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 **2008**

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. Chim Kim Lun, Ricky
Mr. Leung Shu Yin, William
Mr. Li Wing Tak

Independent Non-executive Directors
Mr. Hsu Hsung, Adolf *JP*
Mr. Ho Wai Chi, Paul

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 AND QUALIFIED ACCOUNTANT

Mr. Li Wing Tak

AUDITORS

Messrs. Ernst & Young

STOCK CODE & COMPANY'S WEBSITE

761
www.belglobal.com

AUDIT COMMITTEE MEMBERS

Mr. Ho Wai Chi Paul *(Chairman)*
Mr. Hsu Hsung, Adolf *JP*
Mr. Kwok Chun Pong, Stephen
Mr. Chen Yeh Ming, Steve

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*

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

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

I am pleased to present the annual results of Bel Global Resources Holdings Limited (formerly known as Peking Apparel International Group Limited) (the "Company", together with its subsidiaries, collectively referred to as the "Group") for the year ended 31 March 2008.

Results

Revenue and gross profit for the year ended 31 March 2008 amounted to approximately HK$217,641,000 and HK$63,879,000, respectively, representing increase of about 62% and 161%, respectively, as compared to those of last year. Profit for the year attributable to ordinary equity holders of the Company amounted to approximately HK$10,373,000, as compared to HK$4,714,000 reported last year.

Business Reviews

In previous year, the Group only engaged in manufacturing and trading of apparel. Capitalizing on the rising demand for base metal in the world, particularly in China, the Group made a strategic move to refocus its business to mineral resources operation. Accordingly, the Group acquired Honour Max Trading Limited in January 2008, which has given it full access to an exclusive and steady supply of nickel ore from a mine in Indonesia. Situated at an area of 7,727 hectares in the Indonesian Province of Sulawesi Tengah, the mine has an estimated nickel ore reserve of over 40 million wet metric tonnes. According to the supply agreement, the Group has access to nickel ore from the mine for a term of 15 years.

With the acquisition of nickel ore business in January 2008, the overall results for the year were composed of 2 major lines of business, namely, mining and apparel.

The operating result of the mining business is encouraging. Since its effective acquisition in mid-January 2008, the mining operation recorded a revenue of HK$92 million, EBITDA of HK$59 million and contributed a profit to the Group of HK$16 million. To reinforce a clear corporate image, better reflect the Group's emphasis on nickel ore operation and the future focus of expansion and development of new business, we have renamed the Company as Bel Global Resources Holdings Limited in March 2008.

Revenue from apparel operation over the year has decreased by about 7% to become HK$126 million due to the intensified market competition. As a result, the overall apparel operation turned from a profit of about HK$4 million last year to become a loss position of about HK$6 million this year.

Chairman's Statement

Prospect

With the worldwide demand on mineral resources, the Company recognizes that substantial revenue synergies could be realized if chrome and coal assets were combined with its nickel operations. Consistent with the Company's strategy, it will periodically assess the opportunity to acquire these assets to the aim of increasing shareholder value.

The Company also believes that by owning and operating commercially attractive smelting operations, it will be able to insulate itself from third party risk and facilitate downstream integration thus enabling it to capture additional margin along the value chain with respect to nickel production. The Company will study the possibilities to establish or to acquire existing smelter operations.

Apart from maintaining good business relationship with existing customers especially on nickel ore business, the Group will monitor closely the market demand on other mineral resources. As mentioned above, the Group believes there will be big demand on other mineral resources, such as chrome and coal. The Group will continuously seeking opportunities in bringing in other mineral resources into the Group so as to enhance further its overall results as well as diversifying its business platform.

We believe we can broaden our income stream by diversifying into the mineral resources business. The Group is working hard to deliver stellar returns to our shareholders through effective collaboration with our business partners and our excellent performances as a reliable supplier of cost effective, high quality mineral resources to our customers throughout the world.

The Group is ready and committed to developing business that promises long-term lucrative returns.

Dividends

The Directors recommend the payment of a final dividend of HK1.0 cent (2007: NIL) per ordinary share for the year.

Acknowledgement

On behalf of the Board of Directors, I would like to express my sincere appreciation to our shareholders, investors and customers for their continuous support to and confidence in the Group. Furthermore, I would like to thank all the staff members for their hard work and dedication, as well as their valuable contribution to the Group's overall development.

Sy Chin Mong, Stephen
Chairman & CEO

Hong Kong
28 July 2008

Financial and Business Review

During the year under review, the Group has acquired the entire share capital of Honour Max Trading Limited and its subsidiary (referred to as the "Honour Max Group") on 15 January 2008. Consequently, the Group extended its business to mineral resources operation and the Company changed its name to Bel Global Resources Holdings Limited to better describe the Group's emphasis on operation of mineral resources and focus of future expansion and development.

Driven by the nickel ore operation, the Group's revenue increased by 62% to HK$217,641,000 as compared with HK$134,338,000 in the prior year with the additional revenue of HK$92,070,000 contributed by the Honour Max Group since 15 January 2008.

The Group recorded a 120% increase in profit for the year attributable to the equity holders of the Company to HK$10,373,000 comparing with HK$4,714,000 in the prior year.

The acquisition of the Honour Max Group was partly satisfied by issue of zero coupon convertible bonds with principal amount of HK$1,051,326,000, which lead to the significant increase in finance cost from HK$1,126,000 to HK$13,335,000.

Due to keen competition in the fur and leather industry, revenue from the Group's apparel operation decreased by about 7% to HK$125,571,000 as compared with HK$134,338,000 in the prior year.

On 28 December 2007, the Group completed the disposal of all of its equity interest in Peking Leather Factory Limited ("Peking Leather"), which resulted in a gain on disposal of subsidiary of HK$1,375,000 being recognised in the Group's consolidated income statement.

Outlook

This year is an important year for the Group. The Group, through the acquisition of Honour Max Group, extended its business into nickel ore operation. Due to the increasing demand in base metal driven by the rapid economic growth of the PRC, the price of mineral resources has been rising rapidly in recent years and is expected to rise in the near future. The Group, with access to stable supply of nickel ore, will benefit from the upward trend of mineral resources industry. Looking forward, the Company will actively explore opportunities to further expand its nickel ore business as well as investing in various kinds of mineral resources with the aim of increasing shareholder value.

Employees, Training and Remuneration Policy

As at 31 March 2008, the Group employed approximately 443 full time employees, of which, 405 were in the PRC and 38 in Hong Kong. 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 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 bonus to its employees under prevailing labour laws in China.

Liquidity and Financial Resources

The Group is financed by the issue of convertible bonds, issue of shares, internal cash flows and banking facilities provided by its bankers during the year. In July 2007, 63,000,000 new shares were issued to independent investors to raise an aggregate of HK$42,840,000. In January 2008, part of the consideration for the acquisition of Honour Max Group was satisfied by issue of five tranches of zero coupon convertible bonds with aggregate principal amount of HK$2,221,326,000 and by the allotment and issue of 147,790,000 new ordinary shares. As at 31 March 2008, zero coupon convertible bonds with principal amount of HK$1,051,326,000 had been issued. In February and March 2008, conversion rights of convertible bonds in principal amount of HK$16,500,000 and HK$18,000,000, respectively, were exercised by the bond holders, resulting in the issue and allotment of 57,500,000 new ordinary shares. Save as the aforesaid, there was no change in the capital structure of the Company during the year.

The Group currently has aggregate composite banking facilities of approximately HK$57,815,000. All outstanding bank borrowings are for purpose of trade-finance and working capital and are mainly short term in nature.

As at 31 March 2008, the Group's net current assets was approximately HK$141,070,000 (2007: HK$87,116,000). Total cash and bank balances and pledged bank deposits increased from HK$30,493,000 to HK$48,621,000 whereas, bank loans and bank overdrafts decreased from HK$21,776,000 to HK$9,218,000. The net cash and bank balances increased by HK$30,686,000 over the year. Inventories decreased from HK$68,783,000 to HK$44,238,000. Trade and bills receivables increased by approximately 344% to become HK$100,937,000, mainly due to the Group's business expansion into nickel ore operation; whereas, trade and bills payables decreased by approximately 45% to become HK$7,438,000.

The Group's gearing ratio as at the year-end is 2.97 (2007: 0.38), which was calculated based on total liabilities of HK$1,915,911,000 (2007: HK$46,236,000) and shareholders' funds of HK$644,327,000 (2007: HK$122,765,000). The increase in gearing ratio was primarily due to the convertible bonds and consideration payable outstanding as at year end. With a net assets position, the management believes that the Group is well placed to avail itself to future expansion.

