Group's leasehold land.

The Directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The Directors are currently assessing the impact of the above new HKFRSs upon initial application. Except as disclosed above, the Directors have preliminarily concluded that the initial application of the above new HKFRSs is unlikely to have a significant impact on the Group's results and financial position.

3. Significant Accounting Policies

The consolidated financial statements of have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") under the historical cost convention, as modified by the revaluation of investment properties and exploration and evaluation assets, which are carried at fair value, as explained in the accounting policies set out below. In addition, the consolidated financial statements also include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the disclosure requirements of the Hong Kong Companies Ordinance.

The preparation of the consolidated financial statements in accordance with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Group. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 to the consolidated financial statements.

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

3. Significant Accounting Policies *(Continued)*

3.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December.

3.1.1 Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

The results of subsidiaries acquired or disposed of during the year are included in the profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Inter-company transactions, balances, income and expenses between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's entity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

In the Company's statement of financial position, the interests in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

3. Significant Accounting Policies *(Continued)*

3.1 Basis of consolidation *(Continued)*

3.1.2 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. interests in associates are accounted for by the equity method of accounting and are initially recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's shares of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interests in associates. Accounting policies of associates have been changes where necessary to ensure consistency with the policies adopted by the Group.

In the Company's statement of financial position, the interests in associated companies are stated at cost less provision for impairment losses. The results of associated companies are accounted for by the Company on the basis of dividend received and receivable.

3.2 Business combination

The acquisition of business is accounted for using the purchase method. The cost of the acquisition is measured at aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquire, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 Business Combinations are recognised at fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sales and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an assets an initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the profit or loss.

The interest of minority shareholders in the acquire is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

3. Significant Accounting Policies *(Continued)*

3.3 Goodwill

Goodwill arising on acquisition of a business represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant business at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a business is presented separately in the consolidated statement of financial position.

For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the profit or loss. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of the relevant cash-generating unit or a jointly controlled entity, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

3.4 Financial assets

The Group classifies its financial assets into the following categories: Financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial investment and loans and receivables.

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

3. Significant Accounting Policies *(Continued)*

3.4 Financial assets *(Continued)*

3.4.1 Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised in profit or loss on an effective interest basis.

3.4.2 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading, financial assets designated upon initial recognition as at fair value through profit or loss and all derivatives other than hedging instruments.

Financial assets are classified as held for trading if:

– it has been acquired principally for the purpose of selling it in the near term;

– on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

– it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are measured at fair value, with any gains or losses arising on remeasurement recognised directly in profit or loss in the reporting period in which they arise.

3.4.3 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group's management has the positive intention and ability to hold to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

3. Significant Accounting Policies *(Continued)*

3.4 Financial assets *(Continued)*

3.4.4 Available-for-sale financial investment

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-for-maturity investments.

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at the end of the reporting period.

Dividends on available-for-sale equity investments are recognised in profit or loss when the Group's right to receive the dividends is established.

3.4.5 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

3.4.6 Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3. Significant Accounting Policies *(Continued)*

3.4 Financial assets *(Continued)*

3.4.7 Impairment of financial assets

At each end of the reporting period, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets 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;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– 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 there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss in the reporting period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss in the reporting period in which the reversal occurs.

For available-for-sale financial investment, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. When available-for-sale financial investment is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the reporting period. Impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

3. Significant Accounting Policies *(Continued)*

3.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the reporting period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of that asset.

Depreciation is provided to write off the cost of property, plant and equipment, using the straight line method, over their estimated useful lives. The principal annual rates are as follows:

Leasehold improvement	3 to 5 years
Furniture, fixtures and equipment	5 years
Motor vehicles	3 to 5 years
Equipment	5 years
Mining structure	20 years
Plant and machinery	5 years

The gain or loss arising from disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.6 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by external valuers. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

3. Significant Accounting Policies *(Continued)*

3.6 Investment properties *(Continued)*

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land classified as investment property; others, including contingent rent payments, are not recognised in the financial statements. Changes in fair values are recognised in profit or loss.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in profit or loss during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost less impairment loss until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under HKAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss.

3.7 Properties under development

Properties under development are stated at specifically identified cost, including borrowing costs capitalised, aggregate cost of development, materials and supplies, wages and other direct expenses, less any impairment losses considered necessary by the Directors.

3.8 Intangible assets

Intangible assets represent the technical know-how for production of pharmaceutical products. The intangible assets acquired separately and with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses.

The cost of acquiring the rights of technical know-how for the production of pharmaceutical products have finite useful lives and are amortised on the straight-line basis over the estimated economic lives of the know-how of a maximum of twenty years commencing in the year when the rights are available for use.

Intangible assets with finite useful lives are tested for impairment when there is an indication that an asset may be impaired.

3. Significant Accounting Policies *(Continued)*

3.9 Trade and other receivable

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in profit or loss.

3.10 Exploration and evaluation assets

Exploration and evaluation assets are recognised at cost on initial recognition. Subsequent to initial recognition, exploration and evaluation assets are stated at fair value less any accumulated impairment losses.

Exploration and evaluation assets include the expenditures incurred in the search for iron resources as well as the determination of the technical feasibility and commercial viability of extracting those resources.

When the technical feasibility and commercial viability of extracting resources become demonstrable, any previously recognised exploration and evaluation assets would be reclassified as mining rights or property, plant and equipment. These assets are assessed for impairment, and any impairment loss recognised, before reclassification when events or changes in circumstances indicate that the carrying amount may not be recoverable.

3.11 Mining rights

Mining rights acquired separately are initially measured at cost. Mining rights are reclassified from exploration and evaluation assets at the carrying amount when the technical feasibility and commercial viability of extracting mineral resources are demonstrable. Mining rights with finite useful lives are carried at costs less accumulated amortisation and any identified impairment loss. Amortisation for mining rights with finite useful lives is provided using the unit of production method based on the actual production volume over the estimated total proved and probable reserves of the mineral mines.

3.12 Land use rights

All lands in the PRC are state-owned and no individual land ownership right exists. The Group acquired the rights to use certain lands and the premiums paid for such rights are recorded as land use rights, which are stated at cost and amortised over the use terms of 45 years using the straight-line method.

3. Significant Accounting Policies *(Continued)*

3.13 Current assets and current liabilities

Current assets are expected to be realised within twelve months of the end of the reporting period or in the normal course of the Group's operating cycle. Current liabilities are expected to be settled within twelve months of the end of the reporting period or in the normal course of the Group's operating cycle.

3.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method.

3.15 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

3.16 Financial liabilities and equity instruments issued by the Group

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

3.16.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

3.16.2 Compound instruments

The component parts of compound instruments (convertible notes) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

3. Significant Accounting Policies *(Continued)*

3.16 Financial liabilities and equity instruments issued by the Group *(Continued)*

3.16.3 Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised in profit or loss on an effective interest basis.

3.16.4 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

3.16.5 Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

– it has been acquired principally for the purpose of repurchasing it in the near term;

– on initial recognition it is part of a portfolio of identified financial instruments that the Group manages tighter and has a recent actual pattern of short-term profit-taking; or

– it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at fair value through profit or loss are measured at fair value, with any gains or losses arising on remeasurement recognised directly in profit or loss in the reporting period in which they arise.

3.16.6 Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

3. Significant Accounting Policies *(Continued)*

3.16 Financial liabilities and equity instruments issued by the Group *(Continued)*

3.16.7 Derecognition

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.17 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lower levels for which there are separately identifiable cash flows (cash-generating units).

3.18 Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(i) Rental income from operating lease

Rental income receivable under operating leases is recognised in equal instalments over the accounting periods covered by the lease term. Lease incentives granted are recognised as an integral part of the aggregate lease payments receivable. Contingent rentals are recognised as income in which they are earned.

(ii) Interest income and property management income

Interest income from bank deposits and loans receivable are accrued on a time-apportioned basis by reference to the principal outstanding and the rate applicable. Property management income is recognised when the services are rendered.

(iii) Sales of molybdenum concentrate

Sales of molydnum concentrate are recognised when goods are delivered and title has passed, net of discounts and sales related tax.

3. Significant Accounting Policies *(Continued)*

3.19 Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK dollars, which is the Company's functional and presentation currency.

(ii) Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation difference on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(1) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the end of the reporting period;

(2) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(3) all resulting exchange differences are recognised as a separate component of equity.

3. Significant Accounting Policies *(Continued)*

3.19 Foreign currencies *(Continued)*

(iii) Group companies *(Continued)*

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

3.20 Leases

Leases are classes are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

3. Significant Accounting Policies *(Continued)*

3.21 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the reporting period in which they are incurred.

3.22 Employee benefits

(i) Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Contributions to Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance and to the state-managed retirement benefits schemes for the employees of the Group's overseas entities are recognised as an expense in the profit or loss statement as incurred.

(iii) Pursuant to the relevant regulations of the government of the People's Republic of China (the "PRC"), subsidiaries of the Company operating in the PRC participate in a local municipal government retirement benefits scheme (the "PRC Scheme"), whereby the subsidiaries are required to make contributions, as calculated under the rules specified by the relevant PRC local government authorities, to the PRC Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiaries. The only obligation of the Group with respect to the PRC Scheme is to pay the ongoing required contributions under the PRC Scheme mentioned above. Contributions under the PRC Scheme are charged to profit or loss as incurred. There are no provisions under the PRC Scheme whereby forfeited contributions may be used to reduce future contributions.

(iv) Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

3. Significant Accounting Policies *(Continued)*

3.23 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the reporting period. Taxable profit is the profit for the reporting period, determined in accordance with the rules established by the taxation authorities, upon which income taxes are payable.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available which deductible temporary difference can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investment in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the reporting period when the liability is settled or the asset realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

3.24 Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, the amount of a provision is the present value at the end of the reporting period of the expenditures expected to be required to settle the obligation.

