BEL GLOBAL RESOURCES HOLDINGS LIMITED
百營環球資源控股有限公司

(Incorporated in Bermuda with limited liability)
Stock code : 761

Annual Report 2010

Contents

Corporate Information

DIRECTORS

Executive Directors

Dr. Sy Chin Mong, Stephen *JP (Chairman and CEO)*
Mr. Sy Lai Yin, Sunny
Ms. Sze Shan Shan, Pat
Mr. Li Wing Tak

Independent Non-executive Directors

Mr. Hsu Hsung, Adolf *JP*
Mr. Ho Wai Chi, Paul
Dr. Chang Soo-Kong

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton HM 11, Bermuda

HEAD OFFICE & PRINCIPAL PLACE OF BUSINESS

10/F., Haleson Building
1 Jubilee Street, Central
Hong Kong

COMPANY SECRETARY

Mr. Li Wing Tak

AUDITORS

Messrs. Ernst & Young

STOCK CODE & COMPANY'S WEBSITE

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www.belglobal.com

AUDIT COMMITTEE MEMBERS

Mr. Ho Wai Chi, Paul *(Chairman)*
Mr. Hsu Hsung, Adolf *JP*
Dr. Chang Soo-Kong

REMUNERATION COMMITTEE MEMBERS

Dr. Sy Chin Mong, Stephen *JP (Chairman)*
Mr. Hsu Hsung, Adolf *JP*
Mr. Ho Wai Chi, Paul

NOMINATION COMMITTEE MEMBERS

Dr. Sy Chin Mong, Stephen *JP (Chairman)*
Mr. Hsu Hsung, Adolf *JP*
Dr. Chang Soo-Kong

PRINCIPAL BANKERS

The Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd.
Wing Hang Bank, Limited

HONG KONG BRANCH SHARE REGISTRAR & BRANCH TRANSFER OFFICE

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

Chairman's Statement

On behalf of the Board of Directors (the "Board") of Bel Global Resources Holdings Limited (the "Company"), I would like to present the annual results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2010.

RESULTS AND BUSINESS REVIEW

During the year, the Group has expanded its coal trading business and completed shipments to various prominent customers in Mainland China. As a result, the Group's revenue from mineral resources segment surged to HK$142,715,000 from HK$28,841,000 of the previous year, boosting the Group's overall turnover to HK$217,169,000, representing a 86% increase compared with the preceding year.

Although the global recession appears to have eased, the economy is still weak and the path towards full recovery especially in the U.S.A. and Europe, is going to be long and slow. The demand for base metals and consumer products was still weak during the year under review. The adverse business environment has impacted the Group's revenue from nickel ore and apparel business. In view of prevailing low demand for base metals, further impairment had been made on the Group's intangible asset in relation to the exclusive purchase right of nickel ore, which was a major cause leading to the loss for the year attributable to shareholders amounted to approximately HK$734,417,000 (2009: HK$130,029,000).

PROSPECTS

The Group is active in identifying investment opportunities that will broaden its source of revenue and enhance shareholder value. In view of the fact that coal, being one of the main sources of electricity, is in demand at all times, the Group entered into an acquisition agreement to acquire certain coal mines in Indonesia on 12 July 2009. The target coal mines are expected to have an estimated coal reserve of not less than 80 million metric tonnes and will provide the Group a stable source of high quality coal. Due diligence work on the target coal mines is in process and is expected to be completed in the near future.

Chairman's Statement

DIVIDENDS

The Board do not recommend the payment of any dividend for the year (2009: nil).

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my heartfelt thanks to the enduring support of our shareholders, customers and business partners, and to the dedication and hard work of all our staff throughout the year.

Sy Chin Mong, Stephen
Chairman & CEO

Hong Kong
26 July 2010

Management Discussion and Analysis

FINANCIAL SUMMARY

During the year under review, the Group focus on developing its coal trading business. Business relationships were built up with various customers and the Group's revenue increased by 86% to HK$217,169,000 as compared with HK$116,926,000 in the previous year. Loss attributed to the owners of the Company amounted to HK$734,417,000 (2009: HK$130,029,000).

Notwithstanding the growth in coal trading business, the hardship of business environment for base metals production continued throughout the year and lead to weak demand of nickel ore. In view of sluggish market condition, the Group recognised further impairment loss of HK$659,626,000 on its nickel ore exclusive purchase right.

Due to the prolonged economic downturn in Europe, revenue from apparel operation decreased by 15% to HK$74,454,000 as compared with HK$88,085,000 in prior year.

OUTLOOK

As part of the Group's strategy to broaden its business scope and revenue base, the Group entered into an agreement, pursuant to which the Group has conditionally agreed to acquire 99.9% interests in certain coal mines in Indonesia at a consideration of, subject to adjustment, HK$498 million. Completion of the acquisition is conditional upon fulfilment of a number of conditions including approval by the Company's shareholders. The details of the proposed acquisition were disclosed in the announcement of the Company dated 28 July 2009. As at the date of this report, the said acquisition has not been completed. A circular in relation to the acquisition will be dispatched to shareholders as soon as practicable.

The board is confident that the completion of the acquisition will produce fruitful return to the Group.

LIQUIDITY AND FINANCIAL RESOURCES

The Group is mainly financed by the issue of new shares, internal cash flows and banking facilities provided by its bankers during the year. In order to strengthen the Group's financial position and broaden its shareholders base, the Group completed three placing of new shares in June and July 2009 and March 2010, resulting in the issue of 170,000,000, 177,000,000 and 300,000,000 ordinary shares, respectively.

The Group currently has aggregate composite banking facilities of approximately HK$114,200,000. As at 31 March 2010, the Group has no outstanding bank borrowings.

As at 31 March 2010, the Group's net current assets is approximately HK$148,442,000 (2009: HK$82,916,000). Total cash and bank balances and bank deposits increased from HK$44,882,000 to HK$78,404,000 whereas, the Group has no bank loan and bank overdrafts as at 31 March 2010 (2009: HK$15,868,000). The net cash and bank balances increased by HK$49,390,000 over the year. Inventories decreased from HK$36,162,000 to HK$34,297,000. Trade and bills receivables decreased by approximately 48% to become HK$12,932,000, trade and bills payables also decreased by approximately 22% to become HK$3,533,000.

The Group's gearing ratio as at the year-end is 0.37 (2009: 0.29), which was calculated based on total liabilities of HK$270,239,000 (2009: HK$348,499,000) and shareholders' funds of HK$725,816,000 (2009: HK$1,208,649,000). With low gearing ratio and sound financial position, the management believes that the Group is well placed to avail itself to future expansion.

MATERIAL ACQUISITION AND DISPOSAL OF INVESTMENTS

Save as disclosed, the Group had no material acquisitions or disposals of subsidiaries or affiliated companies during the year.

Management Discussion and Analysis

CAPITAL EXPENDITURE

Save as disclosed, there is no plan for any material investments or capital assets to be acquired.

FINANCIAL RISK MANAGEMENT

It is our policy not to engage in speculative activities.

The Group's major transactions are primarily denominated in Hong Kong dollars, United States dollars ("USD") and Renminbi ("RMB"). Foreign exchange exposure of the Group is considered minimal as the exchange rate of RMB and USD against Hong Kong dollars were relatively stable during the year. No financial instrument has been used for hedging purposes.

Payment terms with customers are mainly on letter of credits, cash on delivery and on credit terms. In order to minimize the credit risk associated with trade debtors, the Group is very cautious in granting credits. Credit terms granted vary among individual customers.

EMPLOYEES, TRAINING AND REMUNERATION POLICY

As at 31 March 2010, the Group employed approximately 350 (2009: 380) employees in Hong Kong and the PRC. The Group continues to maintain and upgrade the capabilities of its workforce by providing them with training.

The Group's remuneration policies are based primarily on the prevailing market situation and the performance of individual employee, which are subject to annual review. Discretionary bonuses are awarded to employees based both on individual and Group performances. Other benefits include Mandatory Provident Fund retirement benefits scheme and other subsidies. In the PRC, the Group provides staff welfare and benefits to its employees with prevailing labour laws in China.

The Company has complied with all the Code Provisions set out in Appendix 14 Code on Corporate Governance Practices (the "Code") of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the financial year ended 31 March 2010, except for the following deviation:

CODE PROVISION A.2.1

This code provision stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Currently and throughout the year, the roles of both the Chairman and the Chief Executive Officer of the Company are performed by the same individual. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Company to make and implement decisions promptly and efficiently. As such, it is beneficial to the business prospects and management of the Company.

The Board will periodically review and improve the corporate governance practices and standards of the Company with a view to continuously improve the Company's corporate governance practices by assessing their effectiveness with evolving standards to meet changing circumstances and needs.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors of the Group on terms no less exacting than the Model Code contained in Appendix 10 of the Listing Rules. Having made specific enquiry of all directors of the Company, the directors confirmed that they have complied with the required standard as set out in the Model Code throughout the financial year ended 31 March 2010.

BOARD OF DIRECTORS

Composition

The composition of the board of directors (the "Board") reflects the necessary balance of skills and experience appropriate for the requirements of the business of the Company and for the exercise of independent judgement.

The directors of the Company during the year and up to the date of this report were:

Executive directors:
Dr. Sy Chin Mong, Stephen *JP*
Mr. Sy Lai Yin, Sunny
Ms. Sze Shan Shan, Pat
Mr. Leung Shu Yin, William (Resigned on 28 April 2009)
Mr. Li Wing Tak

Independent non-executive directors:
Mr. Hsu Hsung, Adolf *JP*
Mr. Ho Wai Chi, Paul
Dr. Chang Soo-Kong

Except Dr. Sy Chin Mong, Stephen, the Chairman, Chief Executive Officer and Executive Director, who is the father of Mr. Sy Lai Yin, Sunny, there are no relationships among the members of the Board.

Corporate Governance Report

The Company has received written annual confirmation from all its independent non-executive directors of their independence pursuant to the requirements of the Listing Rules. Although Mr. Ho Wai Chi, Paul, an independent non-executive director, served the Board for more than nine years, the Board considers him to be independent since he has no business relationship to the Group.

RESPONSIBILITIES

The overall management of the Company's business is vested in the Board, which assumes the responsibility for providing leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. All directors should take decisions objectively in the interests of the Company.

The Board takes responsibility for all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies, internal control and risk management systems, material transactions, financial information, appointment of directors and other significant financial and operational matters.

All directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed.

Each director is normally able to seek independent professional advice in appropriate circumstances at the Company's expenses, upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the Executive Directors. The Executive Directors have the full support of the senior management to discharge their responsibilities.

BOARD AND BOARD COMMITTEE MEETINGS

Number of Meetings and Directors' Attendance

Regular Board meetings should be held at least four times a year at approximately quarterly intervals for reviewing and approving the financial and operational performance, and considering and approving the overall strategies and policies of the Company.

During the year under review, regular Board meetings and other Committee meetings were held. Save for the executive Board meetings held between the executive directors during the normal course of business of the Company, the Board has had regular Board meetings in accordance with the CG Code. The individual attendance records of each director at the meetings are set out below:

	Number of meetings attended/held during the financial year ended 31 March 2010			
Name of Directors	Regular Board	Audit Committee	Nomination Committee	Remuneration Committee
Dr. Sy Chin Mong, Stephen	11/11	N/A	2/2	2/2
Mr. Sy Lai Yin, Sunny	11/11	N/A	N/A	N/A
Ms. Sze Shan Shan, Pat	10/11	N/A	N/A	N/A
Mr. Leung Shu Yin, William (note 1)	2/2	N/A	N/A	N/A
Mr. Li Wing Tak	11/11	N/A	N/A	N/A
Mr. Ho Wai Chi, Paul	11/11	3/3	N/A	2/2
Mr. Hsu Hsung, Adolf	10/11	3/3	2/2	2/2
Dr. Chang Soo-Kong	11/11	3/3	2/2	N/A

Note:

(1) Resigned on 28 April 2009.

Practices and Conduct of Meetings

All meeting schedules and draft agendas of Board and Board committee meetings are normally made available to directors' in advance. The Board papers together with all appropriate, complete and reliable information are sent to all directors/committee members in advance.

The Company Secretary is responsible to take and keep minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to directors for comment within a reasonable time after each meeting and the final version is open for directors' inspection.

BOARD COMMITTEES

The Board has established 3 committees, namely, the Remuneration Committee, the Nomination Committee and the Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are available at the website of the Company.

The majority of the members of the Remuneration and Nomination Committee are independent non-executive directors. All members of the Audit Committee are independent non-executive directors. The list of the chairman and members of the Remuneration Committee, the Nomination Committee and the Audit Committee is set out under "Corporate information" on page 2.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Remuneration Committee

The principal responsibilities of the Remuneration Committee include making recommendations to the board of directors of the Company on the Company's policy and structure for all remuneration of directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing such policy, and reviewing the specific remuneration packages of all executive directors and senior management of the Company by reference to corporate goals and objectives resolved by the board of directors of the Company from time to time.

The Remuneration Committee met two times during the financial year ended 31 March 2010 and reviewed/discussed/recommended the remuneration packages of the executive directors and senior management for the financial year ended 31 March 2010 for the Board's consideration. The Committee also reviewed the adequacy of non-executive Directors' remuneration. An ordinary resolution will be proposed at the 2010 Annual General Meeting for Shareholders to consider and if though fit, authorise the board of directors to fix the director's remuneration including the non-executive directors.