Material acquisition and disposal of investments

During the year, the Group acquired Honour Max Group, which is principally engaged in nickel ore operation and disposed of all its equity interest in Peking Leather and its subsidiary, which were principally engaged in operation of mink farm and trading of mink.

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

Capital Expenditure

Saved 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.

Change in use of Proceeds from the Company's Initial Public Offering

The Group raised approximately HK$51.6 million, net of related expenses, from the issue of 64.75 million new shares in connection with the listing for the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 7 March 1997.

The application of the net proceeds from the new issue, as revised in 2001 and revised further in July 2008, have been applied as follows:

	Revised Planned Amount	**Amount utilized up to 28 July 2008**
	HK$'000	HK$'000
– For repaying bank loans	10,000	10,000
– For upgrading the Group's manufacture facilities and office premises	3,000	3,000
– For setting up representative offices and showrooms in the PRC	3,848	3,848
– For additional working capital for the Group	34,752	31,600
	51,600	48,448

Further to a meeting of board of directors of the Company on 28 July 2008, it was resolved that the unutilised proceeds brought forward from previous year was revised to be for additional working capital for the Group. The balance of the proceeds of approximately HK$3,152,000 had been placed on fixed deposits with a bank.

Corporate Governance Report

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 2008, 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 separated and should not be performed by the same individual. Mr. Char On Man, prior to his resignation on 30 April 2008, assumed the roles of both the Chairman and the Chief Executive Officer of the Company. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Company to make an implement decisions promptly and efficiently. As such, it is beneficial to the business prospects and management of the Company.

Following Mr. Kwok Chun Pong, Stephen's resignation, the Company since 30 April 2008 and up to the date of this report has had only two independent non-executive Directors and two audit committee members, which fall below the minimum number of three independent non-executive Directors and three audit committee members as required under Rules 3.10 and 3.21 respectively of the Listing Rules. In this regard, the Company will use its best endeavours to find a suitable candidate to fill the vacancy as soon as practicable. Further announcement will be made by the Company once the new appointment is confirmed in due course in accordance with the Listing Rules.

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 2008.

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*	(Appointed on 30 April 2008)
Mr. Sy Lai Yin, Sunny	(Appointed on 23 January 2008)
Ms. Sze Shan Shan, Pat	(Appointed on 23 January 2008)
Mr. Char On Man	(Resigned on 30 April 2008)
Ms. So Choi Hing, Stella	(Resigned on 23 January 2008)
Mr. Chim Kim Lun, Ricky	(Appointed on 30 April 2007)
Mr. Cheng Kwok Hing, Andy	(Appointed on 30 April 2007 and resigned on 28 July 2008)
Mr. Leung Shu Yin, William	(Appointed on 2 October 2007)
Mr. Li Wing Tak	

Independent non-executive directors:

Mr. Hsu Hsung, Adolf *JP*	(Appointed on 23 January 2008)
Mr. Ho Wai Chi, Paul	
Mr. Chen Yeh Ming, Steve	(Resigned on 23 January 2008)
Mr. Kwok Chun Pong, Stephen	(Resigned on 30 April 2008)

There are no relationships among the members of the Board.

During the year ended 31 March 2008, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

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, the 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 expense, 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 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 2008			
Name of Directors	**Regular Board**	**Audit Committee**	**Nomination Committee**	**Remuneration Committee**
Mr. Char On Man	13/13	N/A	3/3	2/2
Ms. So Choi Hing, Stella (note 1)	11/11	N/A	N/A	N/A
Mr. Li Wing Tak	13/13	N/A	N/A	N/A
Mr. Chim Kim Lun, Ricky (note 2)	10/12	N/A	N/A	N/A
Mr. Cheng Kwok Hing, Andy (note 2)	9/12	N/A	N/A	N/A
Mr. Leung Shu Yin, William (note 3)	9/9	N/A	N/A	N/A
Mr. Sy Lai Yin, Sunny (note 4)	2/2	N/A	N/A	N/A
Ms. Sze Shan Shan, Pat (note 4)	2/2	N/A	N/A	N/A
Mr. Ho Wai Chi, Paul	13/13	3/3	N/A	2/2
Mr. Chen Yeh Ming, Steve (note 1)	10/11	2/3	3/3	2/2
Mr. Kwok Chun Pong, Stephen	13/13	3/3	3/3	2/2
Mr. Hsu Hsung, Adolf (note 4)	2/2	N/A	N/A	N/A

Notes:

(1) Resigned on 23 January 2008.
(2) Appointed on 30 April 2007.
(3) Appointed on 2 October 2007.
(4) Appointed on 23 January 2008.

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 to shareholders upon request.

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 expense.

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 twice during the financial year ended 31 March 2008 and reviewed/discussed/recommended the remuneration packages of the executive directors and senior management for the financial year ending 31 March 2008 for the Board's consideration. The Committee also reviewed the adequacy of non-executive Directors' remuneration. An ordinary resolution will be proposed at the 2008 Annual General Meeting for Shareholders to consider and if thought fit, approve the remuneration of each of 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 making recommendations to the Board regarding any proposed changes.

Three meetings were held during the financial year ended 31 March 2008 to discuss/review the size and structure, the re-appointment of retiring directors, appointment of directors and the replacement required due to the resignation of an independent non-executive Director. The Board recommended the re-appointment of those 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 the directors standing for re-election.

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 3 meetings during the financial year ended 31 March 2008 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 2008 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 2008.

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 24 to 25.

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 2008 are HK$1,000,000 and HK$10,000, 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.,), assessed the effectiveness of the Group's internal control system and risk management system of the Group for the year ended 31 March 2008 and no material weakness was found that will affect the safeguard the shareholders' investment and the Group's assets. Apart from this, the external consultancy firm also brought to the attentions of the Board some suggested plans 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 rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings are contained in the Company's Bye-laws. Details of such rights to demand a poll are included in all circulars to shareholders and will be explained during the proceeding of meetings. When voting by way of a poll is required, the detailed procedures for conducting a poll will be explained at the meeting.

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.

Separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors.

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 (previously www.pekingapparel.com.hk), 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 2008.

Change of company name

Pursuant to a special resolution passed at the special general meeting of the Company held on 20 March 2008 and approved by the Registrars of Companies of Bermuda and Hong Kong, the name of the Company was changed from Peking Apparel International Group Limited to Bel Global Resources Holdings Limited.

The Company changed its Chinese name from 北京時裝(集團)有限公司 to 百營環球資源控股有限公司 which is its secondary name.

Principal activities

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 16 to the financial statements.

Results and dividends

The Group's profit for the year ended 31 March 2008 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 26 to 91.

The directors recommend the payment of a final dividend of HK1.0 cent per ordinary share in respect of the year to shareholders on the register of members on 10 September 2008. This recommendation has been incorporated in the financial statements as an allocation of retained profits or contributed surplus within the equity section of the Group's consolidated balance sheet and the Company's balance sheet, respectively.

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 restated/reclassified as appropriate, is set out on page 92. 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 14 to the financial statements.

Share capital, share options and convertible bonds

Details of movements in the Company's share capital, share options and convertible bonds during the year are set out in notes 29, 30 and 26 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 31(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

Distributable reserves

At 31 March 2008, the Company's reserves available for distribution, calculated in accordance with the provisions of the Bermuda Companies Act 1981, amounted to HK$22,237,000, of which HK$5,853,000 has been proposed as a final dividend for the year. In addition, the Company's share premium account, in the amount of HK$183,485,000, 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 71% of the total sales for the year and sales to the largest customer included therein amounted to 24%. Purchases from the Group's five largest suppliers accounted for 33% of the total purchases for the year and purchase from the largest supplier included therein amounted to 22%.

The Group's largest supplier, PT Aneka Nusantara Internasional ("PT Aneka"), was owned as to 50% by the wife of Mr. David Supardi ("Mr. Supardi"), a substantial shareholder of the Company through his 70% equity holding in High Chance Investment Limited and 50% by a relative of Mr. Supardi. Accordingly, PT Aneka is a connected person of the Company. The purchase agreement entered into between Bel Nickel Resources Limited ("Bel Nickel", previously known as Sharp Speed Investments Limited), a wholly-owned subsidiary of the Company, and PT Aneka dated 18 September 2007 in relation to the purchase of nickel ore by Bel Nickel from PT Aneka. The maximum aggregate annual value of nickel ore purchased by the Group for the year of HK$31,200,000 was approved by the independent shareholders at the special general meeting of the Company held on 7 January 2008.