3. Significant Accounting Policies *(Continued)*

3.25 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent asset is not recognised but is disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

3.26 Related parties

For the purposes of the consolidated financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group.

4. Critical Accounting Estimates and Judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4. Critical Accounting Estimates and Judgements *(Continued)*

4.1 Useful life of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. The Group also perform annual reviews on whether the assumptions made on useful lives continue to be valied.

4.2 Estimated of fair value of investment properties

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from a variety of sources including:

(i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

(ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

If information on current or recent prices of investment properties is not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. The Group uses assumptions that are mainly based on market conditions existing at each end of the reporting period.

The principal assumptions underlying management's estimation of fair value are thoserelated to: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data, and actual transactions by the Group and those reported by the market.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

4. Critical Accounting Estimates and Judgements *(Continued)*

4.3 Impairment of intangible assets

The Group performs annual tests on whether there has been impairment of intangible assets in accordance with the accounting policy stated in Note 3.8 to the consolidated financial statements. The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations require the use of estimates and assumptions made by management on the future operation of the business, pre-tax discount rates, and other assumptions underlying the value-in-use calculations.

4.4 Exploration and evaluation assets and mining rights

Mining rights are amortised using the unit of production method based on the actual production volume over the estimated total proved and probable reserve of the molybdenum mines.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest the carrying amount may exceed its recoverable amount. The recoverable amount calculation requires the Group to estimate total proved and probable reserves of the minerals mines.

The process of estimating quantities of reserves is inherently uncertain and complex. It requires significant judgement and decision based on available geological, geophysical, engineering and economic data. These estimate may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting mineral prices and costs change. Reserve estimates are based on current production forecasts, prices and economic conditions. The Directors exercise their jugdement in estimating the total proved and probable reserves of the molybdenum mines. If the quantities of reserve are different from current estimates, it will result in significant changes to amortisation of mining rights and affect the recoverable amount of exploration and evaluation, which a material loss may arise.

4.5 Trade debtors

The aged debt profile of trade debtors is reviewed on a regular basis to ensure that the trade debtor balances are collectible and follow up actions are promptly carried out if the agreed credit periods have been exceeded. However, from time to time, the Group may experience delays in collection. Where recoverability of trade debtor balances are called into doubts, specific provisions for bad and doubtful debts are made based on credit status of the customers, the aged analysis of the trade receivable balances and write-off history. Certain receivables may be initially identified as collectible, yet subsequently become uncollectible and result in a subsequent write-off of the related receivable to the consolidated income statement. Changes in the collectability of trade receivables for which provisions are not made could affect our results of operations.

4.6 Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to severe industry cycles. Management will reassess the estimations at the end of the reporting period.

4. Critical Accounting Estimates and Judgements *(Continued)*

4.7 Impairment of goodwill

Determining whether goodwill is impaired requires and estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

4.8 Impairment of assets

The Group tests annually whether the assets has suffered any impairment. The recoverable amount of an asset or a cash generating unit is determined based on value-in-use calculations which require the use of assumptions and estimates.

4.9 Fair value of other financial assets and liabilities

The fair values of loans and receivables and financial liabilities are accounted for or disclosed in the consolidated financial statements. The calculation of fair values requires the Group to estimate the future cash flows expected to arise from those assets and liabilities and suitable discount rates. Variations in the estimated future cash flows and the discount rates used may result in adjustments to the carrying amounts of these assets and liabilities and the amounts disclosed in the consolidated financial statements.

4.10 Income taxes and deferred taxation

The Group is subject to income taxes in different jurisdictions. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

5. Turnover, Other Income and Gains

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

Group

	2009 HK$'000	2008 HK$'000
(a) Turnover		
Sales of molybdenum concentrate	70,671	–
Rental income	11,067	14,863
Property management fee income	3,760	3,688
Securities trading	–	55,849
	85,498	74,400
(b) Other income and gains:		
Royalty income	1,678	1,588
Compensation income *(Note 35)*	34,024	–
Bank interest income	86	104
Negative goodwill arising from business combination *(Note 38)*	993,555	26,668
Gain on disposal of an associate *(Note 39)*	2,261	–
Sundry income	286	95
	1,031,890	28,455
	1,117,388	102,855

6. SEGMENT INFORMATION

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

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

(a)	Property leasing operation:	The leasing of commercial premises
(b)	Property management operation:	Provision of management service to commercial premises
(c)	Securities trading operation:	Trading of securities listed on the Stock Exchange
(d)	Mining operation:	– Exploration of mineral mines – Exploitation of molybdenum mines

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

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

6. Segment Information *(Continued)*

6.1 Operating segment information

For the year ended 31 December 2009

Segment revenue and results

	Mining operation						
	Mining exploitation	Mining exploration	Property leasing	Property management	Securities trading	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue							
Segment turnover	70,671	–	11,067	3,760	–	–	85,498
Results[1]							
Segment results	1,003,272[3]	–	(179,239)[2]	86	–	(67,175)[4]	756,944
Unallocated corporate income							4,311
Unallocated corporate expenses							(7,259)
Share of results of associates							(652)
Finance costs							(324)
Profit before income tax							753,020
Income tax							22,981
Profit for the year							776,001

1. Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment result represents the profit earned by each segment without allocation of corporate income and expenses, central administrative expenses, Directors' salaries and finance cost. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

2. Segment results for property leasing operation included the impairment loss on investment properties amounted to approximately HK$118,588,000, impairment loss on property under development of approximately HK$84,794,000 and compensation income received of approximately HK$24,855,000 which are directly related to the reportable segment.

3. Segment results for mining exploitation included the negative goodwill of approximately HK$993,555,000 arising from the acquisition of a subsidiary and amortisation of mining rights of approximately HK$6,744,000 which are directly related to the reportable segment.

4. Others mainly comprise of impairment loss on goodwill amounted to approximately HK$12,591,000, impairment loss on associates HK$13,237,000, impairment loss on intangible assets of approximately HK$30,723,000 and impairment loss on property, plant and equipment of approximately 4,280,000.

6. Segment Information *(Continued)*

6.1 Operating segment information *(Continued)*

For the year ended 31 December 2009 *(Continued)*

Segment assets, liabilities and other segment information

	Mining operation						
	Mining exploitation *HK$'000*	Mining exploration *HK$'000*	Property leasing *HK$'000*	Property management *HK$'000*	Securities trading *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment assets	3,315,740	3,549,054	288,632	5,411	–	241,138	7,399,975
Segment liabilities	595,886	918,725	1,422	240	–	10,027	1,526,300
Other segment information:							
Depreciation and amortisation	–	7,964	2,536	8	–	4,201	14,709
Fair value loss on investment properties	–	–	118,588	–	–	–	118,588
Impairment loss recognised during the year	–	2,514	89,074	–	–	56,717	148,305
Capital expenditures[2]	4,581	43,672	23,794	–	–	–	72,047

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

   – all assets are allocated to reportable segments other than goodwill, intangible assets and assets used jointly reportable segments which are classified as "Others" in segment assets.

   – all liabilities are allocated to reportable segments other than liabilities for which reportable segments are jointly liable and classified as "Others" in segment liabilities.

2. Capital expenditure consists of additions of property, plant and equipment, property under development and addition to exploration and evaluation assets.

6. Segment Information *(Continued)*

6.1 Operating segment information *(Continued)*

For the year ended 31 December 2008

Segment revenue and results

	Mining operation						
	Mining exploitation *HK$'000*	Mining exploration *HK$'000*	Property leasing *HK$'000*	Property management *HK$'000*	Securities trading *HK$'000*	Other *HK$'000*	Total *HK$'000*
Revenue							
Segment turnover	–	–	14,863	3,688	55,849	–	74,400
Results							
Segment results[1]	–	–	(15,579)[2]	489	(48,171)	–	(63,261)
Unallocated corporate income							1,787
Unallocated corporate expenses							(18,950)
Share of results of associates							18,492
Loss before tax							(61,932)
Income tax							(862)
Loss for the year							(62,794)

1. Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment result represents the profit earned by each segment without allocation of corporate income and expenses, central administrative expenses, Directors' salaries and finance cost. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

2. Segment results for property leasing operation included the impairment loss on investment properties amounted to approximately HK$3,566,000, impairment loss on property under development of approximately HK$49,545,000 and the negative goodwill of approximately HK$26,668,000 arising from the acquisition of a subsidiary which were directly related to the reportable segment.

6. Segment Information *(Continued)*

6.1 Operating segment information *(Continued)*

For the year ended 31 December 2008 *(Continued)*

Segment assets, liabilities and other segment information

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

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

   – all assets are allocated to reportable segments other than goodwill, intangible assets and assets used jointly reportable segments which are classified as "Others" in segment assets.

   – all liabilities are allocated to reportable segments other than liabilities for which reportable segments are jointly liable and classified as "Others" in segment liabilities.

2. Capital expenditure consists of additions of property, plant and equipment, property, under development and addition to exploration and evaluation assets.

6. Segment Information *(Continued)*

6.2 Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the group's current and non-current assets. The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the segment assets is based on the physical location of the asset, in the case of intangible assets, goodwill and interests in associates, the location of the operation to which they are allocated.

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

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

6.3 Information about major customers

Included in revenues of approximately HK$85,498,000 (2008: HK$74,400,000) are revenues of approximately HK$6,192,000 (2008: HK$342,000) which arose from sales to the Group's largest customer.