Nomination Committee

The principal responsibilities of the Nomination Committee include making recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors, and reviewing the structure, size and composition of the Board on a regular basis and make recommendations to the Board regarding any proposed changes.

Two meetings were held during the financial year ended 31 March 2010 to discuss/review the size and structure and the re-appointment of retiring directors. The Board recommended the re-appointment of these directors standing for re-election at the forthcoming annual general meeting of the Company.

The Company's circular to be dispatched to the shareholders of the Company contains detailed information of these directors standing for re-election.

Corporate Governance Report

Audit Committee

None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The main duties of the Audit Committee include the following:

(a) To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors.

(b) To review the financial statements and reports and consider any significant or unusual items raised by external auditors before submission to the Board.

(c) To review the adequacy and effectiveness of the Company's financial reporting system, internal control systems and risk management system and associated procedures.

As mentioned above, the Audit Committee held three meetings during the financial year ended 31 March 2010 to review the financial results and reports, financial reporting and procedures, report on the Company's internal control and the re-appointment of the external auditors.

The Company's interim and annual results for the year ended 31 March 2010 have been reviewed by the Audit Committee. There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

The Board has not taken any different view from that of the Audit Committee regarding the selection, appointment, resignation or dismissal of external auditors.

RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS AND AUDITORS REMUNERATION

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 March 2010.

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditors' Report" on page 21 to 23.

The remuneration of the external auditors of the Group, Messrs. Ernst and Young, in respect of audit and non-audit services for the year ended 31 March 2010 is HK$1,390,000 and HK$9,000, respectively.

INTERNAL CONTROLS

It is the responsibility of the Board to ensure that the Group maintains sound and effective internal controls to safeguard the shareholders' investments and the Group's assets.

The Board, with the assistance of our previous external auditors (Li, Tang, Chen & Co.,), reviewed the effectiveness of the Group's internal control system and risk management system of the Group for the year ended 31 March 2010 and no material weakness was found that will affect the safeguard against the shareholders' investment and the Group's assets. Apart from this, the external consultancy firm also brought to the attentions of the Board some recommendations to improve further the internal controls of the Group.

The purpose of the Company's internal control is to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems so that the Company's objective can be achieved.

COMMUNICATION WITH SHAREHOLDERS

The general meetings of the Company provide an opportunity for dialogue and interaction between the shareholders and the Board. The Chairman of the Board and chairman of the Board committees or, in their absence, another member of the relevant committee, are normally available to answer questions at the annual general meetings. Notice of meeting will be sent to shareholders at least 20 clear business days before annual general meetings and at least 10 clear business days before all other general meetings.

Separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors. Any vote of shareholders at a general meeting must be taken by poll and the Company must announce the results of the poll.

Shareholders and investors may write directly to the Company at its principal place of business in Hong Kong for any inquiries.

To promote effective communication, the Company also maintains a website at www.belglobal.com, where information and updates on the Company's developments and operations, financial information and other information are posted.

Report of the Directors

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2010.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note 14 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 March 2010 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 24 to 81.

The directors do not recommend the payment of any dividend in respect of the year.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 82. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 13 to the financial statements.

SHARE CAPITAL, SHARE OPTIONS AND CONVERTIBLE BONDS

Details of the Company's share capital, share options and convertible bonds are set out in notes 27, 28 and 24 to the financial statements, respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to its existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 29 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2010, the Company does not have reserve available for distribution, calculated in accordance with the provisions of the Bermuda Companies Act 1981. In addition, the Company's share premium account, in the amount of HK$1,157,290,000 may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for 72% of the total sales for the year and sales to the largest customer included therein amounted to 38%. Purchases from the Group's five largest suppliers accounted for 66% of the total purchases for the year and purchases from the largest supplier included therein amounted to 58%.

None of the directors of the Company, their associates, or any shareholder (which to the knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest suppliers and customers.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Dr. Sy Chin Mong, Stephen *JP*
Mr. Sy Lai Yin, Sunny
Ms. Sze Shan Shan, Pat
Mr. Leung Shu Yin, William (Resigned on 28 April 2009)
Mr. Li Wing Tak

Independent non-executive directors:

Mr. Hsu Hsung, Adolf *JP*
Mr. Ho Wai Chi, Paul
Dr. Chang Soo-Kong

In accordance with the Company's bye-laws, Dr. Sy Chin Mong, Stephen, Dr. Chang Soo-Kong and Mr. Ho Wai Chi, Paul will retire by rotation and being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

The Company has received annual confirmation of independence from each of the independent non-executive directors pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and, as at the date of this report, the Company still considers them to be independent.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

An ordinary resolution will be proposed at the 2010 Annual General Meeting for shareholders to consider and if though fit, authorise the board of directors to fix the director's remuneration. The remuneration are determined by the Company's board of directors with reference to directors' duties, responsibilities and performance and the results of the Group.

Report of the Directors

DIRECTORS' INTERESTS IN CONTRACTS

Mr. Char On Man, resigned as a director of the Company on 30 April 2008 and being a beneficial owner of O&E International Limited ("O&E"), was interested in 4 tenancy agreements with the Group. Further details of the transactions undertaken in connection therewith are included in note 32 to the financial statements. Save as disclosed above, no director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 March 2010, the interests and short positions of the directors in the share capital of the Company or 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 pursuant to Section 352 of the SFO, or as otherwise 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 follows:

(i) Long positions in ordinary shares of the Company:

Name of director	Number of shares held, capacity and nature of interest: Directly beneficially owned	Through controlled corporation	Total	Percentage of the Company's issued share capital
Sy Chin Mong, Stephen	9,606,000	49,056,600	58,662,600	1.94%
Sy Lai Yin, Sunny	15,000,000	–	15,000,000	0.50%
Sze Shan Shan, Pat	15,000,000	–	15,000,000	0.50%
Ho Wai Chi, Paul	2,200,000	–	2,200,000	0.07%
Hsu Hsung, Adolf	700,000	–	700,000	0.02%

(ii) Long positions in the underlying shares of convertible bonds of the Company:

Name of director	Principal amount of convertible bonds HK$	Number of underlying shares held	Percentage of the Company's issued share capital
Sy Chin Mong, Stephen (Note)	232,651,000	387,751,666	12.81%

Note: As at 31 March 2010, convertible bonds in a principal amount of HK$232,651,000 was held by Elite Dragon Limited, a company owned as to 100% by Bel Trade Investment Holdings Ltd., which in turn is wholly owned by Dr. Sy Chin Mong, Stephen.

(iii) Long positions in share options relating to ordinary shares of the Company:

Name of director	Number of share options: At 1 April 2009	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	At 31 March 2010	Date of grant of share options (dd.mm.yyyy)	Total consideration paid for share options HK$	Exercise period of share options (both days inclusive) (dd.mm.yyyy)	Exercise price of share options* HK$ per share	Price of ordinary shares** at date immediately before date of grant HK$ per share	Price of ordinary shares** immediately before the exercise date HK$ per share
Sy Chin Mong, Stephen	–	2,200,000	(2,200,000)	–	–	04.05.2009	1	04.05.2009 to 03.05.2011	0.12	0.11	0.232
Sy Lai Yin, Sunny	–	15,000,000	(15,000,000)	–	–	04.05.2009	1	04.05.2009 to 03.05.2011	0.12	0.11	0.232
Sze Shan Shan, Pat	–	15,000,000	(15,000,000)	–	–	04.05.2009	1	04.05.2009 to 03.05.2011	0.12	0.11	0.232
Li Wing Tak	–	11,000,000	–	–	11,000,000	04.05.2009	1	04.05.2009 to 03.05.2011	0.12	0.11	–
Hsu Hsung, Adolf	–	2,200,000	(2,200,000)	–	–	04.05.2009	1	04.05.2009 to 03.05.2011	0.12	0.11	0.245
Ho Wai Chi, Paul	–	2,200,000	(2,200,000)	–	–	04.05.2009	1	04.05.2009 to 03.05.2011	0.12	0.11	0.245
Chang Soo-Kong	–	2,200,000	–	–	2,200,000	04.05.2009	1	04.05.2009 to 03.05.2011	0.12	0.11	–

Notes:

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

** The price of the Company's ordinary shares disclosed as "at date immediately before date of grant" of the share options is the closing price on the Stock Exchange on the business day prior to which the options were granted.

The price of the Company's ordinary shares disclosed as "immediately before the exercise date" of the share options is the weighted average of the Stock Exchange closing prices immediately before the dates on which the options were exercised by each of the Directors.

Save as disclosed above, as at 31 March 2010, none of the directors and chief executive and their associates had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Report of the Directors

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section "Directors' interests and shorts positions in shares and underlying shares", at no time during the year 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 and fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES

At 31 March 2010, so far as is known to the directors of the Company, the following persons (other than the interests disclosed above in respect of a director of the Company who is also a substantial shareholder of the Company) had interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

(i) Long positions in ordinary shares of the Company:

Name	Capacity and nature of interest	Number of shares held	Percentage of the Company's issued share capital
Shiying Finance Limited (Note)	Directly beneficially owned	300,000,000	9.91%

Note: The entire issued share capital of Shiying Finance Limited is held by Mr. Hui Wing Mau. By virtue of the SFO, Mr. Hui is deemed to have interest in the 300,000,000 shares.

(ii) Long positions in the underlying shares of convertible bonds of the Company:

Name	Principal amount of convertible bonds HK$	Number of underlying shares held	Percentage of the Company's issued share capital
Elite Dragon Limited (Note)	232,651,000	387,751,666	12.81%

Note: As at 31 March 2010, Elite Dragon Limited was the holder of convertible bonds in the principal amount of HK$232,651,000, which could be converted upon exercise, into shares of the Company at HK$0.6 per share, by no later than 4:00 p.m. on 14 January 2013. This constituted a long position in physically settled equity derivatives under the SFO.

Save as disclosed above, as at 31 March 2010, no person, other than the directors of the Company, whose interests are set out in the section headed "Directors' interests and short positions in shares and underlying shares" above, known to the directors of the Company had an interest or short position in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which are recorded in the register kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTIONS OF THE COMPANY

As at 31 March 2010, save as disclosed in the section of "Directors' interests and short positions in shares and underlying shares", certain other eligible persons had the following interests in rights to subscribe for shares of the Company granted under the Company's share option scheme. Each option gives the holder the right to subscribe for one share of par value HK$0.1 each of the Company. Further details are set out in note 28 to the financial statements.

	Number of share options										
Category of participants	At 1 April 2009	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	At 31 March 2010	Date of grant of share options (dd.mm.yyyy)	Total consideration paid for share options HK$	Exercise period of share options (both days inclusive) (dd.mm.yyyy)	Exercise price of share options* HK$ per share	Price of ordinary share** at date immediately before date of grant HK$ per share	Price of ordinary shares** immediately before the exercise date HK$ per share
Employees	–	19,200,000	(10,400,000)	–	8,800,000	04.05.2009	12	04.05.2009 to 03.05.2011	0.12	0.11	0.25

Notes:

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

** The price of the Company's ordinary shares disclosed as "at date immediately before date of the grant" of the share options is the closing price on the Stock Exchange on the business day prior to which the options were granted.

The price of the Company's ordinary shares disclosed as "immediately before the exercise date" of the share options is the weighted average of the Stock Exchange closing prices immediately before the dates on which the options were exercised by each category of participants as a whole.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year, the Company and the Group had the following continuing connected transactions, certain details of which are disclosed in compliance with the requirements of Chapter 14A of the Listing Rules.

(i) Purchase of nickel ore from a connected person

Pursuant to a special general meeting of the Company held on 7 January 2008, the Company's independent shareholders approved the continuing connected transactions in relation to purchase of nickel ore from PT Aneka. According to the master supply agreement entered into between Bel Nickel and PT Aneka (the "Master Supply Agreement") in connection with the purchase of nickel ore, PT Aneka agreed, exclusively, to supply nickel ore to Bel Nickel for a period of 15 years up to 25 July 2022. The annual cap for this transaction for the year ended 31 March 2008, 2009, 2010, 2011 and 2012 are HK$31,200,000, HK$156,000,000, HK$280,800,000, HK$374,400,000 and HK$374,400,000, respectively.

During the year, the Group did not have any purchase from PT Aneka.

(ii) Operating lease arrangement with a connected person

On 1 November 2007, the Group entered into four tenancy agreements (the "Tenancy Agreements") with O&E to rent certain properties with monthly rent of, in aggregate, HK$112,800 for the period from 1 January 2008 to 31 December 2010. The Tenancy Agreements constitute continuing connected transactions for the Company under the Listing Rules. Details of the transactions were set out in the circular dated 26 November 2007. The annual cap for the Tenancy Agreement is based on the total annual rental payable under the Tenancy Agreements. The annual cap for this transaction for the year ended 31 March 2008, 2009 and 2010 and the nine months ending 31 December 2010 are HK$338,400, HK$1,353,600 and HK$1,353,600, and HK$1,015,200, respectively.

During the year, the Group paid rent of HK$1,353,600 to O&E.