Save as disclosed, 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*	(Appointed on 30 April 2008)
Mr. Sy Lai Yin, Sunny	(Appointed on 23 January 2008)
Ms. Sze Shan Shan, Pat	(Appointed on 23 January 2008)
Mr. Char On Man	(Resigned on 30 April 2008)
Ms. So Choi Hing, Stella	(Resigned on 23 January 2008)
Mr. Chim Kim Lun, Ricky	(Appointed on 30 April 2007)
Mr. Cheng Kwok Hing, Andy	(Appointed on 30 April 2007 and resigned on 28 July 2008)
Mr. Leung Shu Yin, William	(Appointed on 2 October 2007)
Mr. Li Wing Tak	

Independent non-executive directors:

Mr. Hsu Hsung, Adolf *JP*	(Appointed on 23 January 2008)
Mr. Ho Wai Chi, Paul	
Mr. Chen Yeh Ming, Steve	(Resigned on 23 January 2008)
Mr. Kwok Chun Pong, Stephen	(Resigned on 30 April 2008)

In accordance with the Company's bye-laws, Mr. Chim Kim Lun, Ricky, Mr. Ho Wai Chi, Paul and Mr. Li Wing Tak 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

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to directors' duties, responsibilities and performance and the results of the Group.

Directors' interests in contracts

Mr. Char On Man, being a beneficial owner of O&E International Limited ("O&E"), was interested in a property sale and purchase agreement and a tenancy agreement with the Group. Further details of the transactions undertaken in connection therewith are included in note 36 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 2008, 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:

(1) 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
Char On Man	57,065,000	–	57,065,000	9.75%

(2) Long positions in shares of an associated corporation:

Peking Fur Factory (Hong Kong) Limited, the Company's subsidiary

Name of director	Capacity and nature of interest	Type of shares held	Number of shares held	Percentage of shareholding in respective class of shares
Char On Man	Directly beneficially owned	Non-voting deferred	11,444	95.3%

Save as disclosed above, as at 31 March 2008, 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.

Directors' rights to acquire shares or debentures

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 or any of its 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 and underlying shares

At 31 March 2008, the following interests and short positions 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
Golden Mount Limited (Note 1)	Directly beneficially owned	87,832,000	15.01%
Elite Dragon Limited (Note 2)	Directly beneficially owned	79,832,000	13.64%
High Chance Investments Limited (Note 3)	Directly beneficially owned	67,983,400	11.61%
Char On Man	Directly beneficially owned	57,065,000	9.75%

Notes:

1. Golden Mount Limited is a company wholly owned by Mr. Chim Pui Chung, who is the father of Mr. Chim Kim Lun, Ricky, an executive director of the Company.

2. Elite Dragon Limited is a company owned as to 80% by Bel Trade Investment Holdings Ltd., which in turn is wholly owned by Dr. Sy Chin Mong, Stephen, the Chairman and Chief Executive Officer of the Company. Dr. Sy is the father of Mr. Sy Lai Yin, Sunny, an executive director of the Company.

3. High Chance Investment Limited is a company owned as to 70% by Mr. David Supardi.

(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 to the Company's issued share capital
Elite Dragon Limited (Note)	533,216,040	888,693,400	151.83%
High Chance Investments Limited (Note)	483,609,960	806,016,600	133.70%

Note:

As at 31 March 2008, Elite Dragon Limited and High Chance Investments Limited were the holder of convertible bonds in the principal amount of HK$533,216,040 and HK$483,609,960, respectively, which could be converted upon exercise, into ordinary 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 2008, 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, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Connected transactions and continuing connected transactions

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

Connected transactions

In accordance with the terms of a memorandum for sale and purchase of property dated 1 November 2007, Peking Fur Factory (Hong Kong) Limited, a subsidiary of the Company, disposed of certain properties (the "Sale Properties") to O&E, a company wholly owned by Mr. Char On Man, a director of the Company, and his daughter, Ms. Danielle Char, at a cash consideration of HK$16,497,000. Further details of the transaction are included in note 36 to the financial statements.

Continuing connected transactions

(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 the 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") dated 18 September 2007 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. According to the Master Supply Agreement, the price for nickel ore was US$16 per wet metric tonne. The annual cap for this transaction for the year ended 31 March 2008 and years ending 31 March 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 purchased US$4,000,000 (approximately HK$31,197,000) nickel ore 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 lease the Sale 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 of 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, the years ending 31 March 2009 and 2010 and the nine months ending 31 December 2010 are HK$338,400, HK$1,353,600, HK$1,353,600 and HK$1,015,200, respectively.

During the year, the Group paid rent of HK$338,000 to O&E.

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 have reviewed the continuing connected transactions for the year ended 31 March 2008 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; and

(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.

Biographical details of directors and senior management

Executive directors

Dr. Sy, Chin Mong Stephen *JP*, aged 52, is the Chairman, Chief Executive Officer and a substantial shareholder of the Company. 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 (the "Stock Exchange") prior to his resignation on 13 September 2005. He joined the Group on 30 April 2008. Dr. Sy is the father of Mr. Sy, Lai Yin Sunny, the Vice-Chairman and executive director of the Company.

Mr. Sy, Lai Yin Sunny, aged 27, is the Vice-Chairman of the Company. Mr. Sy is responsible for the overall 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 39, 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. Chim, Kim Lun Ricky, aged 38, holds a Bachelor degree in Arts from the University of British Columbia in Canada and has over 10 years of commercial and industrial experiences and of experience in investment. He is also an executive director of Bestway International Holdings Limited, China Fair Land Holdings Limited, Frankie Dominion International Limited, Karce International Holdings Company Limited and Yueshou Environment Holdings Limited which are listed on the main board of The Stock Exchange of Hong Kong Limited. Mr. Chim is the son of Mr. Chim Pui Chung, who is the shareholder of Golden Mount Limited, a shareholder of the Company. He joined the Group as a director on 30 April 2007.

Mr. Cheng, Kwok Hing Andy, aged 36, has over 15 years of experience in accounting and administrative fields. Mr. Cheng is an executive director of Frankie Dominion International Limited and Karce International Holdings Company Limited and an independent non-executive director of Yueshou Environment Holdings Limited, which are listed on the main board of the Stock Exchange. He was the executive director of Polyard Petroleum International Group Limited, which is listed on the GEM board of the Stock Exchange, from 27 July 2006 to 12 November 2007 and an independent non-executive director of China Properties Investment Holdings Limited from 28 September 2004 to 1 November 2007, which is listed on the main board of the Stock Exchange. Mr. Cheng is also currently a director of a Hong Kong private limited company which is principally engaged in the manufacturing and sale of Chinese medical herbs in Hong Kong and the PRC and of another Hong Kong private limited company which is principally engaged in the manufacturing and sale of paper products. He joined the Group as a director on 30 April 2007 and resigned on 28 July 2008.

Mr. Leung, Shu Yin William, aged 58, is a Certified Public Accountant (Practising) in Hong Kong, a member of the Hong Kong Securities Institute, a fellow member of both the Association of Chartered Certified Accountants in England and the Hong Kong Institute of Certified Public Accountants as well as an associate member of the Institute of Chartered Accountants in England and Wales. Mr. Leung graduated from the Department of Accountancy, Hong Kong Polytechnic in 1973. He is at present a practising director of two Certified Public Accountants firms in Hong Kong. He was an independent non-executive director of Gold-Face Holdings Limited for the period from 1 October 2003 to 16 September 2006 and of Chaoyue Group Limited from 1 February 2005 to 21 January 2008. He is currently an independent non-executive director of each of Lai Sun Garment (International) Limited, Lai Sun Development Company Limited and Mainland Headwear Holdings Limited, all of which are listed on the main board of the Stock Exchange. Mr. Leung has extensive experience in the area of finance and management of various manufacturing, commercial enterprises and non-governmental organizations. Mr. Leung was appointed as a director with effect from 2 October 2007.

Mr. Li Wing Tak, aged 50, is the Director of Finance, Company Secretary and Qualified Accountant of the Group. He holds a bachelor's 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 of 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 70, spent over 40 years with the Hong Kong Government and retired in 1998 as Director of Regional Services, in the rank of an 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 the Vice-President of New Life Psychiatric Rehabilitation Association (1990 – present), a member of the Council of Lingnan University (2004 – present), the 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 in 2006. His other distinguished awards include the Director of The Year Award 2002 (private Company – Executive Director) awarded by the Hong Kong Institute of Directors and the 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 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 a director in January 2008.