7. Finance Costs

Group

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

8. Profit/(Loss) Before Income Tax

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

Group

	2009 HK$'000	2008 HK$'000
Auditors' remuneration	600	400
Cost of inventories expensed	42,927	–
Depreciation of property, plant and equipment	4,302	2,567
Staff costs (including Directors' remuneration *(Note 9)*)		
– Wages and salaries	10,298	7,846
– Retirement benefits contributions	1,272	591
Operating lease payments in respect of offices premises	1,371	1,611
Included in other operating expenses:		
Amortisation of intangible assets	1,696	1,850
Amortisation of prepaid lease payments	1,967	2,012
Amortisation of mining rights	6,744	–
Fair value loss on investment properties	118,588	3,566
Impairment loss on property under development	84,794	49,545
Impairment loss on associates	13,237	995
Impairment loss on intangible assets	30,723	–
Impairment loss on prepayments, deposits and other receivables	2,680	–
Impairment loss on property, plant and equipment	4,280	–
Impairment loss on goodwill	12,591	–
Gross rental income from investment properties	11,067	14,863
Less: Direct operating expenses from investment properties that generated rental income during the year	(3,420)	(3,999)
	7,647	10,864

9. Directors' Remuneration

Remuneration of the Directors disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

Group

	2009 *HK$'000*	2008 *HK$'000*
Fees:		
Executive Directors	**260**	–
Independent non-executive Directors	**340**	396
	600	396
Other emoluments:		
Executive Directors:		
Salaries, allowances and benefits in kind	**1,198**	370
Contributions to pension schemes	**42**	12
Independent Non-executive Directors:		
Salaries, allowances and benefits in kind	**–**	–
	1,240	382
	1,840	778

For the year ended 31 December 2009, no emoluments were paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors have waived any emoluments during the year (2008: Nil).

9. Directors' Remuneration *(Continued)*

	Fees		Salaries and other benefits		Retirement benefit scheme contributions		Total	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Executive Directors								
Chiu Yueng	**–**	–	**490**	260	**12**	12	**502**	272
Jin Jiu Xin	**–**	–	**325**	50	**–**	–	**325**	50
Ji Jian Xun[1]	**–**	–	**130**	60	**–**	–	**130**	60
He Hui Min[2]	**–**	–	**–**	–	**–**	–	**–**	–
Qian Yi Dong[3]	**54**	–	**50**	–	**–**	–	**104**	–
Chai Ming[4]	**108**	–	**–**	–	**–**	–	**108**	–
Gao Yuan Xing[5]	**98**	–	**50**	–	**–**	–	**148**	–
Zhao Qing[6]	**–**	–	**102**	–	**20**	–	**122**	–
Zhang Jia Kun[7]	**–**	–	**51**	–	**10**	–	**61**	–
	260	–	**1,198**	370	**42**	12	**1,500**	382
Independent Non-executive Directors								
Mu Xiangming	**100**	100	**–**	–	**–**	–	**100**	100
Lei Mei[8]	**40**	96	**–**	–	**–**	–	**40**	96
Cheng Chak Ho	**100**	100	**–**	–	**–**	–	**100**	100
Lo Wa Kei Roy	**100**	100	**–**	–	**–**	–	**100**	100
	340	396	**–**	–	**–**	–	**340**	396

1. Ji Jian Xun resigned as Executive Director on 9 December 2009.
2. He Hui Min resigned as Executive Director on 26 March 2009.
3. Qian Yi Dong appointed as Executive Director on 26 March 2009 and resigned as Executive Director on 26 August 2009.
4. Chai Ming was appointed as Executive Director on 26 August 2009.
5. Gao Yuan Xing was appointed as Executive Director on 3 September 2009 and resigned as Executive Director on 12 March 2010.
6. Zhao Qing was appointed as Executive Director on 14 August 2009.
7. Zhang Jia Kun was appointed as Executive Director on 14 August 2009.
8. Li Mei resigned as Independent Non-executive Director on 2 June 2009.

For the year ended 31 December 2009 and 2008, remunerations of all Directors of the Company fall within HK$Nil to HK$1,000,000.

9. Directors' Remuneration *(Continued)*

During the year ended 31 December 2009, no amounts have been paid by the Group to the Directors as inducement to join the Group, as compensation for loss of office or as commitment fees to existing Directors for entering into new service contracts with the Group (2008: Nil).

There were no arrangements under which a Director waived or agreed to waive any remuneration during the year (2008: Nil).

10. Employees' Emoluments

The five highest paid employees during the year included two (2008: one) Directors, details for whose remuneration are set out in Note 9 above. Details of the remunerations of the remaining three (2008: four) highest paid, non-director employees are as follows:

Group

	2009 ***HK$'000***	2008 *HK$'000*
Salaries and other benefits	**973**	872
Mandatory provident fund contribution	**62**	36
	1,035	908

Retirement benefits scheme

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000. Contributions to the scheme vest immediately.

The employees of the Company's subsidiary in the PRC are members of the state-sponsored retirement benefit scheme organised by the relevant local government authority in the PRC. The subsidiary is required to contribute, based on a certain percentage of the basic salary of its employees, to the retirement benefit scheme and has no further obligations for the actual payment of pensions or postretirement benefits beyond the annual contributions. The state-sponsored retirement benefit scheme represent for the entire pension obligations payable to retired employees.

The Group does not have any other pension schemes for its employees in respect of its subsidiaries outside Hong Kong and the PRC. In the opinion of the Directors of the Company, the Group did not have any significant contingent liabilities as at 31 December 2009 in respect of the retirement of its employees.

Equity compensation benefits

The share option scheme adopted by the Group expired on 23 December 2000. As at 31 December 2009 and up to the date of this report, the Group has not adopted any new share option scheme.

11. Income Tax Expense

No provision for Hong Kong profits tax has been made since the Group incurred taxation losses for the year (2008: Nil). Taxes on profits assessable elsewhere have been calculated at the prevailing rates of tax based on existing legislation, interpretations and practices.

Group

	2009	2008
	HK$'000	*HK$'000*
Current tax:		
PRC	**1,859**	1,995
Under provision in prior years	**15**	44
Deferred tax *(Note 28)*	**(24,855)**	(1,177)
	(22,981)	862

A reconciliation of the tax expense applicable to profit before income tax using the statutory rates for the tax jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates are as follows:

Group

	2009	2008
	HK$'000	*HK$'000*
Profit/(Loss) before income tax	**753,020**	(80,424)
Share of result of associates	**(652)**	18,492
	752,368	(61,932)
Tax at the statutory tax rates	**188,255**	(10,939)
Tax effect of income not taxable for tax purpose	**(248,388)**	(4,713)
Tax effect of expenses not deductible for tax purpose	**70,401**	3,588
Tax effect of temporary difference	**(24,855)**	(1,177)
Tax effect of recognised tax losses	**(8,409)**	–
Tax effect of unrecognised tax losses	**–**	14,059
Under provision in prior year	**15**	44
Tax charge for the year	**(22,981)**	862

12. Loss Attributable to Equity Holders of the Company

The loss attributable to equity holders of the Company for the year ended 31 December 2009 was approximately HK$13,159,000 (2008: HK$253,246,000) (Note 27).

13. Dividends

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

14. Earnings/(Loss) Per Share

(a) Basic earnings/(loss) per share

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

(b) Diluted earnings per share

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

i) Weight average number of ordinary shares (diluted)

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

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

15. Property, Plant and Equipment

Group

	Properties under development HK$'000	Mining structure HK$'000	Buildings HK$'000	Plant and machinery HK$'000	Leasehold improvement HK$'000	Equipment HK$'000	Furniture, fixture and motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
At cost:									
At 1 January 2008	196,281	–	–	–	530	–	10,446	–	207,257
Acquisition of a subsidiary	–	–	–	–	1,828	3,733	1,605	–	7,166
Additions	19,106	–	–	–	143	476	54	–	19,779
Disposals	–	–	–	–	–	–	(165)	–	(165)
Exchange adjustments	11,761	–	–	–	22	45	257	–	12,085
At 31 December 2008 and at 1 January 2009	227,148	–	–	–	2,523	4,254	12,197	–	246,122
Acquisition of a subsidiary	–	95,557	50,077	92,723	–	–	9,661	24,475	272,493
Additions	23,794	–	661	2,606	–	–	–	1,314	28,375
Transfer to investment properties	(19,106)	–	–	–	–	–	–	–	(19,106)
Exchange adjustments	721	53	29	53	6	14	45	14	935
At 31 December 2009	**232,557**	**95,610**	**50,767**	**95,382**	**2,529**	**4,268**	**21,903**	**25,803**	**528,819**
Accumulated depreciation and impairment:									
At 1 January 2008	69,622	–	–	–	106	–	5,976	–	75,704
Acquisition of a subsidiary	–	–	–	–	644	861	433	–	1,938
Charge for the year	–	–	–	–	372	568	1,627	–	2,567
Written back on disposal	–	–	–	–	–	–	(102)	–	(102)
Impairment loss recognised	49,545	–	–	–	–	–	–	–	49,545
Exchange adjustments	4,082	–	–	–	8	10	201	–	4,301
At 31 December 2008 and at 1 January 2009	123,249	–	–	–	1,130	1,439	8,135	–	133,953
Acquisition of a subsidiary	–	649	16,089	29,837	–	–	2,659	–	49,234
Charge for the year	–	398	209	452	505	853	1,885	–	4,302
Impairment loss recognised	84,794	–	–	–	680	1,971	1,629	–	89,074
Exchange adjustments	696	1	9	16	2	5	7	–	736
At 31 December 2009	**208,739**	**1,048**	**16,307**	**30,305**	**2,317**	**4,268**	**14,315**	**–**	**277,299**
Net carrying value:									
At 31 December 2009	**23,818**	**94,562**	**34,460**	**65,077**	**212**	**–**	**7,588**	**25,803**	**251,520**
At 31 December 2008	103,899	–	–	–	1,393	2,815	4,062	–	112,169

15. Property, Plant and Equipment *(Continued)*

Company

	Furniture, fixture and motor vehicle HK$'000
At cost:	
At 1 January 2008	3,163
Additions	23
At 31 December 2008, at 1 January 2009 and 31 December 2009	3,186
Accumulated depreciation:	
At 1 January 2008	1,056
Charge for the year	501
At 31 December 2008 and At 1 January 2009	1,557
Charge for the year	435
At 31 December 2009	**1,992**
Net book value:	
At 31 December 2009	**1,194**
At 31 December 2008	1,629

Notes:

(a) As at 31 December 2009, the Directors conducted a review of the Group's property, plant and equipment and determined that numbers of assets were impaired due to its physical damage or unable to use for generate future economic benefit to the Group in future period. In the opinion of the Directors, there was no residual value for such assets, accordingly, an impairment loss of HK$4,280,000 (2008: Nil) has been provided.