Report of the Directors

Pursuant to Rule 14A.38 of the Listing Rules, the auditors have reported their factual findings on the continuing connected transactions of the Group to the Board of Directors.

The independent non-executive directors of the Company has reviewed the continuing connected transactions for the year ended 31 March 2010 and confirm that the transactions have been entered into:

(1) in the ordinary and usual course of business of the Group;

(2) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties;

(3) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Group as a whole; and

(4) have not exceeded the relevant maximum amount capped in accordance to the waiver previously granted by the Stock Exchange.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive directors

Dr. Sy, Chin Mong Stephen *JP*, aged 54, is the Chairman and Chief Executive Officer of the Group. With more than 30 years experience in trading, timber, transport, manufacturing and finance industries, he is primary responsible for the Group's overall strategic planning and business management. He was the chairman of the board of directors of Po Leung Kuk, and adjudicator for Hong Kong Immigration Tribunal and the Registration of Persons Tribunal, a member of Hong Kong Passports Appeal Board, and a director for China Overseas Friendship Association. Dr. Sy was also a member of the 8th Chinese People's Political Consultative Conference of Fujian Province, the People's Republic of China and was awarded Hong Kong Young Entrepreneur Award and Hong Kong Ten Outstanding Young Persons Award in 1996. He was an independent non-executive director of Kiu Hung International Holdings Limited, a company listed on the main board of The Stock Exchange of Hong Kong Limited prior to his resignation on 13 September 2005. He joined the Board on 30 April 2008. Dr. Sy is the father of Mr. Sy, Lai Yin Sunny, the Deputy-chairman and an executive director of the Group.

Mr. Sy, Lai Yin Sunny, aged 29, is the Deputy-chairman of the Group. Mr. Sy is responsible for the overall accounting and finance, human resources and administration function of the mining operation of the Group. He is also responsible for the long-term strategic planning and acquisition activities. Mr. Sy graduated from John M. Olin School of Business, Washington University with a Bachelor Degree of Science in Business Administration, majoring in accounting, finance, marketing and international business. He was awarded a degree of Master of Science in Business Administration in December 2001. Mr. Sy is a member of the American Institute of Certified Public Accountants. Prior to joining the Group, he had over five years of experience in accounting and auditing with an international accountancy and professional services firm. He is the son of Dr. Sy. He joined the Group as a director on 23 January 2008.

Ms. Sze, Shan Shan Pat, aged 41, is responsible for the overall sales and investment operation of the mining operation of the Group. Ms. Sze completed her education in Hong Kong and then worked in the industrial sector for some time before joining the Bel Trade Group (whose ultimate beneficial owner is Dr. Sy). She has been working with the Bel Trade Group for over 20 years. During her career at the Bel Trade Group, she has been responsible for mining, finance and general trading. She is experienced in evaluating acquisition and investment proposals as well as downstream development projects for nickel ores. She also has considerable experience in the trading of steel scrap and iron ores, and has good business contacts with nickel ore end-users in China. She joined the Group as a director on 23 January 2008.

Mr. Li Wing Tak, aged 52, is the Director of Finance and Company Secretary of the Group. He holds a Bachelor Degree in Economics with a major in Accounting from Macquarie University in Australia. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and CPA Australia. He has more than 20 years experience in auditing, finance and accounting. Prior to joining the Group in March 1994, Mr. Li served as the regional financial controller for two overseas listed multinational corporations.

Independent non-executive Directors

Mr. Hsu, Hsung Adolf *JP*, aged 72, spent over 40 years with the Hong Kong Government and retired in 1998 as Director of Regional Services, in the rank of Administrative Officer, Staff Grade A. During his service in the Government, he was posted to various important positions overseeing the management of manpower, finance, materials supply and land administration, and thus has a wealth of experience in these fields. Mr. Hsu's active participation in community services include his appointment as Vice-President of New Life Psychiatric Rehabilitation Association (1990–present), a member of the Council of Lingnan University (2004-2009), President/Hon President of Scout Association of various districts in Hong Kong and a member of the Hong Kong Tourism Board (2001-2004). He was awarded the Companion of the Imperial Service Order (ISO) in 1992 and the Silver Bauhinia Star (SBS) in 2006. His other distinguished awards include Director of The Year Award 2002 (private Company – Executive Director) awarded by the Hong Kong Institute of Directors and Executive Award – Hong Kong Business Awards 2002 organized by DHL and South China Morning Post. He is a Fellow Member of the Hong Kong Institute of Directors (FHKIoD) and a Fellow Member of the Chartered Institute of Logistics and Transport (FCILT). Mr. Hsu is currently an Independent Non-executive Director of Dah Chong Hong Holdings Limited, a company listed on the main board of the Stock Exchange. He joined the Group as an Independent Non-executive Director in January 2008.

Mr. Ho, Wai Chi Paul, aged 59, is the sole proprietor of Paul W. C. Ho & Company, Certified Public Accountants (Practising), and is an associate member of the Institute of Chartered Accountants in England and Wales, the United Kingdom and a fellow member of the Hong Kong Institute of Certified Public Accountants. He was an independent non-executive director of China Star Investment Holdings Limited for the period from 30 September 2004 to 25 May 2010. He is currently an independent non-executive director of each of China Star Entertainment Limited and Ngai Hing Hong Company Limited, all of which are listed on the Main Board of the Stock Exchange. He was appointed to join the Group as an Independent Non-executive Director in February 1997.

Dr. Chang Soo-Kong, aged 66, was appointed as an Independent Non-executive Director of the Group in July 2008. Dr. Chang received his PhD in metallurgy and materials science from the University of Toronto in 1973. His career in industrial research and development included brief stints in medical device manufacturing (Medtronic of Canada) and contract R&D (Ortech International), followed by several years in the defense industry (Northrop-Grumman). In 1990, Dr. Chang joined Spar Aerospace in Toronto as a senior materials scientist. For the next seven years he developed and tested a variety of materials for space applications. These include lubricants and thermal control coatings and for the robotic arm currently used on the International Space Station. In 1996, Dr. Chang moved to Singapore to head up the surface technology group at the Singapore Institute of Manufacturing Technology (SIMTech) where he won the prestigious National Technology Award in 2002. On the business front, Dr. Chang was a senior business development manager with SIMTech towards the latter part of his tenure, until 2003. Dr. Chang is currently a materials science consultant based in Metro Vancouver, British Columbia, Canada.

Senior Management

Mr. Syed M. Ahmed, aged 60, is Vice-President of a subsidiary of the Group. Mr. Ahmed graduated from Dhaka University with a Bachelor of Arts Degree. He started his career as a Banker in 1970. In 1981 he moved to Hong Kong from Pakistan and apart from working as a Banker in Hong Kong was also based in Korea, Taiwan and Thailand. Extensive travels in Indonesia, a later posting in the Philippines, and frequent travels to Malaysia have given him an in-depth perspective of the potential of the region. His interaction with bankers, lawyers and regulators in different jurisdiction and experience of the Capital Markets have given him the experience and the expertise to assist the Company in the acquisition and development of the resource assets. He joined the Group in January 2008.

Report of the Directors

Mr. Char On Man, aged 57, was the founder, chairman and managing director of the Group till his resignation from the Board on 30 April 2008. He continues to be a director in certain subsidiaries of the Company. He is responsible for the supervision of the entire apparel operation of the Group, the procurement and trading of fur pelts as well as the overall operations of the fur product business. He has over 30 years experience in the leather and fur business. He is currently a director of the Hong Kong Fur Federation as well as the Shenzhen Leather Trades Association. He is with the Group since its incorporation.

Mr. Au Hung, aged 55, is the General Manager of the Group's apparel operation in the People's Republic of China (the "PRC"). He has over 30 years experience in the leather and fur industries and has in-depth knowledge of the manufacturing, distribution and trading of leather and fur products in the PRC market. He is with the Group since its incorporation.

Mr. Chan Ching Kwan, aged 58, is the Manager of the Group's apparel operation in the PRC. He has over 30 years experience in the production of leather garments and is responsible for the Group's manufacturing operations of leather garments. He joined the Group in March 1988.

Miss Char, Danielle, aged 29, is the Marketing Manager of the Group's apparel operations. She is responsible for the overall marketing and design of the Group's apparel product. She was promoted to become a director of Peking Fur Factory (Hong Kong) Limited ("Peking Fur"), a subsidiary of the Company, in June 2005. She is the Vice-chairman of Hong Kong Fur Federation Young Executive Committee. Miss Char graduated from the University of Michigan in the United States with a Bachelor Degree of Science in Architecture. She joined the Group in July 2003 and is the daughter of Mr. Char On Man.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, the directors confirmed that at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

AUDITORS

On 31 March 2008, Messrs. Li, Tang, Chen & Co. resigned as auditors of the Company and Messrs. Ernst & Young were appointed by the directors on 26 May 2008 to fill the casual vacancy arising.

Apart from the foregoing, there were no other changes in auditors of the Company in any of the preceding three years.

A resolution for the reappointment of Ernst & Young as auditors of Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Sy Chin Mong, Stephen
Chairman and CEO

Hong Kong
26 July 2010

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To the shareholders of Bel Global Resources Holdings Limited
(Incorporated in Bermuda with limited liability)

We were engaged to audit the financial statements of Bel Global Resources Holdings Limited set out on pages 24 to 81, which comprise the consolidated and company balance sheets as at 31 March 2010, 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 FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these 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 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, 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 limitations in the scope of our work as described in the "Basis for disclaimer of opinion" section, 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 financial statements are free from material misstatement. However, because of the matters described in the "Basis for disclaimer of opinion" section, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Independent Auditors' Report

BASIS FOR DISCLAIMER OF OPINION

1. Scope limitation on the impairment assessment of the Group's intangible asset

As at 31 March 2010, included in the Group's balance sheet is an intangible asset stated at the net carrying amount of approximately HK$741,113,000 in respect of an exclusive purchase right (the "Exclusive Purchase Right") to purchase nickel ores from an Indonesia company as detailed in note 16 to the financial statements. The Exclusive Purchase Right is stated after a provision for impairment of HK$1,589,709,000 as at 31 March 2010.

As described in note 16 to the financial statements, an impairment assessment on the Exclusive Purchase Right was performed by the Group, based on a value in use calculation (the "Valuation"), and a provision for impairment of HK$659,626,000 was recorded in the current year. The major assumptions used in the Valuation included a discount rate of 15% and the projected nickel ore sales volume for the remaining period of the Exclusive Purchase Right from 1 April 2010 to 25 July 2022 which has taken into account the directors' consideration that the Group is under sales negotiations with certain potential customers.

However, we were unable to obtain sufficient audit evidence to satisfy ourselves as to the reasonableness of the above assumptions used in the Valuation and there were no other practical alternative audit procedures that we could perform to determine whether the carrying amount of the Exclusive Purchase Right after the impairment provision is fairly stated as at 31 March 2010. Any adjustment to the carrying amount of the Exclusive Purchase Right found to be necessary would affect the Group's net assets as at 31 March 2010 and the Group's loss for the year then ended and related disclosures to the financial statements.

2. Scope limitation on the nature and impairment assessment of prepayments and deposit

As described in note 19 to the financial statements, the Group recorded a total gross amount of HK$124,881,000 in respect of prepayments and a deposit to certain entities, of which HK$105,708,000 related to payments made during the year ended 31 March 2010, and recorded a total provision for impairment of HK$41,787,000 as at 31 March 2010. The Group has advised that these payments were the prepayments for purchases of mineral resources and a deposit for services in identifying mineral resources projects for the Group.

Subsequent to the dates on which the above respective payments were made and up to the approval date of these financial statements, there were no goods or services received by the Group in settlement of the prepayments and deposit. We were unable to obtain sufficient appropriate audit evidence and explanations relating to the nature of the payments made during the year and the ability of these entities to fulfill the obligation to settle the prepayments and deposit or to repay the prepayments and deposit to the Group. There were no practical alternative audit procedures that we could perform to satisfy ourselves as to the appropriateness of the accounting for these payments made during the year ended 31 March 2010 and the impairment provision made against the carrying amount of the prepayments and deposit as at 31 March 2010 and the appropriateness and completeness of the related disclosures. Any adjustment to the amount of the above prepayments and deposit and provision for impairment found to be necessary would affect the Group net assets as at 31 March 2010 and the Group's loss for the year then ended and related disclosures to the financial statements.

3. Scope limitation on the impairment assessment of the Company's interests in subsidiaries

As at 31 March 2010, included in the Company's balance sheet are gross investments in subsidiaries of approximately HK$108,062,000, amounts due from subsidiaries of approximately HK$2,515,177,000, and an impairment provision of approximately HK$1,669,426,000. Due to the scope limitations as detailed in points 1 and 2 above, we have not been able to satisfy ourselves as to whether the impairment provision determined by the directors against the carrying amounts of such investments in subsidiaries and amounts due from these subsidiaries, which are associated with the Exclusive Purchase Right and the prepayments and deposit, and thereby the carrying amount of the Company's interest in subsidiaries stated in the net amount of HK$953,813,000 as at 31 March 2010 in the Company's balance sheet are fairly stated. Any adjustment to the carrying amount of the Company's interest in subsidiaries found to be necessary would affect the Company's net assets as at 31 March 2010 and related disclosures to the financial statements.