Mr. Ho, Wai Chi Paul, aged 57, 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 also holds directorships as independent non-executive director of companies listed on the Main Board of the Stock Exchange which included China Star Entertainment Limited, Ngai Hing Hong Company Limited and China Star Investment Holdings Limited. He joined the Group as a director in February 1997.

Mr. Chen, Yeh Ming Steve, aged 59, holds directorships in companies engaging in various businesses such as investment holding, trading and manufacturing. He is the managing director of Broadway Fur & Fashion Limited. He was the chairman of the Hong Kong Fur Federation. He joined the Group as a director on 16 September 2004 and resigned on 23 January 2008.

Senior Management

Mr. Syed M Ahmed, aged 58, is the Vice-President of the Company. Mr. Ahmed graduated from Dhaka University with a Bachelor of Arts Degree. He started his career as a commercial banker in 1970. In 1981 he moved to Hong Kong from Pakistan and apart from working as a commercial 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 Company in January 2008.

Mr. Char On Man, aged 55, was the founder, Chairman and Managing Director of the Company till his resignation from the Board on 30 April 2008. He will not work at the Board level but continue his directorship in certain subsidiaries of the Company. He continued to supervise the entire apparel operation of the Group. He is particularly responsible for the procurement and trading of fur pelts as well as the overall operations of the fur product business. He has over 30 years of 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.

Ms. So, Choi Hing Stella, aged 54, was the Director of Sales of the Company till her resignation from the Board in January 2008. She continued her directorship in certain subsidiaries of the Company and supervised the sales and certain administrative operation of the Group's apparel operation. She has been with the Group since September 1981 and resigned from 1 July 2008.

Mr. Au Hung, aged 52, is the General Manager of the Group's apparel operation in the People's Republic of China (the "PRC"). He has more than 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 joined the Group in October 1975.

Mr. Chan Ching Kwan, aged 56, is the Manager of the Group's apparel operation in the PRC. He joined the Group in March 1988 and has more than 30 years' experience in the production of leather garments. He is responsible for the Group's manufacturing operations of leather garments.

Miss Char, Danielle, aged 27, 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. 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 5 March 2007, Messrs. Ernst & Young, resigned as auditors of the Company and Messrs. Li, Tang, Chen & Co. were appointed by the directors to fill the vacancy so arising. On 31March 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
28 July 2008

INDEPENDENT AUDITORS' REPORT

ERNST & YOUNG
安 永

Ernst & Young
18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

Tel: +852 2846 9888
Fax: +852 2868 4432
www.ey.com

安永會計師事務所
香港中環金融街8號
國際金融中心2期18樓

電話: +852 2846 9888
傳真: +852 2868 4432

To the shareholders of Bel Global Resources Holdings Limited
(Formerly known as Peking Apparel International Group Limited)
(Incorporated in Bermuda with limited liability)

We have audited the financial statements of Bel Global Resources Holdings Limited set out on pages 26 to 91, which comprise the consolidated and company balance sheets as at 31 March 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement 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.

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.

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2008 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
Hong Kong
28 July 2008

Consolidated Income Statement

Year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
REVENUE	5	**217,641**	134,338
Cost of sales		**(153,762)**	(109,878)
Gross profit		**63,879**	24,460
Other income and gains	5	**4,080**	1,498
Selling and distribution costs		**(6,765)**	(5,750)
Administrative expenses		**(21,666)**	(14,051)
Other expenses		**(4,233)**	(79)
Finance costs	7	**(13,335)**	(1,126)
PROFIT BEFORE TAX	6	**21,960**	4,952
Tax	10	**(11,587)**	(238)
PROFIT FOR THE YEAR ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	11	**10,373**	4,714
DIVIDENDS	12		
Interim		**–**	3,170
Proposed final		**5,853**	–
		5,853	3,170
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	13		
– Basic		**HK2.61 cents**	HK1.49 cents
– Diluted		**N/A**	N/A

Consolidated Balance Sheet

31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**24,528**	40,513
Livestock	15	**–**	2,520
Available-for-sale equity investments	17	**–**	–
Intangible asset	18	**2,332,273**	–
Total non-current assets		**2,356,801**	43,033
CURRENT ASSETS			
Inventories	19	**44,238**	68,783
Trade and bills receivables	20	**100,937**	22,727
Prepayments, deposits and other receivables	21	**9,641**	3,965
Pledged bank deposits	22	**26,369**	29,514
Cash and bank balances	22	**22,252**	979
Total current assets		**203,437**	125,968
CURRENT LIABILITIES			
Trade and bills payables	23	**7,438**	13,262
Other payables and accruals	24	**13,237**	5,476
Interest-bearing bank borrowings	25	**9,218**	17,376
Amount due to a minority shareholder	36	**–**	1,562
Amount due to a related company	36	**19,758**	–
Tax payable		**12,716**	1,176
Total current liabilities		**62,367**	38,852
NET CURRENT ASSETS		**141,070**	87,116
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,497,871**	130,149
NON-CURRENT LIABILITIES			
Convertible bonds	26	**680,025**	–
Consideration payable	27	**1,169,914**	–
Interest-bearing bank borrowings	25	**–**	4,400
Deferred tax liabilities	28	**3,605**	2,984
Total non-current liabilities		**1,853,544**	7,384
Net assets		**644,327**	122,765

Consolidated Balance Sheet

31 March 2008

	Notes	**2008** **HK$'000**	2007 HK$'000
EQUITY			
Issued capital	29	**58,533**	31,704
Equity component of convertible bonds	26	**346,095**	–
Reserves	31(a)	**233,846**	91,061
Proposed final dividend	12	**5,853**	–
Total equity		**644,327**	122,765

Sy Chin Mong, Stephen
Director

Sy Lai Yin, Sunny
Director

Consolidated Statement Of Changes In Equity

Year ended 31 March 2008

	Notes	Issued capital HK$'000	Share premium account* HK$'000	Equity component of convertible bonds HK$'000	Land and buildings revaluation reserve* HK$'000	Reserve funds* HK$'000	Exchange fluctuation reserve* HK$'000	Retained profits* HK$'000	Proposed final dividend HK$'000	Total equity HK$'000
At 1 April 2006		31,704	49,586	–	15,589	173	(335)	24,233	4,755	125,705
Exchange realignment		–	–	–	–	–	(157)	–	–	(157)
Revaluation surplus not recognised in the income statement		–	–	–	513	–	–	–	–	513
Deferred tax liabilities arising on revaluation of land and buildings	28	–	–	–	(85)	–	–	–	–	(85)
Total income and expense recognised directly in equity		–	–	–	428	–	(157)	–	–	271
Profit for the year		–	–	–	–	–	–	4,714	–	4,714
Total income and expense for the year		–	–	–	428	–	(157)	4,714	–	4,985
Final 2006 dividend declared		–	–	–	–	–	–	–	(4,755)	(4,755)
Interim 2007 dividend	12	–	–	–	–	–	–	(3,170)	–	(3,170)
At 31 March 2007 and 1 April 2007		31,704	49,586	–	16,017	173	(492)	25,777	–	122,765
Exchange realignment		–	–	–	–	–	4,921	–	–	4,921
Revaluation surplus not recognised in the income statement		–	–	–	788	–	–	–	–	788
Deferred tax liabilities arising on revaluation of land and buildings	28	–	–	–	(621)	–	–	–	–	(621)
Total income and expense recognised directly in equity		–	–	–	167	–	4,921	–	–	5,088
Profit for the year		–	–	–	–	–	–	10,373	–	10,373
Total income and expense for the year		–	–	–	167	–	4,921	10,373	–	15,461
Issue of shares	29	21,079	110,435	–	–	–	–	–	–	131,514
Share issue expenses	29	–	(5,473)	–	–	–	–	–	–	(5,473)
Issue of convertible bonds	26	–	–	358,713	–	–	–	–	–	358,713
Transaction costs attributable to issue of convertible bonds	26	–	–	(876)	–	–	–	–	–	(876)
Conversion of convertible bonds	26, 29	5,750	28,937	(11,742)	–	–	–	–	–	22,945
Disposal of subsidiaries	32	–	–	–	–	–	(722)	–	–	(722)
Transfer upon disposal		–	–	–	(5,368)	–	–	5,368	–	–
Proposed 2008 final dividend	12	–	–	–	–	–	–	(5,853)	5,853	–
At 31 March 2008		58,533	183,485	346,095	10,816	173	3,707	35,665	5,853	644,327

* These reserve accounts comprise the consolidated reserves of HK$233,846,000 (2007: HK$91,061,000) in the consolidated balance sheet.