(b) For the year ended 31 December 2009, an impairment loss of approximately HK$84,794,000 on property under development has been provided by the Group. Such impairment was due to a suspected fraud transaction taken by the joint venture partners of the Group who surrendered the property under a development project to an independent third party without the Company's knowledge or consent (Note 35). In the opinion of the Directors, the title of the property under the development project has been no longer belonged to the Group, as such, full provision has been made.

(c) As at 31 December 2009, plant and machinery with a carrying amount of approximately HK$27,005,000 (2008: Nil) were pledged to the bank as a security for banking facilities granted to a subsidiary of the Company (Note 34).

16. Investment Properties

Group

	2009	2008
	HK$'000	*HK$'000*
At fair value:		
At 1 January 2009/2008	**357,835**	–
Acquisition of a subsidiary	**–**	357,081
Transfer from properties under development	**19,106**	–
Fair value loss on investment properties	**(118,588)**	(3,566)
Exchange adjustment	**4,775**	4,320
At 31 December 2009/2008	**263,128**	357,835

The Group's investment properties are held under medium term leases and were revalued at HK$263,128,000 (2008: HK$357,835,000) as at 31 December 2009 by Carea Assets Appraisal Company Limited, an independent qualified professional valuers not connected with the Group who are members of the China Appraisal Society and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The Group's investment properties are measured using the fair value model and was arrived at by reference to market evidence of transaction prices for similar properties. The investment properties are situated in the PRC and leased to third parties under operating leases.

For the year ended 31 December 2009, fair value loss on investment properties of approximately HK$118,588,000 (2008: HK$3,566,000) has been recognised in the consolidated income statement. Such decrease in fair value of investment properties was mainly due to termination by the Group of substantially all of the tenancy agreements for implementation of a large scale renovation for its investment properties.

Further particulars of the Group's investment properties are included on page 106 of this annual report.

17. Intangible Assets

Group

	Goodwill HK$'000 (Note 1)	Technical know-how HK$'000 (Note 2)	Total HK$'000
At cost:			
At 1 January 2008, at 31 December 2008, and at 1 January 2009 and 31 December 2009	12,591	37,000	49,591
Accumulated amortisation and impairment loss:			
At 1 January 2008	–	2,731	2,731
Provided for the year	–	1,850	1,850
At 31 December 2008 and at 1 January 2009	–	4,581	4,581
Provided for the year	–	1,696	1,696
Impairment loss recognised	12,591	30,723	43,314
At 31 December 2009	**12,591**	**37,000**	**49,591**
Carrying amount:			
At 31 December 2009	–	–	–
At 31 December 2008	12,591	32,419	45,010

Notes:

1. The amount represents goodwill arising on the acquisition of 27% interest in Tonghua Hengan Pharmaceutical Holding Company Limited ("Hengan") in 2006. Goodwill has been allocated to one single cash generating unit ("CGU") – Hengan. The impairment tests for CGU containing goodwill is summarised below:

   For the year ended 31 December 2009, the Group determined that the CGU does not have any recoverable amount because the operations of Hengan were ceased during the year due to the transportation infrastructure plan implemented by the local government which will occupy the land where the Hengan's factory was located. As a result, full impairment loss of approximately HK$12,591,000 (2008: Nil) has been provided for the year ended 31 December 2009.

   For the year ended 31 December 2008, the recoverable amount of the CGU was determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets as approved by management covering a 5-year periods, and discount rate of 7%. The management determined the budgeted growth rate based on past performance and its expectation on the relevant industry growth forecasts and does not exceed the average long term growth rate for the relevant industry. The value is calculated by using the discount rate which is higher than the carrying amount of Hengan, accordingly, there was no impairment of goodwill for the year ended 31 December 2008.

17. Intangible Assets *(Continued)*

Notes: (Continued)

2. The carrying amount of technical know-how includes two separate technical know-hows for the production of pharmaceutical products. The technical know-how has been assigned to the Group's associate company – Hengan which operates pharmaceutical manufacturing plants for production of pharmaceutical products in the PRC. In return to the assignment of the technical know-how to the Group's associate company, the Group is entitled to receive a royalty income each year.

   The amortisation charge for the year is included in "other operating expenses" in the consolidated income statement.

   In the opinion of the Directors of the Company, the technical know-how will no longer generate economic benefit to the Group due to the cessation of Hengan's operation as disclosed above. As a result, full impairment loss of approximately HK$30,723,000 (2008: Nil) has been provided in respect of the technical know-how for the year ended 31 December 2009.

18. Interests in Associates

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Unlisted shares, at cost	**–**	–	**1**	1
Share of net assets of associates	**53,429**	34,937	**–**	–
Share of results of associates	**(652)**	18,492	**–**	–
Disposal of associates	**(10,215)**	–	**–**	–
	42,562	53,429	**1**	1
Amounts due from associates	**3,308**	6,952	**2,010**	1,377
At 31 December 2009/2008	**45,870**	60,381	**2,011**	1,378
Less: Accumulated impairment loss	**(13,237)**	(995)	**(1)**	–
	32,633	59,386	**2,010**	1,378

Amounts due from associates are unsecured, interest-free and recoverable on demand. The amounts will not be repayable within twelve months from the end of the reporting period, accordingly, the amounts are classified as non-current assets in the Group's statement of financial position.

18. Interests in Associates *(Continued)*

The following list contains the particulars of associates, all of which are unlisted corporate entities, which principally affected the results or assets of the Group.

Name of associates	Registered and paid up capital	Country of incorporation	% of interest held	Principal activities
Joy Route Limited	US$100	British Virgin Islands	50%	Inactive
Tonghua Hengan Pharmaceutical Holding Company Limited	RMB66,000,000	PRC	27%	Production of pharmaceutical products
Fulin Enterprise Limited	HK$1,000	Hong Kong	30%	Investment holdings

The summarised financial information in respect of the Group's associates is set out below:

	2009 *HK$'000*	2008 *HK$'000*
Balance sheet		
Total assets	199,874	283,151
Total liabilities	(26,582)	(51,492)
Net assets	173,292	231,659
Group's share of net assets of associates	42,562	53,429
Income statement		
Revenue	237,029	471,893
(Loss)/Profit for the year	(2,530)	68,489
Group's share of results of associates during the year	(652)	18,492

19. Interests in Subsidiaries

Company

	2009	2008
	HK$'000	*HK$'000*
Unlisted shares, at cost	**1,180,626**	510,824
Less: Impairment loss of interests in subsidiaries	**(374,384)**	(374,384)
	806,242	136,440
Amounts due from subsidiaries	**659,603**	587,615
Less Impairment loss of amounts due from subsidiaries	**(304,357)**	(304,357)
	355,246	283,258
	1,161,488	419,698

The amounts due from subsidiaries are unsecured, interest-free and recoverable on demand. The amounts will not be repayable within twelve months from the end of the reporting period, accordingly, the amounts are classified as non-current assets in the Company's statement of financial position.

Particulars of the principal subsidiaries of the Company are as follows:

Name of subsidiaries	**Places of incorporation/ establishment**	**Registered capital/ issued capital**	**Percentage of equity interests attributable to the Company** Direct	Indirect	**Principal activities**
BOCMT Real Estate Holdings Limited	Hong Kong	Ordinary HK$246,153,900	100%	–	Investment holding
Sun Man Tai International (B.V.I.) Limited	British Virgin Islands	Ordinary HK$274,051	100%	–	Investment holding
Express Century Limited	Hong Kong	Ordinary HK$2	–	100%	Properties investment
Great Luck Property Limited	Hong Kong	Ordinary HK$2	–	100%	Properties investment
BOC Mantai Property Management (Shanghai) Corporation Limited	PRC	Registered capital US$200,000	–	100%	Properties management

19. Interests in Subsidiaries *(Continued)*

Name of subsidiaries	Places of incorporation/ establishment	Registered capital/ issued capital	Percentage of equity interests attributable to the Company		Principal activities
			Direct	Indirect	
Xian BOCMT Estate Company Limited	PRC	Registered capital US$10,000,000	–	100%	Properties development
Longwell International Holdings Limited	BVI	Ordinary US$1	100%	–	Investment holdings
Changchun Rong Xin Economy and Trade Company Limited	PRC	Registered capital RMB34,000,000	–	100%	Property leasing
Tonghua Golden Life Resource Development Company Limited	PRC	Registered capital HK$5,200,000	–	100%	Property investment
Jilin Province Rui Sui Kuang Ye Company Limited	PRC	Registered capital RMB15,000,000	–	100%	Exploration of iron mine
Shaanxi Province Luo Nan Xian Jiu Long Kuang Ye Company Limited	PRC	Registered capital RMB90,000,000	–	65%	Exploration and exploitation of molybdenum mines, sales of molybdenum concentrates

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

20. Prepaid Lease Paymemts

The amount represents land use rights in the PRC amortised over their relevant lease term of 45 years.