DISCLAIMER OF OPINION

Because of the significance of the matters described in the "Basis for disclaimer of opinion" section, we do not express an opinion on the financial statements as to whether they give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2010 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and as to whether the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
Hong Kong
26 July 2010

Consolidated Income Statement

Year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
REVENUE	5	**217,169**	116,926
Cost of sales		**(153,058)**	(96,587)
Gross profit		**64,111**	20,339
Other income and gains	5	**1,245**	563
Selling and distribution costs		**(45,532)**	(26,817)
Administrative expenses		**(32,935)**	(34,848)
Other expenses		**(359)**	(916)
Impairment of an intangible asset	16	**(659,626)**	(930,083)
Impairment of prepayments, deposits and other receivables	19	**(42,100)**	–
Write-back of a consideration payable	25	**–**	877,414
Finance costs	7	**(18,778)**	(35,185)
LOSS BEFORE TAX	6	**(733,974)**	(129,533)
Income tax expense	10	**(443)**	(496)
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	11	**(734,417)**	(130,029)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	12		
– Basic and diluted		**(HK28.59 cents)**	(HK7.48 cents)

Consolidated Statement of Comprehensive Income

Year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
LOSS FOR THE YEAR		**(734,417)**	(130,029)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Revaluation surplus/(deficit) on land and buildings	13	**1,651**	(1,550)
Deferred tax effect on revaluation of land and buildings	26	**(413)**	388
Deferred tax realised upon disposal of land and buildings	26	**662**	–
		1,900	(1,162)
Exchange differences on translation of foreign operations		**(108)**	735
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**1,792**	(427)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(732,625)**	(130,456)

Consolidated Balance Sheet

31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**19,714**	23,438
Available-for-sale equity investments	15	**–**	–
Intangible asset	16	**741,113**	1,400,739
Deposit for the acquisition of a mining right	19	**25,000**	–
Total non-current assets		**785,827**	1,424,177
CURRENT ASSETS			
Inventories	17	**34,297**	36,162
Trade and bills receivables	18	**12,932**	24,861
Prepayments, deposits and other receivables	19	**84,595**	27,066
Cash and bank balances	20	**78,404**	44,882
Total current assets		**210,228**	132,971
CURRENT LIABILITIES			
Trade and bills payables	21	**3,533**	4,506
Other payables and accruals	22	**23,515**	11,958
Interest-bearing bank and other borrowings	23	**27,300**	15,868
Amounts due to directors	32	**3,636**	4,330
Tax payable		**3,802**	13,393
Total current liabilities		**61,786**	50,055
NET CURRENT ASSETS		**148,442**	82,916
TOTAL ASSETS LESS CURRENT LIABILITIES		**934,269**	1,507,093
NON-CURRENT LIABILITIES			
Convertible bonds	24	**205,485**	295,227
Deferred tax liabilities	26	**2,968**	3,217
Total non-current liabilities		**208,453**	298,444
Net assets		**725,816**	1,208,649

Consolidated Balance Sheet

31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
EQUITY			
Issued capital	27	**302,587**	208,395
Equity component of convertible bonds	24	**88,842**	139,349
Reserves	29(a)	**334,387**	860,905
Total equity		**725,816**	1,208,649

Sy Chin Mong, Stephen
Director

Sy Lai Yin, Sunny
Director

Consolidated Statement of Changes In Equity

Year ended 31 March 2010

	Notes	Issued share capital HK$'000	Share premium account* HK$'000	Equity component of convertible bonds HK$'000	Land and building revaluation reserve* HK$'000	Share option reserve* HK$'000	Reserve funds* HK$'000	Exchange fluctuation reserve* HK$'000	Retained profits/ (accumulated losses)* HK$'000	Total equity HK$'000
At 1 April 2008		58,533	183,485	346,095	10,816	–	173	3,707	41,518	644,327
Total comprehensive income/(loss) for the year		–	–	–	(1,162)	–	–	735	(130,029)	(130,456)
Issue of convertible bonds	24	–	–	99,269	–	–	–	–	–	99,269
Conversion of convertible bonds	24, 27	149,862	769,040	(306,015)	–	–	–	–	–	612,887
2008 final dividend paid		–	–	–	–	–	–	–	(17,378)	(17,378)
At 31 March 2009 and 1 April 2009		208,395	952,525	139,349	9,654	–	173	4,442	(105,889)	1,208,649
Total comprehensive income/(loss) for the year		–	–	–	1,900	–	–	(108)	(734,417)	(732,625)
Issue of shares under placement	27	64,700	69,435	–	–	–	–	–	–	134,135
Share issue expenses	27	–	(2,552)	–	–	–	–	–	–	(2,552)
Equity-settled share option arrangements	28	–	–	–	–	4,209	–	–	–	4,209
Share options exercised	27	4,700	940	–	–	–	–	–	–	5,640
Release of share option reserve upon exercise	27	–	2,867	–	–	(2,867)	–	–	–	–
Conversion of convertible bonds	24, 27	24,792	134,075	(50,507)	–	–	–	–	–	108,360
Transfer upon disposal		–	–	–	(2,646)	–	–	–	2,646	–
At 31 March 2010		302,587	1,157,290	88,842	8,908	1,342	173	4,334	(837,660)	725,816

* These reserve accounts comprise the consolidated reserves of HK$334,387,000 (2009: HK$860,905,000) in the consolidated balance sheet.

Consolidated Statement of Cash Flows

Year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(733,974)**	(129,533)
Adjustments for:			
Finance costs	7	**18,778**	35,185
Bank interest income	5	**(47)**	(515)
Depreciation	6	**2,337**	2,259
Amortisation of an intangible asset	6	**–**	1,451
Write-back of a consideration payable		**–**	(877,414)
Impairment of an intangible asset		**659,626**	930,083
Impairment of trade receivables	6	**359**	894
Impairment of prepayments, deposits and other receivables	6	**42,100**	–
Provision/(write-back of provision) for inventories	6	**(5,208)**	12,326
Loss/(gain) on disposal of items of property, plant and equipment	6	**(10)**	22
Equity-settled share option expense	28	**4,209**	–
		(11,830)	(25,242)
Decrease/(increase) in inventories		**7,073**	(4,110)
Decrease in trade and bills receivables		**11,570**	75,187
Increase in prepayments, deposits and other receivables		**(99,629)**	(17,245)
Decrease in trade and bills payables		**(973)**	(3,017)
Increase/(decrease) in other payables and accruals		**11,557**	(1,363)
Decrease in an amount due to a related company		**–**	(19,758)
Increase/(decrease) in amounts due to directors		**(694)**	4,330
Cash generated from/(used in) operations		**(82,926)**	8,782
Taxes refunded/(paid)		**(10,034)**	144
Net cash flows from/(used in) operating activities		**(92,960)**	8,926
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**47**	515
Purchases of items of property, plant and equipment	13	**(771)**	(2,274)
Proceeds from disposal of items of property, plant and equipment		**3,819**	108
Deposit for the acquisition of a mining right	19	**(25,000)**	–
Decrease in pledged bank deposits		**–**	26,369
Net cash flows from/(used in) investing activities		**(21,905)**	24,718

Consolidated Statement of Cash Flows

Year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares under placement	27	**134,135**	–
Share issue expenses	27	**(2,552)**	–
Proceeds from share option exercised	28	**5,640**	–
New bank and other borrowings		**27,300**	15,868
Repayment of bank borrowings		**(15,868)**	(1,776)
Interest paid		**(160)**	(327)
Dividends paid		**–**	(17,378)
Net cash flows from/(used in) financing activities		**148,495**	(3,613)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**33,630**	30,031
Cash and cash equivalents at beginning of year		**44,882**	14,810
Effect of foreign exchange rate changes, net		**(108)**	41
CASH AND CASH EQUIVALENTS AT END OF YEAR		**78,404**	44,882
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	20	**51,133**	37,202
Non-pledged time deposits with original maturity of less than three months when acquired	20	**27,271**	7,680
Cash and cash equivalents as stated in the consolidated balance sheet and consolidated statement of cash flows		**78,404**	44,882

Balance Sheet

31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries	14	**953,813**	1,456,518
CURRENT ASSETS			
Prepayments, deposits and other receivables	19	**47**	10,362
Bank balances	20	**64**	9,163
Total current assets		**111**	19,525
CURRENT LIABILITIES			
Other payables and accruals	22	**874**	1,070
Other borrowings	23	**27,300**	–
Total current liabilities		**28,174**	1,070
NET CURRENT ASSETS/(LIABILITIES)		**(28,063)**	18,455
TOTAL ASSETS LESS CURRENT LIABILITIES		**925,750**	1,474,973
NON-CURRENT LIABILITIES			
Convertible bonds	24	**205,485**	295,227
Total non-current liabilities		**205,485**	295,227
Net assets		**720,265**	1,179,746
EQUITY			
Issued capital	27	**302,587**	208,395
Equity component of convertible bonds	24	**88,842**	139,349
Reserves	29(b)	**328,836**	832,002
Total equity		**720,265**	1,179,746

Sy Chin Mong, Stephen
Director

Sy Lai Yin, Sunny
Director

Notes to Financial Statements

31 March 2010

1. CORPORATE INFORMATION

Bel Global Resources Holdings Limited is a limited liability company incorporated in Bermuda. The principal place of business of the Company at the date of these financial statements is located at 10/F., Haleson Building, 1 Jubilee Street, Central, Hong Kong.

During the year, the Group was involved in the following principal activities:

- trading of mineral resources
- trading of tanned leather and fur pelts; manufacture and sale of leather garments, fur garments and fabric garments

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for leasehold land and buildings which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2010. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
HKFRS 8	*Operating Segments*
HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 18 Amendment*	Amendment to Appendix to HKAS 18 *Revenue – Determining whether an entity is acting as a principal or as an agent*
HKAS 23 (Revised)	*Borrowing Costs*
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement – Embedded Derivatives*
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*
HK(IFRIC)-Int 18	*Transfers of Assets from Customers* (adopted from 1 July 2009)
Improvements to HKFRSs (October 2008)**	Amendments to a number of HKFRSs

* Included in *Improvements to HKFRSs 2009* (as issued in May 2009).

** The Group adopted all the improvements to HKFRSs issued in October 2008 except for the amendments to *HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary* which are effective for annual periods beginning on or after 1 July 2009.

Other than as further explained below regarding the impact of HKFRS 8 and HKAS 1 (Revised), the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

(a) HKFRS 8 *Operating Segments*

HKFRS 8, which replaces HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the operating segments determined in accordance with HKFRS 8 are the same as the business segments previously identified under HKAS 14. These revised disclosures, including the related revised comparative information, are shown in note 4 to the financial statements.

Notes to Financial Statements

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2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

(b) HKAS 1 (Revised) *Presentation of Financial Statements*

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards* [1]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters* [2]
HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of HKFRSs – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adapters* [4]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions* [2]
HKFRS 3 (Revised)	*Business Combinations* [1]
HKFRS 9	*Financial Instruments* [6]
HKAS 24 (Revised)	*Related Party Disclosures* [5]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements* [1]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues* [3]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items* [1]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement* [5]
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners* [1]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments* [4]
Amendments to HKFRS 5 included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary* [1]
HK Interpretation 4 (Revised in December 2009)	*Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases* [2]

Apart from the above, the HKICPA has issued Improvements to *HKFRSs 2009 and Improvements to HKFRSs 2010* which sets out amendments and transition requirements for amendments to a number of HKFRSs. For Improvements to HKFRSs 2009, the amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int and HK(IFRIC)-Int 16 are effective for annual periods beginning on or after 1 July 2009 while the amendment to HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36 and HKAS 39 are effective for annual periods beginning on or after 1 January 2010. For Improvements to HKFRSs 2010, the amendments to HKFRS 3 and transition requirements for amendments arising as a result of HKAS 27 are effective for annual periods beginning on or after 1 July 2010 while the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC)-Int 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard or interpretation.

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2010
3 Effective for annual periods beginning on or after 1 February 2010
4 Effective for annual periods beginning on or after 1 July 2010
5 Effective for annual periods beginning on or after 1 January 2011
6 Effective for annual periods beginning on or after 1 January 2013

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not in a position to state whether these new and revised HKFRSs would have a significant impact on the Group's results of operations and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Impairment of non-financial assets other than goodwill

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at each balance sheet date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is a member of the key management personnel of the Group;

(c) the party is a close member of the family of any individual referred to in (a) or (b);

(d) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (b) or (c); or

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

Notes to Financial Statements

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment 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 items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property, plant and equipment are dealt with as movements in the land and building revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the income statement. Any subsequent revaluation surplus is credited to the income statement to the extent of the deficit previously charged. An annual transfer from the land and building revaluation reserve to retained profits is made for the difference between the depreciation based on the revalued carrying amount of an asset and the depreciation based on the asset's original cost. On disposal of a revalued asset, the relevant portion of the land and building revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land	Over the lease terms
Buildings	2% to 4.5%
Leasehold improvements	Over the shorter of the lease terms and 20%
Plant and machinery	9% to 20%
Furniture and equipment	10% to 18%
Motor vehicles and vessels	9% to 20%

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful life of an intangible asset is assessed to be either finite or indefinite. The intangible asset with a finite life is subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for the intangible asset with a finite useful life are reviewed at least at each financial year end.