Consolidated Cash Flow Statement

Year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**21,960**	4,952
Adjustments for:			
Finance costs	7	**13,335**	1,126
Bank interest income	5	**(1,270)**	(1,052)
Depreciation	6	**1,737**	1,605
Amortisation of an intangible asset	6	**14,829**	–
Revaluation surplus on leasehold land and buildings	6	**–**	(191)
Impairment of trade receivables	6	**4,232**	79
Provision for inventories	6	**245**	10,955
Gain on disposal of subsidiaries	5	**(1,375)**	–
Gain on disposal of items of property, plant and equipment	5	**(1,353)**	–
		52,340	17,474
Increase in livestock		**(3,418)**	(2,520)
Decrease/(increase) in inventories		**23,201**	(6,619)
Increase in trade and bills receivables		**(82,493)**	(9,796)
Increase in prepayments, deposits and other receivables		**(7,816)**	(2,378)
Increase/(decrease) in trade and bills payables		**(2,725)**	2,300
Increase in other payables and accruals		**18,275**	119
Increase/(decrease) in an amount due to a minority shareholder		**(1,562)**	1,562
Increase in an amount due to a related company		**19,758**	–
Cash generated from operations		**15,560**	142
Taxes paid		**(229)**	(238)
Net cash inflow/(outflow) from operating activities		**15,331**	(96)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**1,270**	1,052
Purchases of items of property, plant and equipment	14	**(5,980)**	(6,035)
Proceeds from disposal of items of property, plant and equipment		**16,225**	–
Acquisition of an intangible asset	18	**(37,102)**	–
Disposal of subsidiaries	32	**7,148**	–
Decrease/(increase) in pledged bank deposits		**3,145**	(81)
Net cash outflow from investing activities		**(15,294)**	(5,064)

Consolidated Cash Flow Statement

Year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares under placement	29	**42,840**	–
Share issue expenses	29	**(5,473)**	–
Convertible bonds issue expenses	26	**(2,568)**	–
New bank borrowings		**1,776**	7,884
Repayment of bank borrowings		**(6,871)**	(1,013)
Interest paid		**(1,286)**	(1,126)
Dividends paid		**–**	(7,925)
Net cash inflow/(outflow) from financing activities		**28,418**	(2,180)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**28,455**	(7,340)
Cash and cash equivalents at beginning of year		**(13,926)**	(6,429)
Effect of foreign exchange rate changes, net		**281**	(157)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**14,810**	(13,926)
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	22	**22,252**	979
Bank overdrafts, secured	25	**(7,442)**	(14,905)
		14,810	(13,926)

Balance Sheet

31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries	16	**2,443,410**	119,780
CURRENT ASSETS			
Prepayments, deposits and other receivables	21	**313**	–
Bank balances	22	**19,085**	8
Total current assets		**19,398**	8
CURRENT LIABILITIES			
Other payables and accruals	24	**2,519**	303
Total current liabilities		**2,519**	303
NET CURRENT ASSETS/(LIABILITIES)		**16,879**	(295)
Total assets less current liabilities		**2,460,289**	119,485
NON-CURRENT LIABILITIES			
Convertible bonds	26	**680,025**	–
Consideration payable	27	**1,169,914**	–
Total non-current liabilities		**1,849,939**	–
Net assets		**610,350**	119,485
EQUITY			
Issued capital	29	**58,533**	31,704
Equity component of convertible bonds	26	**346,095**	–
Reserves	31(b)	**199,869**	87,781
Proposed final dividend	12	**5,853**	–
Total equity		**610,350**	119,485

Sy Chin Mong, Stephen
Director

Sy Lai Yin, Sunny
Director

1. CORPORATE INFORMATION

Bel Global Resources Holdings Limited (formerly known as Peking Apparel International Group 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 and livestock 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 2008. Adjustments are made to bring into line any dissimilar accounting policies that may exist. 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 significant intercompany transactions and balances within the Group are eliminated on consolidation.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretations has had no material effect on these financial statements.

HKFRS 7	Financial Instruments: Disclosures
HKAS 1 Amendment	Capital Disclosures
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2-Group and Treasury Share Transactions

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 7 "Financial Instruments: Disclosures"

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results of operations of the Group, comparative information has been included/revised where appropriate.

(b) Amendment to HKAS 1 "Presentation of Financial Statements – Capital Disclosures"

This amendment requires the Group to make disclosures that enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. These new disclosures are shown in note 38 to the financial statements.

(c) HK(IFRIC)-Int 8 "Scope of HKFRS 2"

This interpretation requires HKFRS 2 to be applied to any arrangement in which the Group cannot identify specifically some or all of the goods or services received, for which equity instruments are granted or liabilities (based on a value of the Group's equity instruments) are incurred by the Group for a consideration, and which appears to be less than the fair value of the equity instruments granted or liabilities incurred. The interpretation has had no effect on these financial statements.

(d) HK(IFRIC)-Int 9 "Reassessment of Embedded Derivatives"

This interpretation requires that the date to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative is the date that the Group first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Group has no embedded derivative requiring separation from the host contracts, the interpretation has had no effect on these financial statements.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(e) HK(IFRIC)-Int 10 "Interim Financial Reporting and Impairment"

The Group has adopted this interpretation as of 1 April 2007, which requires that an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument classified as available-for-sale or a financial asset carried at cost is not subsequently reversed. As the Group had no impairment losses previously reversed in respect of such assets, the interpretation has had no impact on the financial position or results of operations of the Group.

(f) HK(IFRIC)-Int 11 "HKFRS 2 – Group and Treasury Share Transactions"

The interpretation requires that arrangements whereby an employee is granted rights to the Group's equity instruments to be accounted for as an equity-settled scheme, even if the Group acquires the instruments from another party, or the shareholders provide the equity instruments needed. The interpretation also addresses the accounting for share-based payment transactions involving two or more entities within the Group. As the Group has not made any share-based payment to its employee, the interpretation has had no impact on the financial position or results of operations of the Group.

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

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 July 2009
[3] Effective for annual periods beginning on or after 1 January 2008
[4] Effective for annual periods beginning on or after 1 July 2008

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

The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 March 2008. The Group is in the process of making an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position and presentation of the consolidated financial statements.

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 income statement 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 reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such 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 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.

2.4 *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

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.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, 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 it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

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 buildings 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 buildings 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 asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

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 each balance sheet date.

An item of property, plant and equipment 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.

Construction in progress represents a mink farm under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct cost of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

The useful life of an intangible asset is assessed to be either finite or indefinite. The intangible asset with a finite life is 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 balance sheet date.

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 ore 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 loss. The exclusive purchase right is amortised based on the unit of purchase method.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 the 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

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

The Group assesses whether a contract contains an embedded derivative when the Group first becomes a party to it and assesses whether an embedded derivative is required to be separated from the host contract when the analysis shows that the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

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 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets in unlisted equity securities that are designated as available for sale or are not classified in any of the other two categories. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement. Dividends earned are reported as dividend income, and are recognised in the income statement as "Other income". Losses arising from the impairment of such investments are recognised in the income statement as "Impairment losses on available-for-sale financial assets" and are transferred from the available-for-sale investment revaluation reserve.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the income statement. 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 impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

In relation to trade and bills receivables, and other receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor and significant changes in the technological, market economic or legal environment that have an adverse effect on the debtor) that the Group will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured has been occurred, 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 where:

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

Where the Group has transferred its rights to receive cash flows from an asset 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. 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.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities at amortised cost (including interest-bearing bank borrowings)

Financial liabilities including trade and bills payables, other payables, an amount due to a related company, and interest-bearing bank borrowings are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognised within "finance costs" in the income statement.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

2.4 *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

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.

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.

Livestock

Livestock is stated at fair value less estimated point-of-sales costs, except where the fair value cannot be measured reliably, in which case it is stated at cost less accumulated amortisation and any impairment losses. The fair value of livestock is determined based on market prices of livestock of similar age, breed and genetic merit.