21. EXPLORATION AND EVALUATION ASSETS

Group

	Exploration rights *HK$'000*	**Evaluation costs** *HK$'000*	**Total** *HK$'000*
Cost or valuation			
At 1 January 2008	–	–	–
Acquisition of a subsidiary	6,478	2,661	9,139
Additions	–	5,194	5,194
Surplus on revaluation	874,246	–	874,246
At 31 December 2008 and at 1 January 2009	880,724	7,855	888,579
Additions	–	43,672	43,672
Surplus on revaluation	2,382,324	–	2,382,324
At 31 December 2009	**3,263,048**	**51,527**	**3,314,575**

On 30 October 2008, the Group acquired 51% interests in Jilin Province Rui Sui Kuang Ye Company Limited ("Rui Sui") which holds an exploration rights to an iron mine located at Da Nan Gou, Jin Dou Xiang, Tong Hua in Jilin Province in the PRC which covers approximately 4.17 km^2 ("Iron Mine"). The exploration right to the Iron Mine has been granted by the Department of Land and Revenues of Jilin Province, the PRC.

During the year ended 31 December 2009, Rui Sui had renewed an exploration right to a molybdenum mine located at Fu Song Xian, Baishan City, Jilin Province, the PRC which covers approximately 9.35km^2 ("Molybdenum Mine"). The exploration right to the Molybdenum Mine has been granted by the Department of Land and Revenues of Jilin Province, the PRC.

The Group has appointed independent professional valuers, Ascent Partners Transaction Services Limited (2008: RHL Appraisal Limited) to perform an independent valuation on the exploration rights for both the Iron Mine and the Molybdenum Mine. As at 31 December 2009, the exploration rights to both the Iron Mine and the Molybdenum Mine were revalued at HK$3,263,048,000 (2008: HK$880,724,000).

The evaluation costs represent expenditure paid for provision of services on activities relating to evaluation of the technical feasibility and viability on both the Iron Mine and the Molybdenum Mine.

The Directors consider that no impairment loss shall be recongnised for the year 31 December 2009 and 2008 as there is no indication for provision of impairment loss has been identified.

22. Mining Rights

Group

	HK$'000
Costs:	
At 1 January 2008, at 31 December 2008 and at 1 January 2009	–
Acquisition of a subsidiary	3,154,538
Exchange adjustment	1,789
At 31 December 2009	3,156,327
Accumulated amoritisation:	
At 1 January 2008, at 31 December 2008 and at 1 January 2009	–
Provided for the year	6,744
At 31 December 2009	6,744
Carrying amount:	
At 31 December 2009	**3,149,583**
At 31 December 2008	–

On 2 December 2009, the Group completed the acquisition of 65% interests in Shaanxi Province Luo Nan Xian Jiu Long Kuang Ye Company Limited ("Jiu Long Kuang Ye") which holds the exploitation right to molybdenum mine located in Xi Ban Cha Gou, Huanglongpu Village, Shimen Town, Luonan Country, Shaanxi Province, the PRC which covers approximately 5.85km^2 ("Jiu Long Molybdenum Mine"). The exploitation right to the Jiu Long Molybdenum Mine has been granted by Land and Resources Bureau of Shaanxi Province, the PRC.

The Directors considered that no impairment loss shall be recognised for the year ended 31 December 2009 as there is no indication for provision of impairment loss has been identified.

23. Inventories

Group

	2009 HK$'000	2008 HK$'000
Raw materials	9,707	–
Finished goods	59,768	–
	69,475	–

24. Trade Receivables

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

Group

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

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

Group

	2009 HK$'000	2008 HK$'000
Trade receivables	2,525	4,325
Impairment loss recgonised	–	(1,861)
At 31 December 2009/2008	2,525	2,464

25. Prepayments, Deposits and other Receivables

As at 31 December 2009, the balances of prepayments, deposits and other receivables included (i) an amount of approximately HK$45,367,000 (RMB40,000,000) represent a refund of initial deposits on the acquisition of subsidiaries which had been terminated during the year, the balance was subsequently received by the Company in February 2010; (ii) an amount of approximately HK$11,343,000 (RMB10,000,000) represent a compensation receivables for a suspected fraud transaction taken by the joint venture partner (Note 35), the balance was subsequently received in January 2010; and (iii) an amount of approximately HK$12,476,000 (RMB11,000,000) represent the consideration receivables from the disposal of an associate to an independent third party (Note 39), the balances were subsequently received in January 2010.

As at 31 December 2008, the balances of prepayments, deposits and other receivables included a cash escrow account of approximately HK$101,695,000 held in a legal firm under the name of a subsidiary of the Company for entering a memorandum of understanding to acquire a property in the PRC. The Group has the right to withdraw and use of the cash held in the escrow account as its discretion.

Apart from disclosed above, the remaining balances of prepayments, deposits and other receivables as at 31 December 2009 and 2008 were arising from the Group's normal operations.

For the year ended 31 December 2009, the Group provided an impairment loss of approximately HK$2,681,000 (2008: Nil) on prepayments, deposits and other receivables which, in the opinion of the Directors, the recoverable for such amounts were in doubt.

The amount of the Group's and the Company's prepayments, deposits and other receivables which are expected to be recovered or recognised as expenses after more than one year was approximately HK$541,000 (2008: HK$371,000). All of the other prepayments, deposits and other receivables are expected to be recovered or recognised as expense within one year.

In the opinion of the Directors, the fair values of prepayments, deposits and receivables are not materially different from their amounts because these amounts have short maturity periods on their inception.

26. Share Capital

Company

	Notes	Number of shares '000	Nominal values HK$'000
Authorised:			
Ordinary shares of HK$0.010 each			
At 1 January 2008		20,000,000	200,000
Increase in authorised share capital	*(a)(i)*	30,000,000	300,000
Share consolidation	*(a)(ii)*	(18,750,000)	–
Ordinary shares of HK$0.016 each			
At 31 December 2008, at 1 January 2009 and at 31 December 2009		**31,250,000**	**500,000**
Issued and fully paid:			
Ordinary shares of HK$0.010 each			
At 1 January 2008		5,630,803	56,308
Share consolidation	*(a)(ii)*	(2,111,551)	–
Issue of shares pursuant to conversion of convertible bonds			
– First CB	*(b)*	2,083,333	33,333
– Second CB	*(c)*	2,777,778	44,444
– Third CB	*(d)*	1,315,222	21,044
Ordinary shares at HK$0.016 each			
At 31 December 2008, at 1 January 2009, and 31 December 2009		**9,695,585**	**155,129**

26. Share Capital *(Continued)*

The movements in the Company's share capital are summarised as follows:

(a) At the to special general meeting held on 21 April 2008, the following resolutions were passed by the shareholders of the Company:

(i) the authorised share capital of the Company was increased from HK$200,000,000 to HK$500,000,000; and

(ii) the share consolidation on the basis that every eight issued and unissued shares of HK$0.01 each be consolidated into five consolidated shares of HK$0.016 each.

(b) On 25 June 2008, the Company raised approximately HK$150 million after deduction of expenses by way of the issuance of the first convertible bond ("First CB") to Universal Union Limited, being the substantial shareholder of the Company (the "Subscriber"). The full conversion of an aggregate principal amount of HK$150 million of the First CB was made by the Subscriber at an adjusted conversion price of HK$0.072 on 27 August 2008 which resulted in 2,083,333,333 shares being issued by the Company on 1 September 2008.

(c) On 6 August 2008, the Company raised approximately HK$200 million after deduction of expenses by way of the issuance of the second convertible bond ("Second CB"). The full conversion of an aggregate principal amount of HK$200 million of the Second CB was made by the Subscriber at an adjusted conversion price of HK$0.072 on 16 September 2008 which resulted in 2,777,777,777 shares being issued by the Company on 22 September 2008.

(d) On 29 September 2008, the Company raised approximately HK$94.7 million after deduction of expenses by way of the issuance of the third convertible bond ("Third CB"). The full conversion of an aggregate principal amount of HK$94.7 million of the Third CB was made by the Subscriber at an adjusted conversion price of HK$0.072 on 6 October 2008 which resulted in 1,315,222,222 shares being issued by the Company on 8 October 2009.

All new shares issued ranked pari passes with the existing shares in all respects.

27. Reserves

Group

	Share premium HK$'000	Contributed surplus HK$'000 Note (a)	Capital reserves HK$'000	Revaluation reserves HK$'000 Note (b)	Special reserves HK$'000 Note (f)	Convertible bond reserves HK$'000 Note (c)	Statutory reserves HK$'000 Note (d)	Exchange reserves HK$'000	(Accumulated losses)/ Retained profits HK$'000	Total HK$'000
At 1 January 2008	606,150	31,350	(894)	–	–	–	1	1,960	(242,538)	396,029
Loss and total comprehensive loss for the year	–	–	–	445,877	–	–	–	15,504	(54,336)	407,045
	606,150	31,350	(894)	445,877	–	–	1	17,464	(296,874)	803,074
Equity component of convertible bonds	–	–	–	–	–	87,205	–	–	–	87,205
Deferred tax liabilities of convertible bonds	–	–	–	–	–	(14,389)	–	–	–	(14,389)
Conversion of convertible bonds *(Note (e))*	345,875	–	–	–	–	(72,816)	–	–	–	273,059
Acquisition of subsidiary	–	–	–	–	–	–	2,389	–	–	2,389
Transfer to statutory reserves	–	–	–	–	–	–	618	–	(618)	–
At 31 December 2008, and 1 January 2009	952,025	31,350	(894)	445,877	–	–	3,008	17,464	(297,492)	1,151,338
Profit and total comprehensive income for the year	–	–	–	911,881	–	–	–	(271)	781,694	1,693,304
Acquisition of a subsidiary	–	–	–	–	669,801	–	–	2,020	–	671,821
Transfer to statutory reserves	–	–	–	–	–	–	1,897	–	(1,897)	–
At 31 December 2009	**952,025**	**31,350**	**(894)**	**1,357,758**	**669,801**	**–**	**4,905**	**19,213**	**482,305**	**3,516,463**

27. Reserves *(Continued)*

Company

	Share premium HK$'000	Contribution surplus HK$'000 Note (a)	Special reserve HK$'000 Note (f)	Accumulated losses HK$'000	Total HK$'000
At 1 Januray 2008	606,150	115,615	–	(412,725)	309,040
Loss and total comprehensive loss of the year	–	–	–	(253,246)	(253,246)
	606,150	115,615	–	(665,971)	55,794
Conversion of convertible bonds *(Note (e))*	345,875	–	–	–	345,875
At 31 December 2008 and at 1 January 2009	952,025	115,615	–	(665,971)	401,669
Loss and total comprehensive loss of the year	–	–	–	(13,159)	(13,159)
	952,025	115,615	–	(679,130)	388,510
Acquisition of a subsidiary	–	–	669,801	–	669,801
At 31 December 2009	**952,025**	**115,615**	**669,801**	**(679,130)**	**1,058,311**

Notes:

(a) The contribution surplus represents the difference between the nominal value of the share capital issued by the Company and the aggregate of the share capital and the share premium of the subsidiaries acquired pursuant to the Group's reorganisation in 1995.