Exclusive purchase right

The exclusive purchase right represents the exclusive right to purchase nickel ores at a fixed price by the Group from a nickel ores supplier for a period of approximately 15 years ending 25 July 2022. The exclusive purchase right is stated at cost less accumulated amortisation and any impairment losses. The exclusive purchase right is amortised based on the unit of purchase method.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases are charged to the income statement on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Investments and other financial assets

Initial recognition and measurement

Financial assets of the Group within the scope of HKAS 39 are classified as loans and receivables and available-for-sale financial assets, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include available-for-sale equity investments, trade and bills receivables, deposits and other receivables and cash and bank balances.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the income statement. The loss arising from impairment is recognised in the income statement in other expenses.

Notes to Financial Statements

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment valuation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the income statement in other income, or until the investment is determined to be impaired, at which time the cumulative gain or loss is recognised in the income statement and removed from the available-for-sale investment revaluation reserve. Interest and dividends earned are reported as interest income and dividend income, respectively and are recognised in the income statement as "Other income" in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

The Group evaluates its available-for-sale financial assets whether the ability and intention to sell them in the near them are still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or to maturity. The reclassification to the held-to-maturity category is permitted only when the entity has the ability and intent to hold until the maturity date of the financial asset.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to the income statement over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss 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 yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

Notes to Financial Statements

31 March 2010

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, 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 discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each balance sheet date whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is removed from other comprehensive income and recognised in the income statement.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is "significant" or "prolonged" requires judgement. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement. Increases in their fair value after impairment are recognised directly in other comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as loans and borrowings. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables, interest-bearing bank and other borrowings and amounts due to directors.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement.

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the specific item basis and, in the case of finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on the estimated selling prices less any estimated costs to be incurred to completion and disposal.

Notes to Financial Statements

31 March 2010

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheets, cash and bank balances comprise cash on hand and at banks, including time deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on the rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold; and

(b) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance in Hong Kong for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of the payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

Share-based payment transactions

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial option pricing model, further details of which are given in note 28 to the financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the balance sheet date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings or loss per share.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., asset that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when 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 capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the balance sheet date, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the balance sheet date and their income statements are translated into Hong Kong dollar at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the balance sheet date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (continued)

Initial recognition of exclusive purchase right and its impairment

The Group's exclusive purchase right is initially recognised as an intangible asset at fair value. The fair value is determined by the directors of the Company after considering the difference between the expected market price of nickel ores and the unit cost of nickel ores under a master supply agreement (the "Master Supply Agreement") entered into by the Group with a supplier of nickel ores, and the minimum quantities of nickel ores to be supplied under the Master Supply Agreement. The unit cost of nickel ores was determined after arm's length negotiation between the Group and the nickel ores supplier, with reference to the direct costs and contingent costs (including labour cost and fuel cost) in extracting the nickel ores from the mine as compared with mines with similar metal content and grade in Indonesia.

The Group assesses whether there are any indicators of impairment for its exclusive purchase right at each balance sheet date. When an impairment test is undertaken, management judgement and estimate are required in determining suitable valuation factors with reference to the valuation performed by an independent valuer. The independent valuer used the income approach by applying the cost saving method in its valuation. The estimation of fair value requires management judgement and estimates and the fair value could change significantly as a result of changes in the discount rate, estimation of market price of nickel, projected nicked ore sales volume and other risk factors related to the exclusive purchase right. The carrying amount of the exclusive purchase right as at 31 March 2010 was HK$741,113,000 (2009: HK$1,400,739,000). Further details are set out in note 16 to the financial statements.

Amortisation of an exclusive purchase right

Amortisation of the Group's exclusive purchase right is made based on the actual nickel ore purchase during the period over the total planned purchase volume during the contractual period. The estimation of the total planned purchase volume requires management judgement and estimates. It could change significantly as a result of market demand for nickel-based products, technical innovations, reserve of the mine, the ability of the miner in meeting the Group's ore orders and other relevant factors. Management reviews the total planned purchase volume at least annually, and adjusts the amortisation calculation accordingly. Further details are set out in note 16 to the financial statements.

Provision for obsolete inventories

Management regularly reviews the aging analysis of inventories of the Group and identifies obsolete and slow-moving inventory items. Management estimates the net realisable value of such inventories based primarily on the latest market conditions and makes provision to write down the cost of the obsolete and slow-moving inventories to estimated net realisable value.

Impairment of receivables

Impairment of receivables is made based on assessment of the recoverability of receivables. The identification of bad and doubtful debts requires management judgement and estimate. Provision is made when there is objective evidence that the Group will not be able to collect the debts. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying values of the receivables and write-back of impaired debts in the period in which the estimate has been changed. Details of impairment of receivables are set out in notes 18 and 19 to the financial statements.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each balance sheet date. Indefinite life intangible assets are tested for impairment annually and at other times when such indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products, and has three reportable segments as follows:

(a) the mineral resources segment ("Mineral Resources") engages in the trading of mineral resources;

(b) the apparel segment ("Apparel") engages in the trading of tanned leather and fur pelts; manufacture and sale of leather garments, fur garments and fabric garments; and

(c) the corporate and others segment comprises corporate income and expense items.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment loss, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that bank interest income and finance costs are excluded from such measurement.

Segment assets exclude cash and bank balances and other unallocated assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities, interest-bearing bank and other borrowings and other unallocated liabilities as these liabilities are managed on a group basis.

(a) Operating segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's operating segments for the years ended 31 March 2010 and 2009.

Group

	Mineral Resources		Apparel		Corporate and others		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:								
Sales to external customers	**142,715**	28,841	**74,454**	88,085	**–**	–	**217,169**	116,926
Segment results	**(707,575)**	(73,783)	**4,373**	(15,981)	**(12,041)**	(5,099)	**(715,243)**	(94,863)
Bank interest income							**47**	515
Finance costs							**(18,778)**	(35,185)
Loss before tax							**(733,974)**	(129,533)
Tax							**(443)**	(496)
Loss for the year							**(734,417)**	(130,029)

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4. OPERATING SEGMENT INFORMATION (continued)

(a) Operating segments (continued)

Group (continued)

	Mineral Resources		Apparel		Corporate and others		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Assets and liabilities:								
Segment assets	**851,827**	1,431,699	**65,778**	70,205	**46**	10,362	**917,651**	1,512,266
Unallocated assets							**78,404**	44,882
Total assets							**996,055**	1,557,148
Segment liabilities	**223,042**	301,851	**12,253**	13,100	**874**	1,070	**236,169**	316,021
Unallocated liabilities							**34,070**	32,478
Total liabilities							**270,239**	348,499
Other segment information:								
Depreciation and amortisation	**1,053**	2,421	**1,284**	1,289	**–**	–	**2,337**	3,710
Deficit/(surplus) on revaluation recognised directly in equity	**–**	–	**(1,651)**	1,550	**–**	–	**(1,651)**	1,550
Impairment of an intangible asset	**659,626**	930,083	**–**	–	**–**	–	**659,626**	930,083
Impairment of prepayments, deposits and other receivables	**42,100**	–	**–**	–	**–**	–	**42,100**	–
Write-back of a consideration payable	**–**	(877,414)	**–**	–	**–**	–	**–**	(877,414)
Provision/(write-back of provision) for inventories	**–**	–	**(5,208)**	12,326	**–**	–	**(5,208)**	12,326
Capital expenditure*	**12**	1,879	**759**	395	**–**	–	**771**	2,274

* Capital expenditure consists of additions to property, plant and equipment.

4. OPERATING SEGMENT INFORMATION (continued)

(b) Geographical information

Group

	Hong Kong		Mainland China		South-east Asia (excluding Hong Kong)		Germany		Other countries		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Sales to external customers	**6,848**	14,023	**165,293**	46,543	**2,505**	2,096	**31,302**	42,919	**11,221**	11,345	**217,169**	116,926
Non-current assets	**3,026**	3,789	**16,688**	19,649	**766,113**	1,400,739	**-**	–	**-**	–	**785,827**	1,424,177

The revenue information above is based on the location of the customers.

The non-current asset information above is based on the location of assets.

Information about major customers

Revenue of approximately HK$83,346,000 and HK$31,302,000 were derived from sales by the Mineral Resources segment and Apparel segment, respectively, to one external customer for each segment (2009: approximately HK$15,097,000, HK$13,744,000 and HK$42,753,000 were derived from sales to three external customers by the Mineral Resources segment to the first two customers and Apparel segment for the third customer).

5. REVENUE AND OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of the Group's revenue, other income and gains is as follows:

	2010 **HK$'000**	2009 HK$'000
Revenue		
Sale of goods	**217,169**	116,926
Other income		
Bank interest income	**47**	515
Late charge on overdue trade receivables	**886**	–
Others	**286**	14
	1,219	529
Gains		
Gain on disposal of items of property, plant and equipment	**10**	–
Others	**16**	34
	26	34
	1,245	563

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6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2010 HK$'000	2009 HK$'000
Cost of inventories sold*	153,058	96,587
Depreciation	2,337	2,259
Amortisation of an intangible asset	–	1,451
Minimum lease payments under operating leases in respect of land and buildings	2,780	2,759
Auditors' remuneration	1,390	1,000
Employee benefit expense (including directors' remuneration – note 8):		
Wages and salaries	22,971	29,213
Equity-settled share option expense	4,209	–
Pension scheme contributions**	620	774
	27,800	29,987
Foreign exchange differences, net	95	469
Provision/(write-back of provision) for inventories	(5,208)	12,326
Impairment of trade receivables	359	894
Loss/(gain) on disposal of items of property, plant and equipment	(10)	22

* Cost of inventories sold includes HK$5,085,000 (2009: HK$46,023,000) in respect of employee benefit expenses, depreciation of property, plant and equipment, amortisation of an intangible asset and provision/(write-back of provision) for inventories, which are also included in the respective total amounts disclosed separately above for these types of expenses.

** At 31 March 2010, the Group had no forfeited contributions available to reduce its contributions to pension schemes in future years (2009: Nil).

7. FINANCE COSTS

	Group 2010 HK$'000	2009 HK$'000
Interest on bank borrowings wholly repayable in five years	160	327
Interest on convertible bonds (note 24)	18,618	34,858
	18,778	35,185

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group 2010 HK$'000	Group 2009 HK$'000
Fees	**300**	267
Other emoluments:		
Salaries, allowances and benefits in kind	**3,931**	4,046
Equity-settled share option expense	**3,038**	–
Pension scheme contributions	**57**	60
	7,026	4,106
	7,326	4,373

During the year, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 28 to the financial statements. The fair value of such options which has been recognised in the income statement at the date of grant and the amount included in the financial statements for the current year is included in the above directors' remuneration disclosures.

(a) Independent non-executive directors

The remuneration paid to independent non-executive directors during the year were as follows:

	Fees HK$'000	Equity-settled share option expense HK$'000	Total remuneration HK$'000
2010			
Chang Soo-Kong	**100**	**134**	**234**
Ho Wai Chi, Paul	**100**	**134**	**234**
Hsu Hsung, Adolf, *JP*	**100**	**134**	**234**
	300	**402**	**702**
2009			
Chang Soo-Kong	67	–	67
Ho Wai Chi, Paul	100	–	100
Hsu Hsung, Adolf, *JP*	100	–	100
	267	–	267

There were no other emoluments payable to the independent non-executive directors during the year (2009: Nil).

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8. DIRECTORS' REMUNERATION (continued)

(b) Executive directors

	Salaries, allowances and benefits in kind HK$'000	Equity-settled share option expense HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2010				
Sy Chin Mong, Stephen, *JP*	**1,638**	**135**	**12**	**1,785**
Sy Lai Yin, Sunny	**650**	**915**	**12**	**1,577**
Sze Shan Shan, Pat	**650**	**915**	**12**	**1,577**
Leung Shu Yin, William	**18**	**–**	**9**	**27**
Li Wing Tak	**975**	**671**	**12**	**1,658**
	3,931	**2,636**	**57**	**6,624**

	Salaries, allowances and benefits in kind HK$'000	Equity-settled share option expense HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2009				
Sy Chin Mong, Stephen, *JP*	1,481	–	11	1,492
Sy Lai Yin, Sunny	618	–	12	630
Sze Shan Shan, Pat	618	–	12	630
Leung Shu Yin, William	240	–	12	252
Char On Man	120	–	1	121
Li Wing Tak	969	–	12	981
	4,046	–	60	4,106

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2009: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four (2009: three) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining one (2009: two) non-director, highest paid employee are as follows:

	Group	
	2010	2009
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**1,400**	2,334
Pension scheme contributions	**12**	15
	1,412	2,349

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2010	2009
Nil to HK$1,000,000	**–**	1
HK$1,000,001 to HK$1,500,000	**1**	–
HK$1,500,001 to HK$2,000,000	**–**	1
	1	2

10. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2009:16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Group	
	2010	2009
	HK$'000	HK$'000
Current – Hong Kong		
Charge for the year	**–**	440
Underprovision in prior years	**–**	56
Current – Mainland China	**443**	–
	443	496

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10. INCOME TAX (continued)

A reconciliation of the tax expense applicable to loss before tax at the statutory rate for the jurisdictions in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2010 **HK$'000**	2009 HK$'000
Loss before tax	**(733,974)**	(129,533)
Tax at the statutory tax rate of 16.5%	**(121,106)**	(21,373)
Lower tax rate for specific provinces or enacted by local authority	**(795)**	(400)
Adjustment in respect of current tax of previous periods	**–**	56
Income not subject to tax	**(738)**	(289,608)
Expenses not deductible for tax	**120,907**	304,873
Tax losses utilised from previous periods	**(64)**	–
Tax losses not recognised	**2,239**	6,790
Others	**–**	158
Tax charge at the Group's effective rate	**443**	496

The Group has tax losses arising in Hong Kong of HK$41,709,000 (2009: HK$28,139,000) and Mainland China of HK$8,200,000 (2009: HK$8,588,000). The tax losses in Mainland China are allowed to carry forward for a maximum of 5 years to offset against future profits of those companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is uncertain that future taxable profits will be available against which the tax losses can be utilised.

11. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the Company for the year ended 31 March 2010 includes a loss of HK$709,273,000 (2009: HK$125,382,000) which has been dealt with in the financial statements of the Company (note 29(b)).

12. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share amount is based on the loss for the year attributable to owners of the Company of HK$734,417,000 (2009: HK$130,029,000), and the weighted average number of ordinary shares of 2,568,494,113 (2009: 1,737,290,083) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 March 2010 and 2009 respect of a dilution as the convertible bonds and share options outstanding had an anti-dilutive effect on the basic loss per share amounts for these years.

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture and equipment HK$'000	Motor vehicles and vessels HK$'000	Total HK$'000
31 March 2010						
At 1 April 2009:						
Cost or valuation	18,677	3,324	4,981	3,665	5,352	35,999
Accumulated depreciation	–	(2,140)	(4,658)	(2,523)	(3,240)	(12,561)
Net carrying amount	18,677	1,184	323	1,142	2,112	23,438
At 1 April 2009, net of accumulated depreciation	18,677	1,184	323	1,142	2,112	23,438
Additions	–	596	149	26	–	771
Disposals	(3,809)	–	–	–	–	(3,809)
Surplus on revaluation	1,651	–	–	–	–	1,651
Depreciation provided during the year	(731)	(669)	(79)	(330)	(528)	(2,337)
At 31 March 2010, net of accumulated depreciation	15,788	1,111	393	838	1,584	19,714
At 31 March 2010:						
Cost or valuation	15,788	3,920	5,130	3,691	4,742	33,271
Accumulated depreciation	–	(2,809)	(4,737)	(2,853)	(3,158)	(13,557)
Net carrying amount	15,788	1,111	393	838	1,584	19,714
Analysis of cost or valuation:						
At cost	–	3,920	5,130	3,691	4,742	17,483
At 31 March 2010 valuation	15,788	–	–	–	–	15,788
	15,788	3,920	5,130	3,691	4,742	33,271

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13. PROPERTY, PLANT AND EQUIPMENT (continued)

Group

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture and equipment HK$'000	Motor vehicles and vessels HK$'000	Total HK$'000
31 March 2009						
At 1 April 2008:						
Cost or valuation	20,525	4,195	4,896	4,871	3,712	38,199
Accumulated depreciation	–	(2,525)	(4,545)	(3,840)	(2,761)	(13,671)
Net carrying amount	20,525	1,670	351	1,031	951	24,528
At 1 April 2008, net of accumulated depreciation	20,525	1,670	351	1,031	951	24,528
Additions	–	47	171	427	1,629	2,274
Disposals	–	–	(120)	(10)	–	(130)
Deficit on revaluation	(1,550)	–	–	–	–	(1,550)
Depreciation provided during the year	(846)	(538)	(88)	(313)	(474)	(2,259)
Exchange realignment	548	5	9	7	6	575
At 31 March 2009, net of accumulated depreciation	18,677	1,184	323	1,142	2,112	23,438
At 31 March 2009:						
Cost or valuation	18,677	3,324	4,981	3,665	5,352	35,999
Accumulated depreciation	–	(2,140)	(4,658)	(2,523)	(3,240)	(12,561)
Net carrying amount	18,677	1,184	323	1,142	2,112	23,438
Analysis of cost or valuation:						
At cost	–	3,324	4,981	3,665	5,352	17,322
At 31 March 2009 valuation	18,677	–	–	–	–	18,677
	18,677	3,324	4,981	3,665	5,352	35,999

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group's leasehold land and buildings included above are held under the following lease terms:

	2010 HK$'000	2009 HK$'000
Mainland China:		
Long term leases	**691**	2,966
Medium term leases	**15,097**	15,711
	15,788	18,677

The Group's leasehold land and buildings were revalued individually at 31 March 2010 by Chung, Chan & Associates, independent professionally qualified valuers, at HK$15,788,000 on an open market value or depreciated replacement cost, existing use basis. A revaluation surplus of HK$1,651,000 resulting from the above valuation has been credited to the land and building revaluation reserve in current year (2009: deficit of HK$1,550,000 debited to the land and building revaluation reserve). Had the Group's leasehold land and buildings been carried at historical cost less accumulated depreciation and impairment losses, their carrying amount at 31 March 2010 would have been HK$2,461,000 (2009: HK$5,132,000).

As at 31 March 2009, the Group's leasehold land and buildings of HK$10,785,000 were pledged to secure general banking facilities granted to the Group (note 23).

14. INTERESTS IN SUBSIDIARIES

	Company 2010 HK$'000	2009 HK$'000
Unlisted shares, at cost	**108,062**	104,256
Due from subsidiaries	**2,515,177**	2,343,073
	2,623,239	2,447,329
Impairment#	**(1,669,426)**	(990,811)
	953,813	1,456,518

At each balance sheet date, the Company assesses the prospects and financial positions of its subsidiaries, on an individual basis, as to whether there is any impairment of its interests in subsidiaries, or whether any impairment loss previously recognised for subsidiaries in prior years may no longer exist or may need to be adjusted accordingly.

As at 31 March 2010, an aggregate impairment was recognised for the Company's unlisted investments and amounts due from subsidiaries with aggregate gross carrying amounts of HK$108,062,000 (2009: HK$104,256,000) and HK$2,515,177,000 (2009: HK$2,343,073,000) because these subsidiaries have suffered significant losses and deterioration in their financial positions, in particular one of the subsidiaries has suffered loss resulted from the impairment on the intangible asset as detailed in note 16 to these financial statements.

The balances with subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

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14. INTERESTS IN SUBSIDIARIES (continued)

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued share/paid-up capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Par Excellence Investment Limited ("Par Excellence")*	British Virgin Islands/ Hong Kong	US$1	100	–	Investment holding
Honour Max Trading Limited ("Honour Max")*	British Virgin Islands/ Hong Kong	US$1,000	–	100	Investment holding
Bel Nickel Resources Limited ("Bel Nickel")	Hong Kong	HK$1	–	100	Trading of mineral resources
百營(連雲港)礦產有限公司^*	PRC/ Mainland China	RMB10,000,000	–	100	Trading of mineral resources
Peking Fur Factory (Hong Kong) Limited	Hong Kong	Ordinary: HK$200 Non-voting deferred: HK$1,200,000	–	100	Design and sale of leather garments, fur garments and other garments and trading of tanned leather and fur pelts
Gangjing Fur & Leather (Shenzhen) Factory Ltd.^*	PRC/ Mainland China	RMB7,600,000	–	100	Design, manufacture and sale of leather garments, fur garments and other garments
Jiayi Fashion (Shenzhen) Co., Ltd.^*	PRC/ Mainland China	HK$2,000,000	–	100	Manufacture and sale of leather garments and other garments

^ Registered as wholly-foreign-owned enterprise under the PRC law.

* The statutory financial statements are not audited by Ernst & Young Hong Kong or other member firm of the Ernst & Young global network.

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.

15. AVAILABLE-FOR-SALE EQUITY INVESTMENTS

	Group	
	2010	2009
	HK$'000	HK$'000
Unlisted equity investments, at cost	**3,364**	3,364
Less: Impairment	**(3,364)**	(3,364)
	–	–

As at 31 March 2010, the unlisted equity investments of the Group were stated at cost less impairment because they do not have a quoted market price in an active market and the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair value cannot be measured reliably. An impairment was recognised in prior years for the unlisted investments with reference to their business performance. There was no change in the impairment during the year (2009: Nil). The Group does not intend to dispose of them in the near future.

16. INTANGIBLE ASSET

Group – Exclusive purchase right

	2010	2009
	HK$'000	HK$'000
At beginning of year	**1,400,739**	2,332,273
Amortisation during the year	**–**	(1,451)
Impairment during the year	**(659,626)**	(930,083)
At 31 March	**741,113**	1,400,739
At 31 March:		
Cost	**2,347,102**	2,347,102
Accumulated amortisation	**(16,280)**	(16,280)
Accumulated impairment losses	**(1,589,709)**	(930,083)
	741,113	1,400,739

In September 2007, the Group acquired an exclusive purchase right from PT Aneka Nusantara Internasional ("PT Aneka"), a company incorporated in Indonesia awarded with a licence by the local government for exploiting nickel ores from a nickel mine located in Indonesia (the "Acquisition"). PT Aneka was owned as to 50% by the wife of Mr. David Isreal Supardi ("Mr. Supardi"), a then substantial shareholder of the Company upon completion of the Acquisition, and 50% owned by a relative of Mr. Supardi. Pursuant to the Master Supply Agreement entered into by the Group and PT Aneka, PT Aneka agreed to exclusively sell nickel ores at a fixed price of US$16 per wet metric tonnes ("WMT") for a minimum quantity of 40.7 million WMT throughout a period of 15 years expiring on 25 July 2022 (the "Purchase Period"). During the 15-year term, the Group has the right but not the obligation to purchase nickel ores from PT Aneka.

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16. INTANGIBLE ASSET (continued)

Group – Exclusive purchase right (continued)

The purchase consideration of the exclusive purchase right of HK$2,340 million was satisfied by (i) HK$30 million by cash; (ii) HK$88,674,000 by the issue of 147,790,000 ordinary shares of the Company at a price of HK$0.6 share each; and (iii) HK$2,221,326,000 by the issue of 5 tranches of convertible bonds. Further details of the convertible bonds are set out in note 24 to the financial statements.

The transaction costs directly attributable to the acquisition of the exclusive purchase right amounted to HK$7,102,000 and were capitalised as part of the cost of the exclusive purchase right.

Impairment assessment

As a result of the continuous adverse global economy and weak demand of nickel related products, the Group has performed an impairment assessment on the exclusive purchase right. The recoverable amount of the exclusive purchase right has been determined, by the Group, based on a value in use calculation on which the key assumptions are the discount rate of 15%, minimum potential resources of 40.7 million WMT, projected nickel ore sales volume of 27.6 million WMT over the remaining Purchase Period and projected selling price of nickel ores of US$25 per WMT. The projected nickel ore sales volume of 27.6 million WMT has taken into account the director's consideration that the Group is under sales negotiations with certain potential customers for sales of nickel ores. Up to the approval date of these financial statements, the Group has not reached any agreements with the potential customers.

The carrying value of the exclusive purchase right using the value in use calculation is valued by Cencere Holdings Limited, an independent professionally qualified valuer, using an income approach of cost saving method, at approximately HK$741,113,000 as at 31 March 2010. The resulted impairment of approximately HK$659,626,000 has been charged to the income statement for the year (2009: HK$930,083,000).

17. INVENTORIES

	Group	
	2010	2009
	HK$'000	HK$'000
Raw materials	**33,223**	34,422
Finished goods	**1,074**	1,740
	34,297	36,162

18. TRADE AND BILLS RECEIVABLES

	Group	
	2010	2009
	HK$'000	HK$'000
Trade and bills receivables	**17,225**	28,795
Impairment	**(4,293)**	(3,934)
	12,932	24,861

18. TRADE AND BILLS RECEIVABLES (continued)

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for a period of one to three months, extending up to 1 year for major customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a number of diversified customers, there is no significant concentration of credit risk. As at 31 March 2009, certain bills receivable were discounted to a bank with recourse in exchange for cash and the related bank loan of HK$13,588,000 had been included as "Interest-bearing bank and other borrowings" on the face of the consolidated balance sheet (note 23). The Group's trade receivables are non-interest-bearing.