Net increments or decrements in the fair value of livestock are included in the consolidated income statement, determined as:

(a) the difference between the total fair value of the livestock recognised at the beginning of the financial year and the total fair value of the livestock recognised at the end of the financial year; and

(b) the cost incurred during the financial year to acquire and breed livestock.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, 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 consolidated balance sheet, 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 is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period 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.

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 while 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 future taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses 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. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

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.

Employee benefits

Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts. Under certain circumstances, such leave which remains untaken as at the balance sheet date is permitted to be carried forward and utilised by the respective employees in the following years. An accrual is made at the balance sheet date for the expected future cost of such paid leave earned during the year and prior years by the employees and carried forward.

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefits 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Pension schemes (continued)

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.

Borrowing costs

Borrowing costs are recognised as expenses in the income statement in the period in which they are incurred.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits or contributed surplus within the equity section of the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's bye-laws grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

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 are initially recorded using the functional currency rates ruling at the date 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 dollars. 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 dollars at the weighted average exchange rates for the year. The resulting exchange differences are included in the exchange fluctuation reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

2.4 *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

Foreign currencies (continued)

For the purpose of the consolidated cash flow statement, 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 JUDGEMENTS 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 reporting 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.

Judgement

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimation, which has the most significant effect on the amounts recognised in the financial statements.

Initial recognition of exclusive purchase right

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.

Estimation uncertainty

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.

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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

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 estimates. 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.

Fair value and amortisation of exclusive purchase right

The estimation of fair value of exclusive purchase right requires management's estimates and the fair value could change significantly as a result of change of discount rate, estimation of market price of nickel ores and other risk factors related to the exclusive purchase right. Amortisation of the exclusive purchase right is made based on the actual nickel ores 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 on nickel-based products, technical innovations and other relevant factors. Management will review the actual purchase volume with the total planned purchase volume at least annually, and adjust the total planned purchase volume accordingly.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting 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. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

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

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

(c) the corporate and others segment comprises corporate income and expense items, and the trading of other products.

During the year, with the commencement of trading of mineral resources, management changed the presentation of segment information and consolidated the fur, leather and fabric garment segments into the apparel segment. Management considered that the change provides a more appropriate presentation of the Group's existing operating structure. Comparative information has been reclassified to conform with the current year's presentation.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

4. *SEGMENT INFORMATION (continued)*

(a) Business segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 March 2008 and 2007.

Group

	Mineral resources		Apparel		Corporate and others		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
				(Reclassified)		(Reclassified)		
Segment revenue:								
Sales to external customers	**92,070**	–	**125,571**	134,029	**–**	309	**217,641**	134,338
Segment results	**44,079**	–	**(4,169)**	5,637	**(5,885)**	(611)	**34,025**	5,026
Bank interest income							**1,270**	1,052
Finance costs							**(13,335)**	(1,126)
Profit before tax							**21,960**	4,952
Tax							**(11,587)**	(238)
Profit for the year							**10,373**	4,714

4. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

Group

	Mineral resources		Apparel		Corporate and others		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000 (Reclassified)	**HK$'000**	HK$'000 (Reclassified)	**HK$'000**	HK$'000
Assets and liabilities								
Segment assets	**2,412,000**	–	**99,304**	135,356	**313**	4,131	**2,511,617**	139,487
Unallocated assets							**48,621**	29,514
Total assets							**2,560,238**	169,001
Segment liabilities	**1,871,390**	–	**16,462**	13,965	**2,520**	6,335	**1,890,372**	20,300
Unallocated liabilities							**25,539**	25,936
Total liabilities							**1,915,911**	46,236
Other segment information:								
Depreciation and amortisation	**14,829**	–	**1,737**	1,564	**–**	41	**16,566**	1,605
Surplus on revaluation recognised directly in the income statement	**–**	–	**–**	(191)	**–**	–	**–**	(191)
Surplus on revaluation recognised directly in equity	**–**	–	**(788)**	(504)	**–**	(9)	**(788)**	(513)
Capital expenditure	**2,349,247**	–	**3,835**	6,023	**–**	12	**2,353,082**	6,035

4. SEGMENT INFORMATION (continued)

(b) Geographical segments

The following table presents revenue and certain asset and expenditure information for the Group's geographical segments for the years ended 31 March 2008 and 2007.

2008
Group

	Hong Kong HK$'000	Mainland China HK$'000	South-east Asia (excluding Hong Kong) HK$'000	Germany HK$'000	Other countries HK$'000	Consolidated HK$'000
Segment revenue:						
Sales to external customers	**30,018**	**68,040**	**49,014**	**54,691**	**15,878**	**217,641**
Other segment information:						
Segment assets	**44,358**	**78,630**	**2,370,755**	**17,266**	**608**	**2,511,617**
Unallocated assets						**48,621**
						2,560,238
Capital expenditure	**3,026**	**2,954**	**2,347,102**	**–**	**–**	**2,353,082**

2007
Group

	Hong Kong HK$'000	Mainland China HK$'000	South-east Asia (excluding Hong Kong) HK$'000	Germany HK$'000	Other countries HK$'000	Consolidated HK$'000
Segment revenue:						
Sales to external customers	42,521	29,807	–	44,960	17,050	134,338
Other segment information:						
Segment assets	60,306	64,625	–	13,842	714	139,487
Unallocated assets						29,514
						169,001
Capital expenditure	6	6,029	–	–	–	6,035

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 during the year.

An analysis of revenue, other income and gains is as follows:

	2008	2007
	HK$'000	HK$'000
Revenue		
Sale of goods	**217,641**	134,338
Other income		
Bank interest income	**1,270**	1,052
	1,270	1,052
Gains		
Gain on disposal of subsidiaries (note 32)	**1,375**	–
Gain on disposal of items of property, plant and equipment	**1,353**	–
Revaluation surplus on leasehold land and buildings	**–**	191
Others	**82**	255
	2,810	446
	4,080	1,498

6. PROFIT BEFORE TAX

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

	Notes	2008 HK$'000	2007 HK$'000
Cost of inventories sold*		**153,762**	109,878
Depreciation	14	**1,737**	1,605
Amortisation of an intangible asset	18	**14,829**	–
Minimum lease payments under operating leases in respect of land and buildings		**1,064**	317
Auditors' remuneration		**1,000**	324
Employee benefits expense (including directors' remuneration – note 8):			
Wages and salaries		**18,472**	16,629
Pension scheme contributions**		**278**	351
		18,750	16,980
Revaluation surplus on leasehold land and buildings		**–**	(191)
Loss arising from changes in fair values less estimated point-of-sale costs of livestock		**–**	541
Foreign exchange differences, net		**(30)**	556
Provision of inventories		**245**	10,955
Impairment of trade receivables		**4,232**	79

* Cost of inventories sold includes HK$36,317,000 (2007: HK$22,072,000) in respect of employee benefit expenses, depreciation of property, plant and equipment, and amortisation of an intangible asset, which are also included in the respective total amounts disclosed separately above for these types of expenses.

** At 31 March 2008, the Group had no forfeited contributions available to reduce its contributions to pension schemes in future years (2007: Nil).

7. FINANCE COSTS

	Group 2008 HK$'000	2007 HK$'000
Interest on bank borrowings wholly repayable in five years	**1,286**	1,126
Interest on convertible bonds (note 26)	**12,049**	–
	13,335	1,126

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	
	2008	2007
	HK$'000	HK$'000
Fees	**221**	103
Other emoluments:		
Salaries, allowances and benefits in kind	**3,726**	3,464
Pension scheme contributions	**142**	36
	3,868	3,500
	4,089	3,603

(a) Independent non-executive directors

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

	2008	2007
	HK$'000	HK$'000
Woo, Michael	**–**	43
Ho Wai Chi, Paul	**75**	30
Chen Yeh Ming, Steve	**64**	30
Kwok Chun Pong, Stephen	**63**	–
Hsu Hsung, Adolf *JP*	**19**	–
	221	103

There was no other emoluments payable to the independent non-executive directors during the year (2007: Nil).