According to Companies Act 1981 of Bermuda (as amended), the Company may make distributions to its shareholders out of the contributed surplus. However, a company cannot declare or pay a dividend or make a distribution out of contributed surplus if:

(i) the Company is, or would after the payment be, unable to pay its liabilities as they become due;

(ii) the realizable value of the Company's assets would thereby be less than the aggregate liabilities and its issued share capital and share premium accounts.

In the opinion of Directors, the Company did not have any reserves available for distribution to shareholders at 31 December 2009 and 2008.

27. Reserves *(Continued)*

Notes: (Continued)

(b) Included in the revaluation reserves, amount of approximately of HK$1,357,758,000 represents the adjustment on the revaluation of the exploration rights. Detail of which has been set out in Note 21 to the consolidated financial statements.

(c) The convertible reserve represents the equity components of convertible bonds. Convertible bonds issued are split into their liability and equity components at initial recognition. The fair value of the liability component was calculated using a market interest rate for an equivalent non-convertible bond. The value of the equity conversion component, calculated with reference to the valuation carried out by an independent valuer, Malcom & Associates Appraisal Limited. Details have been set out in Note 33 to the consolidated financial statements. The convertible bonds issued by the Company had been converted by the bondholder during the year ended 31 December 2008.

(d) Statutory reserve comprises of (i) statutory surplus reserves; (ii) statutory welfare fund reserve; and (iii) statutory reserve for safety production of molybdenum ore, which has been summarised below:

(i) Statutory reserves

In accordance with articles of association of the Company's subsidiaries established in the PRC ("PRC Subsidiaries"). PRC Subsidiaries shall appropriate 10% of its annual statutory net profit (after net off against any prior years' losses), prepared in accordance with the accounting principles and financial regulations (the "GAAP") to the statutory surplus reserve. When the balance of such statutory surplus reserve reaches 50% of the entity's share capital, any further appropriation is optional.

(ii) Statutory welfare fund reserves

In accordance with articles of association of the PRC Subsidiaries, PRC subsidiaries shall appropriate 5% to 10% of its annual statutory net profit (after offset against any prior years' losses), prepared in accordance with the PRC GAAP, to the statutory public welfare fund reserve.

(iii) Statutory reserves for safety production of molybdenum ore

In accordance with regulations in the PRC relating to the mining industry, PRC subsidiary operates in mining operation is required to transfer an amount from retained profits to the statutory reserve account annually. The amount is calculated as the shortfall of the amount of depreciation on property, plant and equipment in respect of mines and the amount calculated based on the volume of molybdenum ore extracted each year and at the applicable rate per ton of molybdenum ore. The utilisation of the amount in the statutory reserve account is subject to the rules in the PRC Companies Law and the statutory reserves account is not available for distribution to equity holders. The Group is required to submit the list of property, plant and equipment purchased and the expense incurred on safety improvement for approval for the utilisation of such amount. Upon approval by the relevant PRC authorities, the corresponding amount will then be transferred from the statutory reserve account to retained profits.

(e) The Company raised approximately HK$444.7 million by way of issuing three separate convertible bonds on 25 June 2008, 6 August 2008 and 29 September 2008 respectively. Details of the convertible bonds have been set out in Note 33 to the consolidated financial statements.

27. Reserves *(Continued)*

Notes: (Continued)

(f) Special reserve represents the Company's ordinary shares to be issued for acquisition of a subsidiary. On 5 July 2009, the Group entered into an acquisition agreement with independent third parties (the "Vendors") to acquire 65% equity interests of Jiu Long Kuang Ye for a total consideration of 1,366,940,000 shares of the Company (the "Consideration Shares") at an issue price of HK$0.60 per Consideration Share. The acquisition agreement was completed on 2 December 2009, but the Consideration Shares were not yet issued to the Vendors as at 31 December 2009 and therefore recorded as special reserve in the consolidated statement of changes in equity.

The Consideration Shares were then issued by the Company to the Vendors on 12 January 2010, on which day the market price of the Company's share was HK$0.49, as such, the total value of Consideration Shares issued to the Vendors was approximately HK$669,801,000.

28. Deferred Tax Liabilities

Group

	Investment properties HK$'000	Convertible bonds HK$'000	Exploration and evaluation assets HK$'000	Mining rights HK$'000	Total HK$'000
At 1 January 2008	–	–	–	–	–
Acquisition of a subsidiary	31,713	–	–	–	31,713
Credited to profit or loss	(1,177)	–	–	–	(1,177)
Charged to other comprehensive income	–	14,389	–	–	14,389
Credited to other comprehensive income	–	(14,389)	–	–	(14,389)
At 31 December 2008 and at 1 January 2009	30,536	–	–	–	30,536
Acquisition of a subsidiary	–	–	–	788,187	788,187
Charged to other comprehensive income	–	–	595,581	–	595,581
Credited to profit or loss	(24,855)	–	–	–	(24,855)
Exchange adjustment	1,277	–	–	448	1,725
	6,958	–	595,581	788,635	1,391,174

28. Deferred Tax Liabilities *(Continued)*

Company

	Convertible Bonds *HK$'000*
At 1 January 2008	–
Charge to other comprehensive income	14,389
Credited to other comprehensive income	(14,389)
At 31 December 2008, at 1 January 2009 and at 31 December 2009	–

The Group and the Company did not have any significant unprovided deferred tax liabilities at 31 December 2009 (2008: Nil).

29. Bank Borrowings

Group

	2009 *HK$'000*	2008 *HK$'000*
Bank loans, secured		
Within one year	**32,381**	–
In the second year	**10,565**	–
	42,946	–

As at 31 December 2009, the Group's interest-bearing bank loans carried at fixed interest rate ranging from 6% to 7.43% per annum and were secured by (i) term deposits of RMB20,000,000 provided by the Group's related companies; (ii) plant and machinery provided by the Group's subsidiary with carrying amount of approximately HK$27,005,000; (iii) the exploitation right certificate of a molybdenum mine held by the Group's subsidiary; and (iv) corporate guarantee provided by an independent insurance company with a counter-guarantee of 105 tons of molybdenum provided by the Group's subsidiary and the personal properties provided by the directors of the Group's subsidiary.

29. Bank Borrowings *(Continued)*

As at 31 December 2009, the Group's bank borrowings were denominated in RMB and the carrying amounts of the Group's bank borrowings approximate to their fair value at the end of the year.

30. Trade Payables

Group

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

The Directors consider that the carrying amounts of trade payables approximate to their fair values at the end of the reporting period.

31. Other Payables and Accruals

All of the Group's and the Company's other payables and accruals are expected to be settled or recognised as income within one year or are repayable on demand.

The Directors consider that the carrying amounts of other payables and accruals approximate to their fair values at the end of the reporting period.

32. Amounts Due to Related Parties

Group

The amounts due to related parties are unsecured, carried at interest rate of 12% per annum and repayment on demand. The related parties are those minority shareholders and directors of the Group's subsidiary.

33. Convertible Notes

Group and Company

For the year ended 31 December 2009

There was no convertible note issued by the Company during the year ended 31 December 2009.

For the year ended 31 December 2008

On 6 February 2008, the Company entered into a subscription agreement with Universal Union Limited, being the substantial shareholder of the Company (the "Subscriber") whereby the Subscriber agreed to subscribe for the convertible bonds in the principal amount of HK$444,696,000 to be issued by the Company in three tranches, being the first convertible bond in the principal amount of HK$150,000,000 ("First CB"), the second convertible bond in the principal amount of HK$200,000,000 ("Second CB") and the third convertible bond in the principal amount of HK$94,696,000 ("Third CB") respectively, for a term of 3 years for each tranche.

On 25 June 2008, the Subscriber subscribed the First CB and full conversion of an aggregate principal amount of HK$150 million of the First CB was made by the Subscriber at an adjusted conversion price of HK$0.072 on 27 August 2008 which resulted in 2,083,333,333 shares being issued by the Company on 1 September 2008.

On 6 August 2008, the Subscriber subscribed the Second CB and full conversion of an aggregate principal amount of HK$200 million of the Second CB was made by the Subscriber at an adjusted conversion price of HK$0.072 on 16 September 2008 which resulted in 2,777,777,777 shares being issued by the Company on 22 September 2008.

On 29 September 2008, the Subscriber subscribed the Third CB and full conversion of an aggregate principal amount of HK$94.7 million of the Third CB was made by the Subscriber at an adjusted conversion price of HK$0.072 on 6 October 2008 which resulted in 1,315,222,222 shares being issued by the Company on 8 October 2008.