An aged analysis of the trade and bills receivables as at the balance sheet date, based on the invoice date and net of impairment allowances, is as follows:

	Group	
	2010	2009
	HK$'000	HK$'000
Within 3 months	**7,986**	18,245
4 to 6 months	**4,124**	3,327
7 to 12 months	**414**	3,064
Over 1 year	**408**	225
	12,932	24,861

The movements in the impairment allowance of trade and bills receivables are as follows:

	Group	
	2010	2009
	HK$'000	HK$'000
At beginning of year	**3,934**	4,690
Impairment losses recognised (note 6)	**359**	894
Amount written off as uncollectible	**–**	(1,650)
At 31 March	**4,293**	3,934

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$4,293,000 (2009: HK$3,934,000) with a carrying amount before provision of HK$4,700,000 (2009: HK$4,233,000). The individually impaired trade receivables relate to customers that were in financial difficulties and only a portion of the receivables is expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

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18. TRADE AND BILLS RECEIVABLES (continued)

An aged analysis of the trade and bills receivables that are neither individually nor collectively considered to be impaired is as follows:

	Group	
	2010	2009
	HK$'000	HK$'000
Neither past due nor impaired	**8,153**	20,323
Less than 1 year past due	**4,372**	4,313
Over 1 year past due	**–**	75
	12,525	24,711

Receivables that were neither past due nor impaired relate to a number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Non-current:				
Deposit for the acquisition of a mining right (Note a)	**25,000**	–	**–**	–
Current:				
Purchase prepayments and deposit (Note b)	**124,881**	23,922	**8,000**	10,362
Impairment (Note b)	**(41,787)**	–	**(8,000)**	–
	83,094	23,922	**–**	10,362
Rental and utility deposits	**763**	664	**–**	–
Other deposits and receivables	**1,051**	2,480	**360**	–
Impairment (Note b)	**(313)**	–	**(313)**	–
	1,501	3,144	**47**	10,362
Total current	**84,595**	27,066	**47**	10,362
Total	**109,595**	27,066	**47**	10,362

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

Notes:

(a) On 12 July 2009, the Group entered into an acquisition agreement (the "Coal Acquisition Agreement") with an independent third party to acquire the entire issued share capital and shareholders' loans of a company, which ultimately will own a coal exploitation licence and a coal production-operation mining business permit for certain coal mines in Indonesia, at total considerations of HK$498 million (subject to adjustment) and HK$1, respectively (the "Coal Acquisition").

According to the Coal Acquisition Agreement, the consideration of HK$498 million shall be satisfied by (i) HK$25 million cash deposit upon signing of the Coal Acquisition Agreement; (ii) issue of promissory notes of HK$23 million by the Company upon completion of the Coal Acquisition; (iii) issue of the Company's shares at an issue price of HK$0.25 per ordinary share with the maximum amount of HK$150 million (subject to adjustment) upon completion of the Coal Acquisition; and (iv) issue of 5 tranches of convertible bonds with the maximum amount of HK$300 million (subject to adjustment). The first tranche of the convertible bonds of HK$69 million will be issued upon completion of the Coal Acquisition, and the remaining tranches of the convertible bonds of HK$231 million (i.e. HK$57.75 million per tranche) will each be issued subject to the attainment of certain sales conditions.

Up to the approval date of these financial statements, the Coal Acquisition has not been completed. Details of the Coal Acquisition are set out in the Company's announcements dated 29 July 2009, 16 November 2009, 7 January 2010 and 30 April 2010.

(b) During the year ended 31 March 2010, purchase prepayments of HK$105,708,000 was made by the Group and the total purchase prepayments and deposit amounted to HK$124,881,000 as at 31 March 2010. These balances were made to certain entities as the prepayments for purchase of mineral resources and deposit for services in identifying mineral resources projects for the Group. Subsequent to the respective dates on which these payments were made and up to the approval date of these financial statements, there were no goods or services received by the Group in settlement of these prepayments and deposit. The directors have assessed the recoverability of these balances and have made a provision of HK$41,787,000 against these balances as at 31 March 2010 (2009: Nil).

The movements in the total impairment allowance, including the provision for impairment of HK$313,000 for an other receivable, are as follows:

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
At beginning of year	**–**	–	**–**	–
Impairment losses recognised (note 6)	**42,100**	–	**8,313**	–
At 31 March	**42,100**	–	**8,313**	–

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20. CASH AND BANK BALANCES AND PLEDGED DEPOSITS

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**51,133**	37,202	**64**	9,163
Time deposits	**27,271**	7,680	**–**	–
Cash and cash equivalents	**78,404**	44,882	**64**	9,163

At the balance sheet date, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$2,406,775 (2009: HK$1,794,000). The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and bank balances and the pledged bank deposits approximate to their fair values.

21. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the balance sheet date, based on the invoice date, is as follows:

	Group	
	2010	2009
	HK$'000	HK$'000
Within 3 months	**1,731**	2,325
4 to 6 months	**504**	1,114
7 to 12 months	**361**	44
Over 1 year	**937**	1,023
	3,533	4,506

The trade and bills payables are non-interest-bearing and are normally settled within 30 to 90 days.

22. OTHER PAYABLES AND ACCRUALS

	Group 2010 HK$'000	Group 2009 HK$'000	Company 2010 HK$'000	Company 2009 HK$'000
Deposits received	**472**	443	**–**	–
Other payables	**18,348**	5,707	**720**	1,018
Accruals	**4,695**	5,808	**154**	52
	23,515	11,958	**874**	1,070

Other payables of the Group and the Company are non-interest-bearing, and have an average term of one to three months.

23. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Effective interest rate (%) 2010	Effective interest rate (%) 2009	Maturity 2010	Maturity 2009	Group 2010 HK$'000	Group 2009 HK$'000	Company 2010 HK$'000	Company 2009 HK$'000
Current								
Bank loan from discounted bills receivable – unsecured (note 18)	**N/A**	1.5	**N/A**	2009	**–**	13,588	**–**	–
Bank loan – secured	**N/A**	5.31	**N/A**	2009	**–**	2,280	**–**	–
Other borrowings – unsecured	**Nil**	N/A	**2010**	N/A	**27,300**	–	**27,300**	–
					27,300	15,868	**27,300**	–
Non-current								
Convertible bonds (note 24)								
Tranche 1	**8.7**	8.7	**2013**	2013	**101,759**	111,207	**101,759**	111,207
Tranche 2	**9.23**	9.23	**2013**	2013	**103,726**	184,020	**103,726**	184,020
					205,485	295,227	**205,485**	295,277
					232,785	311,095	**232,785**	295,277

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23. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

	Group	
	2010	2009
	HK$'000	HK$'000
Analysed into:		
Bank loans and overdrafts:		
Within one year or on demand	**–**	15,868
Other borrowings:		
Within one year	**27,300**	–
Convertible bonds:		
In the second to fifth years, inclusive	**205,485**	295,227

	Company	
	2010	2009
	HK$'000	HK$'000
Other borrowings:		
Within one year	**27,300**	–
Convertible bonds:		
In the second to fifth years, inclusive	**205,485**	295,227

Notes:

(a) As at 31 March 2009, the Group's leasehold land and buildings of HK$10,785,000 were pledged to secure the Group's general banking facilities (note 13).

(b) As at 31 March 2010, all interest-bearing bank borrowings are denominated in Hong Kong dollars. As at 31 March 2009, all interest-bearing bank borrowings are denominated in Hong Kong dollars, except for the secured bank loans of HK$2,280,000, which were denominated in Renminbi.

24. CONVERTIBLE BONDS

On 15 January 2008 and 6 May 2008, the Company issued zero coupon convertible bonds with nominal values of HK$1,051,326,000 (the "Tranche 1 Convertible Bonds") and HK$292,500,000 (the "Tranche 2 Convertible Bonds"), respectively, as part of the consideration for the acquisition of the exclusive purchase right as detailed in notes 16 and 25 to the financial statements. The Tranche 1 Convertible Bonds and the Tranche 2 Convertible Bonds are convertible at the option of the bondholders into ordinary shares of Company at a conversion price of HK$0.6 per share (the "Conversion Price"), subject to adjustment, on or before 14 January 2013 (the "Maturity Date").

The Tranche 1 Convertible Bonds and Tranche 2 Convertible Bonds are redeemable at the principal amounts on the Maturity Date if not otherwise converted or redeemed before the Maturity Date.

During the year, the Tranche 1 Convertible Bonds and the Tranche 2 Convertible Bonds of nominal values of HK$24,250,000 (2009: HK$863,925,000) and HK$124,500,000 (2009: HK$35,250,000), respectively, were converted by the bondholders at the Conversion Price, resulted in the issue of, in aggregate, 247,916,666 (2009: 1,498,625,000) new ordinary shares of the Company (note 27). As at 31 March 2010, the principal amount of the Tranche 1 Convertible Bonds and the Tranche 2 Convertible Bonds outstanding were HK$128,651,000 (2009: HK$152,901,000) and HK$132,750,000 (2009: HK$257,250,000), respectively.

24. CONVERTIBLE BONDS (continued)

As at 31 March 2010, the nominal values of HK$128,651,000 and HK$104,000,000 of the Tranche 1 Convertible Bonds and the Tranche 2 Convertible Bonds, respectively, were held by Elite Dragon Limited, a company ultimately wholly owned by a shareholder of the Company who is also a director of the Company. The remaining convertible bond of HK$28,750,000 was held by Johnson Electric International Limited.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity.

The movements in the liability component and the equity component of the Group's Convertible Bonds are as follows:

	Liability component of convertible bonds HK$'000	Equity component of convertible bonds HK$'000	Total HK$'000
At 1 April 2008	680,025	346,095	1,026,120
Issued during the year	193,231	99,269	292,500
	873,256	445,364	1,318,620
Finance costs (note 7)	34,858	–	34,858
Partial conversion of convertible bonds during the year	(612,887)	(306,015)	(918,902)
At 31 March 2009 and 1 April 2009	295,227	139,349	434,576
Finance costs (note 7)	18,618	–	18,618
Partial conversion of convertible bonds during the year	(108,360)	(50,507)	(158,867)
At 31 March 2010	**205,485**	**88,842**	**294,327**

25. CONSIDERATION PAYABLE

In connection with the Acquisition as detailed in note 16 to the financial statements, the purchase consideration included the aggregate principal amount of tranches 2 to 5 convertible bonds to be issued for the purpose of the Acquisition. Tranches 2 to 5 convertible bonds would be issued if the quantity of nickel ores purchased by the Group per quarter during the calendar year ended 31 December 2008 reaches the predetermined level (the "Quantity Requirements"), as set out in the acquisition agreement of acquiring the exclusive purchase right (the "Acquisition Agreement"). If the quantity purchased by the Group for any of the quarters does not reach the predetermined level, the relevant tranches of convertible bonds will also be issued if the shortfall is being made up in the following quarters up to 31 December 2008.

The terms of tranches 2 to 5 convertible bonds are the same as the Tranche 1 Convertible Bonds, details of which are set out in note 24 to the financial statements.

On 6 May 2008, the Tranche 2 Convertible Bonds with a nominal value of HK$292,500,000 were issued because the Quantity Requirements for the first quarter in 2008 are met in accordance with the terms of the Acquisition Agreement (note 24).

Pursuant to the Acquisition Agreement, as the Quantity Requirements for the remaining quarters are not met up to 31 December 2008, the Group confirmed with the vendors of the exclusive purchase right acquisition (the "Vendors") that tranches 3 to 5 convertible bonds were not required to be issued to the Vendors, resulting in the write-back of the remaining consideration payable of HK$877,414,000 in the income statement for the year ended 31 March 2009.

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26. DEFERRED TAX

The movement in deferred tax liabilities during the year is as follows:

	Depreciation allowance in excess of related depreciation HK$'000	Revaluation of properties HK$'000	Losses available for offsetting against future taxable profits HK$'000	Net deferred tax liabilities HK$'000
At 1 April 2008	–	3,605	–	3,605
Deferred tax credited to the equity during the year	–	(388)	–	(388)
Deferred tax charged/(credited) to the income statement during the year	236	–	(236)	–
At 31 March 2009 and 1 April 2009	236	3,217	(236)	3,217
Deferred tax credited to the equity during the year*	–	(249)	–	(249)
Deferred tax charged/(credited) to the income statement during the year	(8)	–	8	–
At 31 March 2010	**228**	**2,968**	**(228)**	**2,968**

At 31 March 2010, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in the PRC. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

* The balance represented the deferred tax liability arising on revaluation of HK$413,000, net with the realisation of deferred tax liabilities of HK$662,000 upon the disposal of certain land and buildings during the year.

27. SHARE CAPITAL

	2010 HK$'000	2009 HK$'000
Authorised:		
10,000,000,000 (2009: 10,000,000,000) ordinary shares of HK$0.10 each	**1,000,000**	1,000,000
Issued and fully paid:		
3,025,867,366 (2009: 2,083,950,700) ordinary shares of HK$0.10 each	**302,587**	208,395

27. SHARE CAPITAL (continued)

A summary of the transactions during the year with reference to the movements in the Company's issued share capital is as follows:

	Notes	Number of shares in issue	Issued share capital HK$'000	Share premium account HK$'000	Total HK$'000
At 1 April 2008		585,325,700	58,533	183,485	242,018
Conversion of convertible bonds	(c)	1,498,625,000	149,862	769,040	918,902
At 31 March 2009 and 1 April 2009		2,083,950,700	208,395	952,525	1,160,920
Issue of shares under placement	(a)	647,000,000	64,700	69,435	134,135
Share options exercised	(b)	47,000,000	4,700	940	5,640
Conversion of convertible bonds	(c)	247,916,666	24,792	134,075	158,867
		3,025,867,366	302,587	1,156,975	1,459,562
Share issue expenses		–	–	(2,552)	(2,552)
Release of share option reserve upon exercise		–	–	2,867	2,867
At 31 March 2010		**3,025,867,366**	**302,587**	**1,157,290**	**1,459,877**

Notes:

(a) On 16 June 2009, 9 July 2009 and 29 March 2010, 170,000,000, 177,000,000 and 300,000,000 new ordinary shares of the Company at HK$0.1 each, were issued at HK$0.205, HK$0.205 and HK$0.21 per share, respectively, for a total cash consideration, before expenses, of HK$134,135,000.