8. *DIRECTORS' REMUNERATION (continued)*

(b) Executive directors

	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2008			
Sy Lai Yin, Sunny	**96**	**1**	**97**
Sze Shan Shan, Pat	**101**	**1**	**102**
Leung Shu Yin, William	**120**	**6**	**126**
Char On Man	**1,529**	**12**	**1,541**
So Choi Hing, Stella	**819**	**12**	**831**
Li Wing Tak	**1,061**	**110**	**1,171**
Chim Kim Lun, Ricky	**–**	**–**	**–**
Cheng Kwok Hing, Andy	**–**	**–**	**–**
	3,726	**142**	**3,868**
2007			
Char On Man	1,585	12	1,597
So Choi Hing, Stella	846	12	858
Li Wing Tak	1,033	12	1,045
	3,464	36	3,500

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2007: three) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining two (2007: two) non-director, highest paid employees are as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**541**	520
Pension scheme contributions	**23**	23
	564	543

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

	Number of employees	
	2008	2007
Nil to HK$1,000,000	**2**	2

10. TAX

Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profits arising in Hong Kong during the year. No provision for Hong Kong profits tax had been made for last year as the Group did not generate any assessable profits arising in Hong Kong during that year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the location in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Group	
	2008	2007
	HK$'000	HK$'000
Current – Hong Kong	**11,502**	–
Current – Mainland China	**85**	238
	11,587	238

10. TAX (continued)

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

	2008 HK$'000	2007 HK$'000
Profit before tax	**21,960**	4,952
Tax at the statutory tax rate	**4,063**	(348)
Lower tax rate for specific provinces or local authority*	**(363)**	467
Income not subject to tax	**(370)**	(1,473)
Expenses not deductible for tax	**7,356**	2,535
Tax losses utilised from previous periods	**–**	(1,108)
Tax losses not recognised	**267**	165
Others	**634**	–
Tax charge at the Group's effective rate	**11,587**	238

* Under the People's Republic of China (the "PRC") income tax laws, enterprises are subject to corporate income tax ("CIT") at rate of 25% (2007: 33%). Pursuant to the notice on the Implementation Rules for Grandfather Policy under the New Corporate Income Tax Law issued by the State Council of the PRC on 26 December 2007, effective from 1 January 2008, the preferential tax rates enjoyed by certain subsidiaries are subject to the annual renewal requirement.

The Group has tax losses arising in Mainland China of HK$1,598,000 (2007: Nil) that 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 not considered probable that taxable profits will be available against which the tax losses can be utilised.

11. PROFIT FOR THE YEAR ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The consolidated profit attributable to ordinary equity holders of the Company for the year ended 31 March 2008 includes a loss of HK$15,958,000 (2007: HK$921,000) which has been dealt with in the financial statements of the Company (note 31(b)).

12. DIVIDENDS

	2008 **HK$'000**	2007 HK$'000
Interim – nil (2007: HK1.0 cent) per ordinary share	**–**	3,170
Proposed final – HK1.0 cent (2007: Nil) per ordinary share	**5,853**	–
	5,853	3,170

The proposed final dividend for the year is calculated based on 585,325,700 fully paid up and issued shares as at 31 March 2008 and is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company of HK$10,373,000 (2007: HK$4,714,000), and the weighted average number of ordinary shares of 397,697,804 (2007: 317,035,700) in issue during the year as adjusted to reflect the conversion of convertible bonds during the year.

Diluted earnings per share amount for the year ended 31 March 2008 has not been disclosed as the convertible bonds outstanding during the year had an anti-dilutive effect on the basic earnings per share amount for the year. Diluted earnings per share amount for the year ended 31 March 2007 had not been disclosed as no diluting events existed during that year.

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold land and buildings HK$'000	Leasehold improve-ments HK$'000	Plant and machinery HK$'000	Furniture and equipment HK$'000	Motor vehicles and vessels HK$'000	Construc-tion in progress HK$'000	Total HK$'000
31 March 2008							
At 1 April 2007:							
Cost or valuation	32,762	3,533	4,303	4,752	3,266	5,523	54,139
Accumulated depreciation	–	(3,254)	(4,005)	(3,553)	(2,814)	–	(13,626)
Net carrying amount	32,762	279	298	1,199	452	5,523	40,513
At 1 April 2007, net of accumulated depreciation	32,762	279	298	1,199	452	5,523	40,513
Additions	–	1,458	205	1,437	878	2,002	5,980
Disposals	(14,779)	–	(93)	–	–	–	(14,872)
Disposal of subsidiaries (note 32)	–	–	–	(1,394)	(168)	(8,033)	(9,595)
Surplus on revaluation	788	–	–	–	–	–	788
Depreciation provided during the year	(952)	(95)	(104)	(322)	(264)	–	(1,737)
Exchange realignment	2,706	28	45	111	53	508	3,451
At 31 March 2008, net of accumulated depreciation	20,525	1,670	351	1,031	951	–	24,528
At 31 March 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
Analysis of cost or valuation:							
At cost	–	4,195	4,896	4,871	3,712	–	17,674
At 31 March 2008 valuation	20,525	–	–	–	–	–	20,525
	20,525	4,195	4,896	4,871	3,712	–	38,199

14. 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$'000	Construction in progress HK$'000	Total HK$'000
31 March 2007							
At 1 April 2006:							
Cost or valuation	33,025	3,533	6,026	1,920	3,093	771	48,368
Accumulated depreciation	–	(3,119)	(5,489)	(1,823)	(2,558)	–	(12,989)
Net carrying amount	33,025	414	537	97	535	771	35,379
At 1 April 2006, net of accumulated depreciation	33,025	414	537	97	535	771	35,379
Additions	–	–	66	1,043	174	4,752	6,035
Surplus on revaluation	704	–	–	–	–	–	704
Depreciation provided during the year	(967)	(103)	(94)	(184)	(257)	–	(1,605)
Reclassification	–	(32)	(211)	243	–	–	–
At 31 March 2007, net of accumulated depreciation	32,762	279	298	1,199	452	5,523	40,513
At 31 March 2007:							
Cost or valuation	32,762	3,533	4,303	4,752	3,266	5,523	54,139
Accumulated depreciation	–	(3,254)	(4,005)	(3,553)	(2,814)	–	(13,626)
Net carrying amount	32,762	279	298	1,199	452	5,523	40,513
Analysis of cost or valuation:							
At cost	–	3,533	4,303	4,752	3,266	5,523	21,377
At 31 March 2007 valuation	32,762	–	–	–	–	–	32,762
	32,762	3,533	4,303	4,752	3,266	5,523	54,139

14. PROPERTY, PLANT AND EQUIPMENT *(continued)*

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

	2008	2007
	HK$'000	HK$'000
Hong Kong:		
Medium term leases	**–**	14,943
Mainland China:		
Long term leases	**3,117**	2,509
Medium term leases	**17,408**	15,310
	20,525	32,762

The Group's leasehold land and buildings were revalued individually at 31 March 2008 by Chung, Chan & Associates, independent professionally qualified valuers, at HK$20,525,000 on an open market value or depreciated replacement cost, existing use basis. A revaluation surplus of HK$788,000 (2007: HK$704,000) resulting from the above valuation has been credited to the land and buildings revaluation reserve (2007: HK$513,000 credited to the land and buildings revaluation reserve and HK$191,000 credited to the income statement). 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 2008 would have been HK$5,986,000 (2007: HK$17,377,000).

As at 31 March 2008, certain of the Group's leasehold land and buildings with net carrying amount of approximately HK$15,732,000 (2007: HK$29,116,000) were pledged to secure general banking facilities granted to the Group (note 25).

15. LIVESTOCK

	Group 2008 HK$'000	Group 2007 HK$'000
Livestock at fair value	–	2,520
	Number of mink	
Physical quantity of breeder mink	–	10,088

The Group's livestock comprises breeder mink owned by a subsidiary. The breeder mink are held to produce progeny mink which are raised for sale. The fair value was determined based on the average Denmark auction selling prices.

	Group 2008 HK$'000	Group 2007 HK$'000
Reconciliation of carrying amounts of mink livestock		
Carrying amount at 1 April	**2,520**	–
Purchase during the year	**3,418**	3,061
Loss arising from changes in fair value less estimated point-of-sale costs	**–**	(541)
Disposal of subsidiaries *(note 32)*	**(5,938)**	–
Carrying amount at 31 March	**–**	2,520

16. INTERESTS IN SUBSIDIARIES

	Company 2008 HK$'000	2007 HK$'000
Unlisted shares, at cost	**104,256**	104,256
Due from subsidiaries	**2,367,049**	45,093
	2,471,305	149,349
Impairment#	**(27,895)**	(29,569)
	2,443,410	119,780

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 indication of 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.

An impairment was recognised for certain unlisted investments with a carrying amount of HK$104,256,000 (before deducting the impairment loss) (2007: HK$104,256,000) because a subsidiary of the Group has deficiency in assets for some years. An impairment of HK$1,674,000 was written back during the current year as a result of an improvement in the financial position of the subsidiary. There was no change in the impairment account during the prior year.