The convertible bond contains two components, liability and equity elements. The equity element is presented in equity under Convertible Bond Reserve. The effective interest rate of the liability component of the First CB, Second CB and Third CB was 7.83%, 7.35% and 7.52% respectively.

33. Convertible Notes *(Continued)*

The movement of the liability component of the convertible bonds during the year is set out below:

	2009 HK$'000	2008 HK$'000
Proceeds of issue:	–	444,696
Equity component	–	(87,205)
Liability component at date of issue	–	357,491
Conversion of convertible bonds	–	(357,491)
Liability component at 31 December	–	–

The fair value of the liability component was calculated using a market interest rate for an equivalent non-convertible bond. The value of the equity conversion component, calculated with reference to valuation carried out by Malcolm & Associates Appraisal Limited, was included in shareholders' equity in Convertible Bond Reserve. The fair value of the liability component and the equity conversion component were determined at issuance of the convertible bond.

34. Pledge of Assets

The Group's plant and machinery with carrying amount of approximately HK$27,005,000 (2008: Nil) were pledged to bank as security for banking facilities granted to a subsidiary of the Company (Note 29).

35. Contingent Liabilities and Assets and Capital Commitments

Contingent Liabilities:

In accordance with relevant PRC laws and regulations, a subsidiary of the Company operates in exploitation of molybdenum in the PRC is obliged to accrue the cost for land reclamation and mine closures for its molybdenum mines. As at 31 December 2009, the Directors estimated that approximately HK$36,998,000 was the liabilities for land reclamation and mine closures for the Group's Molybdenum Mines, which was determined based on the Directors' best estimates according to their own calculations of the amounts. Such liabilities has not been provided in the consolidated financial statements as the amounts of obligation cannot be measured reliably due to the uncertain timing of the future cash expenditure to perform the required works and other factors associated with the calculation of the amounts of liabilities.

Save as disclosed above, the Group had no other material contingent liabilities as at 31 December 2009 (2008: Nil).

35. Contingent Liabilities and Assets and Capital Commitments *(Continued)*

Contingent Assets:

During the year ended 31 December 2009, the Directors of the Company discovered that, without their knowledge and consent, the land where the property development project held by a subsidiary of the Company in the PRC to be erected was surrendered to an independent third party by the Group's joint venture partner in the property development project, in a suspected fraud transaction ("Suspected Fraud Transaction"). The Company reported the case to the PRC police and several persons involved in the Suspected Fraud Transaction has been arrested. As a result, on 30 December 2009, a civil settlement agreement were entered between the joint venture partner and a subsidiary of the Company that the joint venture partner would compensate the Company (i) a sum of RMB30,000,000 in cash ("Cash Compensation"); and (ii) the entire equity interests in Xian Communication University Second Affiliated Middle School Southern District with the market value of approximately RMB183,972,000 valued by an independent valuer as at 31 December 2009 ("Asset Compensation").

For the year ended 31 December 2009, Cash Compensation of approximately HK$34,024,000 (RMB30,000,000) has been recognised as compensation income (Note 5) in the consolidated income statements, of which approximately HK$22,681,000 (RMB20,000,000) has been received during the year and the remaining balance of HK$11,343,000 (RMB10,000,000) has been recorded as compensation receivable under prepayments, deposits and other receivables (Note 25). The compensation receivable has been fully received in January 2010.

As at 31 December 2009, the Group had not recognised the Assets Compensation but disclosed in the consolidated financial statements as the inflow of economic benefits is probable but not yet virtually certain. As at the date of this report, the title of the Asset Compensation has not yet been transferred to the Group.

Save as disclosed above, the Group had no other material contingent assets as at 31 December 2009 (2008: Nil).

Capital Commitments:

As at 31 December 2009, the Group did not have any capital commitments.

As at 31 December 2008, the Group had contractual capital commitments in respect of renovation of its investment properties amounted to approximately HK$9,159,000.

36. Operating Lease Commitments

As Lessee

At the end of the reporting periods, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

Group

	2009	2008
	HK$'000	*HK$'000*
Within one year	**1,259**	1,182
In the second to fifth years inclusive	**118**	34
	1,377	1,216

As Lessor

At the end of the reporting periods, the Group had contracted with tenants for the following future minimum lease payments as follows:

Group

	2009	2008
	HK$'000	*HK$'000*
Within one year	**–**	20,843
In the second to fifth years inclusive	**–**	57,194
	–	78,037

37. Related Party Transactions

(a) At the end of the reporting periods, the Group had the following balances with related parties:

	Trade payables		Amounts due from related parties		Amounts due to related parties	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Associates	**–**	–	**3,308**	6,952	**–**	–
Related parties	**1,497**	–	**–**	–	**22,530**	–

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expenses had been recognised for bad or doubtful debts in respect of the amounts due from related parties.

(b) During the year, the Group entered into the following transactions with related parties:

	2009	2008
	HK$'000	*HK$'000*
Associate:		
Royalty income received *(Note)*	**1,678**	1,588
Related parties:		
Convertible bonds	**–**	444,696
Sales of molybdenum mine received *(Note)*	**7,774**	–
Purchase (*Note*)		
– paid	**1,508**	–
– payable	**1,497**	–
Interest paid *(Note)*	**235**	–

Note: The transactions were entered into at the considerations agreed between the parties.

(c) Compensation of Key Management Personnel

Remuneration for key management personnel, including amount paid to company's Directors and certain of the highest paid employees, as disclosed in Notes 9 and 10 to the consolidated financial statements is as follows:

	2009	2008
	HK$'000	*HK$'000*
Short-term employee benefits	**1,198**	370
Mandatory Provident Fund contribution	**42**	12
	1,240	382

38. Acquisition of A Subsidiary

On 5 July 2009, the Group entered into an acquisition agreement to acquire the 65% of equity interest in Jiu Long Kuang Ye at a consideration of approximately HK$669,801,000 and was completed on 2 December 2009.

The fair value of the identifiable net assets acquired in the transaction and the negative goodwill arising is as follows:

	2009	2008
	HK$'000	*HK$'000*
Net assets acquired:		
Properties, plant and equipment	**223,259**	5,229
Mining rights	**3,154,538**	–
Investment properties	**–**	357,081
Exploration and evaluation assets	**–**	9,139
Prepaid lease payment	**1,251**	–
Trade and other receivables	**41,860**	12,340
Inventories	**93,012**	–
Tax recoverable	**5,899**	–
Cash and bank balances	**25,205**	2,623
Trade and other payables	**(131,974)**	(6,055)
Bank borrowings	**(42,922)**	–
Amounts due to related parties	**(23,651)**	–
Deferred tax liabilities	**(788,187)**	(31,338)
Tax payable	**–**	(4,347)
Statutory reserves	**–**	(2,361)
	2,558,290	342,311
Minority interests	**(894,934)**	(8,357)
	1,663,356	333,954
Total consideration satisfied by:		
Issuance of company shares/cash	**(669,801)**	(307,286)
Negative goodwill	**993,555**	26,668
Net cash inflow/(outflow) arising on acquisition:		
Cash consideration paid	**–**	(307,286)
Bank balances and cash acquired	**25,205**	2,623
	25,205	(304,663)

The negative goodwill arose in the business combinations because the fair value of the identifiable net assets of Jiu Long Kuang Ye were over the cost of acquisition paid by the Group. The negative goodwill has been credited to the profit or loss.

39. Disposal of an associate

During the year, Express Century Limited, a wholly owned subsidiary of the Company entered into a disposal agreement with an independent third party for disposal of the equity interest of 44% in Tonghua Yong Ji Real Estate Company Limited at a cash consideration of approximately HK$12,476,000. The transaction was completed in December 2009.

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of an associate is as follows:

	HK$'000
Consideration:	
Cash	12,476
Less: interest in an associate	(10,215)
Gain on disposal of an associate	2,261

40. Risk Management Objectives and Policies

The Group has written risk managements policies and guideline set out in the Group's internal control manual. The board of Directors also meets periodically to analyse and formulate strategies to manage and monitor the Group's exposure to variety of risk associate with financial instruments which arise from the Group's operating and investing activities. Generally, the Group employs conservative strategies regarding its risk management to ensure appropriate measures are implemented on a timely and effective manner. The risks associated with these financial instruments and the policies on how to these risks are mitigated are described as follow:

(a) Market Risk

(i) Foreign Exchange Risk

Most of the subsidiaries' functional currencies are Renminbi ("RMB") and Hong Kong dollars ("HKD"). The business transactions of the Group conducted during the year were mainly denominated and settled in either RMB or HKD. The exposure in exchange rate risks mainly arises from fluctuations in foreign currencies against the functional currency of the relevant Group entities. The Group currently does not have hedging policy in respect of the foreign currency risk. However, the management monitors the related foreign currency risk exposure closely and will consider hedging significant foreign currency risk exposure should the needs arises.

Based on the market condition at the end of the reporting period, the Group determined that it is reasonably possible for RMB to strengthen/weaken by 10% against HKD in the coming twelve months (2008: 5%). Hence, 10% are the sensitivity rates used in the current year when reporting foreign currency risk internally to key management personnel and represent management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items.

40. Risk Management Objectives and Policies *(Continued)*

(a) Market Risk *(Continued)*

(i) Foreign Exchange Risk *(Continued)*

The following table illustrates the sensitivity of the net results for the year and retained profits in regards to the Group's financial assets and financial liabilities denominated in RMB at the end of the reporting period and the reasonable possible changes in the foreign exchange rates in the next twelve months to which the Group has significant exposure at the end of the reporting period, based on the assumption that other variables are held constant. Changes in foreign exchange rate have no impact on the Group's other component of equity.