(b) The subscription rights attaching to 47,000,000 share options were exercised at the subscription price of HK$0.12 per share (note 28), resulting in the issue of 47,000,000 new ordinary shares of the Company at HK$0.1 each for a total cash consideration, before expenses, of HK$5,640,000.

(c) During the year, an aggregate of 247,916,666 (2009: 1,498,625,000) new ordinary shares of the Company at HK$0.1 each were issued upon the conversion of Tranche 1 Convertible Bonds and Tranche 2 Convertible Bonds with an aggregate principal amount of HK$148,750,000 (2009: HK$899,175,000) at the Conversion Price (note 24).

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 28 to the financial statements.

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28. SHARE OPTION SCHEME

On 29 August 2002, a share option scheme (the "Scheme") was adopted by the shareholders of the Company. The Scheme will remain in force for 10 years from the date of adoption.

The purpose of the Scheme is to provide incentives or rewards to eligible participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds any equity interest (the "Invested Entity"). Eligible participants of the Scheme include employees and directors of the Group or the Invested Entities, suppliers and customers of the Group and the Invested Entities, any person or entity that provides research, development or other technological support to the Group or the Invested Entities, and shareholders of the Group or the Invested Entities.

On 9 September 2009, the Scheme was refreshed by increasing the maximum number of share issuable under share options currently permitted to be granted under the Scheme to 265,366,736 shares, representing 10% of the issued share of the Company as of 9 September 2009. The Company will be allowed to grant further options under the Scheme and other share option scheme carrying the rights to subscribe for a maximum of 265,366,736 shares. The maximum number of shares issuable under share options to each eligible participant within any 12-month period is limited to 1% of the shares of the Company in issue at any time. The offer of a grant of share options may be accepted within 28 days from the date of the offer upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and may commence on the date of the offer and shall end no later than 10 years from the date of the offer.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK$5 million within any 12-month period are subject to shareholders' approval in advance in a general meeting.

The subscription price of the share options is determinable by the directors, but may not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of offer of the options; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of offer of the options; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

On 4 May 2009, a total of 69,000,000 share options were granted to directors and certain employees of the Company in respect of their services to the Group in the prior years. Among the total of 69,000,000 share options, 43,200,000 and 6,600,000 share options were granted to the Company's executive directors and independent non-executive directors, respectively. The share options are exercisable from 4 May 2009 to 3 May 2011 at an exercise price of HK$0.12 per share. The exercise price of the share options is subjected to adjustment in case of rights or bonus issues, or other similar changes in the Company's share capital.

The fair value of the share options granted and recognised in the income statement during the year was HK$4,209,000 (2009: nil).

28. SHARE OPTION SCHEME (continued)

The fair value of equity-settled share options granted during the year was estimated as at the date of grant, using a binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Dividend yield (%)	8.33
Expected volatility (%)	129.19
Risk-free interest rate (%)	0.54
Expected life of options (year)	2.00
Weighted average share price (HK$ per share)	0.12

The expected life of the options is based on the contractual life of share options granted and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

The 47,000,000 share options exercised during the year resulted in the issue of 47,000,000 ordinary shares of the Company and new share capital of HK$4,700,000 and share premium of HK$940,000 (before issue expenses), as further detailed in note 27 to the financial statements.

The weighted average share price at the date of exercise during the year was HK$0.235.

At the balance sheet date, the Company had 22,000,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 22,000,000 additional ordinary shares of the Company and additional share capital of HK$2,200,000 and share premium of HK$440,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 22,000,000 share options outstanding under the Scheme, which represented approximately 0.7% of the Company's shares in issue as at that date.

29. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

Pursuant to the relevant laws and regulations in the PRC, a portion of the profits of the Group's subsidiaries which were registered in the PRC has been transferred to reserve funds which are restricted as to use.

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29. RESERVES (continued)

(b) Company

	Notes	Share premium account HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2008		183,485	64,441	–	(48,057)	199,869
Total comprehensive loss for the year		–	–	–	(125,382)	(125,382)
Conversion of convertible bonds		769,040	–	–	–	769,040
2008 final dividend paid		–	(11,525)	–	–	(11,525)
At 31 March 2009 and 1 April 2009		952,525	52,916	–	(173,439)	832,002
Total comprehensive loss for the year		–	–	–	(709,273)	(709,273)
Issue of shares under placement	27	69,435	–	–	–	69,435
Share issue expenses	27	(2,552)	–	–	–	(2,552)
Equity-settled share option arrangements	28	–	–	4,209	–	4,209
Share options exercised	27	940	–	–	–	940
Release of share option reserve	27	2,867	–	(2,867)	–	–
Conversion of convertible bonds	27	134,075	–	–	–	134,075
At 31 March 2010		**1,157,290**	**52,916**	**1,342**	**(882,712)**	**328,836**

The Company's contributed surplus represents the excess of the fair value of the shares of the subsidiaries acquired under the Group reorganisation at the time of the Company's listing over the nominal value of the Company's shares issued in exchange therefor. Under the Bermuda Companies Act 1981, the Company may make distributions to its members out of the contributed surplus in certain circumstances.

30. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its staff quarters and office premises under operating lease arrangements with leases negotiated for original terms ranging from 1 to 3 years.

At 31 March 2010, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group 2010 HK$'000	2009 HK$'000
Within one year	**1,955**	2,663
In the second to fifth years, inclusive	**–**	1,955
	1,955	4,618

At the balance sheet date, the Company had no significant operating lease arrangement (2009: Nil).

31. CAPITAL COMMITMENTS

At the balance sheet date, the Group had capital commitment in respect of the acquisition of a mining right and the details of which are set out in note 19 to the financial statements.

At the balance sheet date, the Company did not have any significant commitment (2009: nil).

32. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	Notes	**2010 HK$'000**	2009 HK$'000
Purchase of minerals from PT Aneka	(i)	**–**	3,141
Rental expenses to a company in which a director of a subsidiary of the Company is a substantial shareholder	(ii)	**1,354**	1,354

Notes:

(i) The transaction was carried out based on the terms mutually agreed by the parties under the Master Supply Agreement and the details are set out in note 16.

(ii) The rental is charged on terms mutually agreed by the parties with reference to the prevailing market rent at the time of entering into the tenancy agreement.

The above related party transactions also constitute connected transactions under the Listing Rules.

(b) Outstanding balances with related parties:

	2010 HK$'000	2009 HK$'000
Amounts due to directors	**3,636**	4,330

The balances with the directors are unsecured, interest-free and have no fixed terms of repayment.

(c) Compensation of key management personnel of the Group:

	2010 HK$'000	2009 HK$'000
Short term employee benefits	**4,231**	4,313
Equity-settled share option expense	**3,038**	–
Post-employment benefits	**57**	60
Total compensation paid to key management personnel	**7,326**	4,373

Further details of directors' remuneration are included in note 8 to the financial statements.

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33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

2010

Group

Financial assets

	Loans and receivables HK$'000
Trade and bills receivables	12,932
Other receivables	738
Cash and bank balances	78,404
	92,074

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Trade and bills payables	3,533
Other payables	18,348
Interest-bearing bank and other borrowings	27,300
Amounts due to directors	3,636
Convertible bonds	205,485
	258,302

33. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

2009

Group

Financial assets

	Loans and receivables HK$'000
Trade and bills receivables	24,861
Other receivables	13,623
Cash and bank balances	44,882
	83,366

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Trade and bills payables	4,506
Other payables	5,707
Interest-bearing bank borrowings	15,868
Amounts due to directors	4,330
Convertible bonds	295,227
	325,638

2010

Company

Financial assets

	Loans and receivables HK$'000
Bank balances	**64**
Other receivables	**–**
Amounts due from subsidiaries	**893,998**
	894,062

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33. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

2010 (continued)

Company

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Other borrowings	**27,300**
Other payables	**720**
Convertible bonds	**205,485**
	233,505

2009

Company

Financial assets

	Loans and receivables HK$'000
Bank balances	9,163
Other receivables	10,000
Amounts due from subsidiaries	2,343,073
	2,362,236

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Other payables	1,018
Convertible bonds	295,227
	296,245

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, convertible bonds and cash and bank balances. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

It is, and has been, throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group's major transactions are primarily denominated in Hong Kong dollars, United States dollars ("US$") and RMB. Foreign exchange exposure of the Group is considered minimal as the exchange rate, of RMB and US$ against Hong Kong dollars were relatively stable during the year. No financial instruments have been used for hedging purposes.

The following table demonstrates the sensitivity at the balance sheet date to a reasonably possible change in the RMB exchange rates, with all other variables held constant, of the Group's loss before tax and the Group's equity (due to the retranslation of foreign operations).

2010

	Increase/ (decrease) in rate %	**Increase/ (decrease) in loss before tax HK$'000**	**Increase/ (decrease) in equity* HK$'000**
If Hong Kong dollars weakens against RMB	**(3)**	**264**	**(213)**
If Hong Kong dollars strengthens against RMB	**3**	**(264)**	**213**

2009

	Increase/ (decrease) in rate %	Increase/ (decrease) in loss before tax HK$'000	Increase/ (decrease) in equity* HK$'000
If Hong Kong dollars weakens against RMB	(3)	68	(1,398)
If Hong Kong dollars strengthens against RMB	3	(68)	1,398

* Excluded retained profits/(accumulated losses).

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34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise trade and bill receivables, other receivables and deposits and cash and cash equivalents, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty. At the balance sheet date, the Group had certain concentrations of credit risk as 38% (2009: 20%) and 72% (2009: 75%) of the Group's trade receivables were due from the Group's largest customer and the five largest customers, respectively.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and bills receivables and deposits and other receivables are disclosed in note 18 and 19 to the financial statements.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts. In addition, banking facilities have been obtained for contingency purposes.

The maturity profile of the Group's financial liabilities as at the balance sheet date, based on the contractual undiscounted payments, was as follows:

Group

	On demand	Less than 3 months	3 to less than 12 months	1 to 5 years	Over 5 years	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2010						
Trade and bills payables	**1,802**	**1,731**	**–**	**–**	**–**	**3,533**
Other payables	**18,348**	**–**	**–**	**–**	**–**	**18,348**
Amounts due to directors	**3,636**	**–**	**–**	**–**	**–**	**3,636**
Other borrowings	**–**	**27,300**	**–**	**–**	**–**	**27,300**
Convertible bonds	**–**	**–**	**–**	**261,401**	**–**	**261,401**
	23,786	**29,031**	**–**	**261,401**	**–**	**314,218**
2009						
Trade and bills payables	2,181	2,325	–	–	–	4,506
Other payables	5,707	–	–	–	–	5,707
Amounts due to directors	4,330	–	–	–	–	4,330
Interest-bearing bank borrowings	–	13,588	2,280	–	–	15,868
Convertible bonds	–	–	–	410,151	–	410,151
	12,218	15,913	2,280	410,151	–	440,562

Notes to Financial Statements

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34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

Company

	On demand	Less than 3 months	3 to less than 12 months	1 to 5 years	Over 5 years	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2010						
Other borrowings	**–**	**27,300**	**–**	**–**	**–**	**27,300**
Other payables	**720**	**–**	**–**	**–**	**–**	**720**
Convertible bonds	**–**	**–**	**–**	**261,401**	**–**	**261,401**
	720	**27,300**	**–**	**261,401**	**–**	**289,421**
2009						
Other payables	1,018	–	–	–	–	1,018
Convertible bonds	–	–	–	410,151	–	410,151
	1,018	–	–	410,151	–	411,169

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2010 and 31 March 2009.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management (continued)

The Group monitors capital using an adjusted gearing ratio, which is adjusted debt divided by the total equity plus adjusted debt. The Group's policy is to maintain the adjusted gearing ratio below 100%. Adjusted debt includes interest-bearing bank and other borrowings and convertible bonds. The adjusted gearing ratios as at the balance sheet dates were as follows:

Group

	2010 HK$'000	2009 HK$'000
Interest-bearing bank and other borrowings	27,300	15,868
Convertible bonds, the liability component	205,485	295,227
Adjusted debt	232,785	311,095
Total equity	725,816	1,208,649
Total equity and adjusted debt	958,601	1,519,744
Adjusted gearing ratio	24.3%	20.5%

35. COMPARATIVE AMOUNTS

As further explained in note 2.2 to the financial statements, due to the adoption of new and revised HKFRSs during the current year, the presentation of certain balances in the financial statements have been revised to comply with the current year's presentation.

36. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 July 2010.

Five Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements and reclassified as appropriate, is set out below.

RESULTS

	Year ended 31 March				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**217,169**	116,926	217,641	134,338	139,682
Profit/(loss) for the year attributable to owners of the Company	**(734,417)**	(130,029)	10,373	4,714	18,083

ASSETS AND LIABILITIES

	As at 31 March				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**996,055**	1,557,148	2,560,238	169,001	159,857
Total liabilities	**(270,239)**	(348,499)	(1,915,911)	(46,236)	(34,152)
	725,816	1,208,649	644,327	122,765	125,705