	2009		2008	
	Increase/ (Decrease) in foreign exchange rate	**Effect on results and retained profits**	Increase/ (Decrease) in foreign exchange rate	Effect on results and accumulated losses
	%	***HK$'000***	%	*HK$'000*
Profit/(Loss) for the year				
– strengthened	**10**	**9,931**	5	2,281
– weakened	**(10)**	**(9,931)**	(5)	(2,281)

(ii) Interest Rate Risk

The Group does not have material exposure to interest rate risk, as the Group has no financial assets and liabilities of material amounts with floating interest rate except for bank borrowings. A reasonably change in interest rate in the next twelve months is assessed, which could have immaterial change in the Group's profit after tax and accumulated losses. Changes in interest rates have impact on the Group's other components of equity. The Group adopts centralised treasury policies in cash and financial management and focuses on reducing the Group's overall interest expense.

40. Risk Management Objectives and Policies *(Continued)*

(b) Credit Risk

The Group's exposure to credit risk is mainly limited to the carrying amount of financial assets recognised at the end of reporting period, as summarised below:

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Classes of financial assets:				
Trade receivables	**2,525**	2,464	**–**	–
Investment deposit	**–**	–	**45,367**	–
Prepayments, deposits and other receivables	**130,557**	105,213	**1,679**	102,066
Amounts due from associates	**3,308**	6,952	**2,010**	1,378
Cash and bank balances	**94,698**	126,984	**5,094**	35,419
	231,088	241,613	**54,150**	138,863

Credit risk on trade receivable is minimal and has no significant concentration of credit risk. Credit risk on cash and bank balances which is mitigated as counterparties are banks or financial institutions with high credit rating. Credit risk on prepayments, deposit and other receivables and amounts due from associates is minimal as the Group performs ongoing credit evaluation on the financial condition of its debtors and tightly monitors the ageing of the receivables balances. Follow up action is taken in case of overdue balances. In addition, management reviews the recoverable amount of the receivables individually or collectively at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

.

None of the Group's financial assets are securitised by collateral or other credit enhancements.

40. Risk Management Objectives and Policies *(Continued)*

(c) Liquidity Risk

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long terms. The Group had net current assets of approximately HK$176,158,000 (2008: HK$222,190,000) and net assets of approximately HK$5,873,675,000 at 31 December 2009 (2008: HK$1,743,166,000). In the opinion of Directors, the Group's exposure to liquidity risk is limited.

The following table details the remaining contractual maturities at each of the end of the reporting periods of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payment computed using contractual rate or, if floating based on current rates at the end of the reporting period) and the earliest date the Group may be required to pay:

2009

	On demand *HK$'000*	**Less than 3 months** *HK$'000*	**1 to less than 6 months** *HK$'000*	**3 to less than 12 months** *HK$'000*	**Over 1 year** *HK$'000*	**Total** *HK$'000*
Trade payables	**–**	**18,740**	**–**	**–**	**–**	**18,740**
Other payables and accruals	**–**	**50,910**	**–**	**–**	**–**	**50,910**
Bank borrowings	**–**	**20,415**	**11,966**	**–**	**10,565**	**42,946**
Amounts due to related parties	**22,530**	**–**	**–**	**–**	**–**	**22,530**
	22,530	**90,065**	**11,966**	**–**	**10,565**	**135,126**

2008

	On demand *HK$'000*	Less than 3 months *HK$'000*	1 to less than 6 months *HK$'000*	3 to less than 12 months *HK$'000*	Over 1 year *HK$'000*	Total *HK$'000*
Trade payables	–	1,888	–	–	–	1,888
Other payables and accruals	–	7,441	–	–	–	7,441
	–	9,329	–	–	–	9,329

40. Risk Management Objectives and Policies *(Continued)*

(d) Financial Assets

The carrying amount of the Group's financial assets by category of financial instruments included in the consolidated statement of financial position and the headings in which they are included are follows:

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Loans and receivables				
– Investment deposit	**–**	–	**45,367**	–
– Trade receivables	**2,525**	2,464	**–**	–
– Prepayments, deposits and other receivables	**130,557**	105,213	**1,679**	102,066
– Amounts due from associates	**3,308**	6,952	**2,010**	1,378
– Cash and cash equivalents	**94,698**	126,984	**5,094**	35,419
	231,088	241,613	**54,150**	138,863

(e) Financial Liabilities

The carrying amount of the Group's financial liabilities by category of financial instruments included in the consolidated statement of financial position and headings in which they are included are as follows:

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Financial liabilities measured at amortised cost				
– Trade payables	**18,740**	1,888	**–**	–
– Other payables and accruals	**50,910**	7,441	**3,992**	3,392
– Bank borrowings	**42,946**	–	**–**	–
– Amounts due to related parties	**22,530**	–	**–**	–
– Amounts due to subsidiaries	**–**	–	**–**	93,825
	135,126	9,329	**3,992**	97,217

40. Risk Management Objectives and Policies *(Continued)*

(f) Other Pricing Risk

The Group is exposed to equity price risk through its investment in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles. The Group's equity price risk is mainly concentrated on equity securities listed on the Stock Exchange. In addition, the Group has appointed an investment team to monitor the price risk and will consider hedging the risk exposure should the need arise.

At the end of the reporting period, the Group did not have any investment in listed equity securities and was not exposed to equity price risk. Thus, no sensitivity analysis on the foreign currency risk is presented.

(g) Fair Value

The Directors of the Company consider the fair value of the Group's current financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short-term maturity of these financial instruments. The fair values of non-current financial assets and liabilities were not disclosed because these are not materially different from their carrying amount.

41. Capital Management

Capital includes equity attributable to the equity holders of the Company. The primary objectives of the Group's capital management are:

(a) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;

(b) To support the Group's stability and growth; and

(c) To provide capital for the purpose of the strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders' returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group has not adopted any formal dividend policy.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's total capital comprises all components of equity and net debt includes bank borrowings, trade payables, amounts due to related parties and other payables and accruals, less cash and cash equivalents:

41. Capital Management *(Continued)*

The Group's gearing ratio at 31 December 2009 and 2008 was as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Bank borrowings	**42,946**	–
Trade payables	**18,740**	1,888
Other payables and accruals	**50,910**	7,441
Amounts due to related parties	**22,530**	–
Less: Cash and bank balances	**(94,698)**	(126,984)
Net debts/(assets)	**40,428**	(117,655)
Equity	**5,873,675**	1,743,166
Capital and net debt	**5,914,103**	1,625,511
Gearing ratio	**1%**	N/A

42. Comparative Figures

As a result of the application of HKAS 1 (revised 2007), Presentation of financial statements, and HKFRS 8, Operating segments, certain comparative figures have been adjusted to conform to current year's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2009.

43. Events After The Reporting Period

Excepts as those disclosed elsewhere in the consolidated financial statements, the Group has the following significant events which took place subsequent to the end of reporting period.

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

(b) On 9 February 2010, the Company entered into a placing agreement with an independent third party to place 222,591,284 placing shares at a price of HK$0.45 per placing share (the "Placing Shares"). The Placing Shares, when allotted and issued, will be subject to a lock-up period of three months from the completion date. Details of this transaction are disclosed in the Company's announcement dated 9 February 2010.

44. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors of the Company on 29 March 2010.

SUMMARY OF FINANCIAL INFORMATION

The following is a summary of the published results and of the assets and liabilities of the Group for the five years ended 31 December 2009.

Results

	Year ended 31 December				
	2009	2008	2007	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	**85,498**	74,400	237,647	48,941	9,722
Profit/(Loss) from operations	**753,996**	(80,424)	(58,871)	(48,330)	(4,343)
Finance costs	**(324)**	–	–	(883)	(1,124)
Share of results of associates	**(652)**	18,492	4,239	692	–
Profit/(Loss) before income tax	**753,020**	(61,932)	54,632	(48,521)	(5,467)
Income tax expense	**22,981**	(862)	1,934	(190)	(183)
Profit/(Loss) for the year	**776,001**	(62,794)	(52,698)	(48,711)	(5,650)
Attributable to:					
Equity holders of the Company	**781,694**	(54,336)	(45,469)	(41,420)	(4,692)
Minority interests	**(5,693)**	(8,458)	(7,229)	(7,291)	(958)
Profit/(Loss) for the year	**776,001**	(62,794)	(52,698)	(48,711)	(5,650)

Assets and Liabilities

	As at 31 December				
	2009	2008	2007	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Property, plant and equipment	**251,520**	112,169	131,553	144,346	165,225
Investment properties	**263,128**	357,835	–	–	47,700
Goodwill	**–**	12,591	12,591	12,591	–
Interest in associates	**32,633**	59,386	39,735	25,084	–
Available-for-sale financial assets	**–**	–	–	–	32,000
Intangible assets	**–**	32,419	34,269	36,119	–
Prepaid lease payment	**87,817**	88,533	–	–	–
Exploration and evaluation assets	**3,314,575**	888,579	–	–	–
Mining rights	**3,149,583**	–	–	–	–
Current assets	**300,719**	234,661	249,987	176,184	213,704
Total assets	**7,399,975**	1,786,173	468,135	394,324	458,629
Current liabilities	**(124,561)**	(12,471)	(7,367)	(25,113)	(26,056)
Long-term liabilities	**(1,401,739)**	(30,536)	–	–	(14,707)
Minority interests	**(2,202,083)**	(436,699)	(8,431)	(15,660)	(22,951)
Net assets	**3,671,592**	1,306,467	452,337	353,551	394,915

SUMMARY OF INVESTMENT PROPERTIES

Particulars of the investment held by the Group as at 31 December 2009 is as follows:

Location	Use	Group's interest	Tenure of lease
No.9 Chongqing Road, Chaoyang District, Changchun City, Jilin Province, The PRC (中國吉林省長春市 朝陽區重慶路9號)	Commercial	100%	Medium term lease