The balances with subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of the balances with subsidiaries approximate to their fair values.

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	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")# (Formerly known as Sharp Speed Investments Limited ("Sharp Speed"))	Hong Kong	HK$1	–	100	Trading of mineral resources

16. INTERESTS IN SUBSIDIARIES (continued)

Name	Place of incorporation/ registration and operations	Nominal value of issued share/paid-up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
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 PRC law.

Incorporated during the year.

* 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.

17. AVAILABLE-FOR-SALE EQUITY INVESTMENTS

	Group 2008 HK$'000	Group 2007 HK$'000
Unlisted equity investments, at cost	**3,364**	3,364
Less: impairment	**(3,364)**	(3,364)
	–	–

As at 31 March 2008, 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, 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 for the unlisted investments with reference to their business performance. There was no change in the impairment during the year (2007: Nil). The Group does not intend to dispose of them in the near future.

18. INTANGIBLE ASSET

Group – Exclusive purchase right

	HK$'000
Cost:	
At 1 April 2007	–
Acquisition of an exclusive purchase right	2,347,102
Amortisation provided during the year	(14,829)
At 31 March 2008	2,332,273
At 31 March 2008:	
Cost	2,347,102
Accumulated amortisation	(14,829)
	2,332,273

On 18 September 2007, Sharp Speed entered into the Master Supply Agreement with 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. PT Aneka was owned as to 50% by the wife of Mr. David Supardi ("Mr. Supardi"), a substantial shareholder of the Company through his 70% equity holding in High Chance Investment Limited ("High Chance") and 50% by a relative of Mr. Supardi. Pursuant to the Master Supply Agreement, PT Aneka agreed to exclusively sell nickel ores at a fixed price of US$16 per wet metric tonnes for a minimum quantity of 40.7 million wet metric tonnes throughout a period of 15 years expiring on 25 July 2022. During the 15-year term, Sharp Speed has the right but not the obligation to purchase nickel ores from PT Aneka.

18. INTANGIBLE ASSET (continued)

On 18 September 2007, Par Excellence, a wholly owned subsidiary of the Company, entered into a conditional acquisition agreement (the "Acquisition Agreement") with Elite Dragon Limited ("Elite Dragon") and High Chance (collectively the "Vendors"), for the acquisition of the entire issued share capital of Honour Max, a limited liability company incorporated in the British Virgin Islands and the sole shareholder of Sharp Speed, for a total consideration of HK$2,340 million (the "Consideration").

The acquisition of Honour Max and its subsidiary, Sharp Speed, was approved by the independent shareholders of the Company in a special general meeting held on 7 January 2008. Honour Max and Sharp Speed had not carried out any business since the date of their respective incorporation save for the entering into the Master Supply Agreement. In the opinion of the directors, the acquisition of Honour Max and Sharp Speed is solely for the acquisition of the exclusive purchase right attaching to the Master Supply Agreement. The Consideration 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 in 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 26 to the financial statements.

The transaction costs directly attributable to the acquisition of the exclusive purchase right amounting to HK$7,102,000 was capitalisied as part of the cost of the exclusive purchase right.

19. INVENTORIES

	Group	
	2008	2007
	HK$'000	HK$'000
Raw materials	**41,742**	64,784
Finished goods	**2,496**	3,846
Fodder	**–**	153
	44,238	68,783

20. TRADE AND BILLS RECEIVABLES

	Group	
	2008	2007
	HK$'000	HK$'000
Trade and bills receivables	**105,627**	23,185
Impairment	**(4,690)**	(458)
	100,937	22,727

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 six months 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 large number of diversified customers, there is no significant concentration of credit risk. 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	
	2008	2007
	HK$'000	HK$'000
Within 3 months	**96,864**	17,020
4 to 6 months	**3,136**	5,162
7 to 12 months	**434**	404
Over 1 year	**503**	141
	100,937	22,727

20. TRADE AND BILLS RECEIVABLES *(continued)*

The carrying amounts of trade and bills receivables approximate to their fair values. The movement in the impairment allowance of trade and bills receivables is as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
At 1 April	**458**	379
Impairment losses recognised *(note 6)*	**4,232**	79
At 31 March	**4,690**	458

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$4,690,000 (2007: HK$458,000) with a carrying amount of HK$5,172,000 (2007: HK$458,000). 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.

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

	Group	
	2008	2007
	HK$'000	HK$'000
Neither past due nor impaired	**98,370**	19,526
Less than 1 year past due	**2,064**	3,060
Over 1 year past due	**21**	141
	100,455	22,727

Receivables that were neither past due nor impaired relate to a large 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.

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Prepayments	**340**	56	**313**	–
Rental and utility deposits	**717**	141	**–**	–
Other receivables	**8,584**	3,768	**–**	–
	9,641	3,965	**313**	–

None of the other receivables is either past due or impaired. The other receivables relate to receivables for which there was no recent history of default.

22. CASH AND BANK BALANCES AND PLEDGED DEPOSITS

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**22,252**	979	**19,085**	8
Time deposits	**26,369**	29,514	**–**	–
	48,621	30,493	**19,085**	8
Less: Time deposits pledged for banking facilities	**(26,369)**	(29,514)	**–**	–
Cash and cash equivalents	**22,252**	979	**19,085**	8

At the balance sheet date, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$1,589,000 (2007: HK$585,000). 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 bank earns interest at floating rates based on daily bank deposits 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.

23. 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	
	2008	2007
	HK$'000	HK$'000
Within 3 months	**2,554**	8,397
4 to 6 months	**2,086**	1,916
7 to 12 months	**163**	2,372
Over 1 year	**2,635**	577
	7,438	13,262

The trade and bills payables are non-interest-bearing and are normally settled within 30 to 90 days. The carrying amounts of trade and bills payables approximate to their fair values.

24. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Deposits received	**3,972**	575	**–**	–
Other payables	**5,210**	1,552	**2,273**	233
Accruals	**4,055**	3,349	**246**	70
	13,237	5,476	**2,519**	303

Other payables of the Group and the Company are non-interest-bearing, have an average term of one to three months. The carrying amounts of other payables approximates to their fair values.

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Effective interest rate (%) 2008	Effective interest rate (%) 2007	Maturity 2008	Maturity 2007	Group 2008 HK$'000	Group 2007 HK$'000
Current						
Bank overdrafts – secured	**2-5.08**	4.56	**On demand**	On demand	**7,442**	14,905
Bank loans – secured	**6.44**	5.25-6.44	**2008**	2007-2008	**1,776**	2,471
					9,218	17,376
Non-current						
Bank loans – secured	**–**	5.25	**–**	2008	**–**	4,400
Convertible bonds (note 26)	**8.7**	–	**2013**	–	**680,025**	–
					680,025	4,400
					689,243	21,776

	Group 2008 HK$'000	Group 2007 HK$'000
Analysed into:		
Bank loans and overdrafts:		
Within one year or on demand	**9,218**	17,376
In the second year	**–**	4,400
	9,218	21,776
Convertible bonds:		
In the second to fifth years, inclusive	**680,025**	–

	Company 2008 HK$'000	Company 2007 HK$'000
Convertible bonds:		
In the second to fifth years, inclusive	**680,025**	–

Notes:

(a) As at the balance sheet date, the Group's banking facilities were secured by the pledge of Group's bank deposits and certain leasehold land and buildings amounting to HK$26,369,000 (2007: HK$29,514,000) (note 22) and HK$15,732,000 (2007: HK$29,116,000) (note 14), respectively, and guarantees provided by the Company.

(b) The carrying amounts of the Group's and the Company's borrowings approximate to their fair values.

(c) All interest-bearing bank and other borrowings are denominated in Hong Kong dollars, except for secured bank loans of HK$1,776,000 (2007: HK$1,971,000) which were denominated in Renminbi.

26. CONVERTIBLE BONDS

On 15 January 2008, the Company issued zero coupon convertible bonds with a nominal value of HK$1,051,326,000 (the "Tranche 1 Convertible Bonds") as part of the consideration for the acquisition of the exclusive purchase right. The Tranche 1 Convertible Bonds are convertible at the option of the bondholders into ordinary shares of the 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").

Any Tranche 1 Convertible Bonds will be redeemed at the principal amount on the Maturity Date if not otherwise converted or redeemed before the Maturity Date.

During the year, Tranche 1 Convertible Bonds of nominal value amounted to HK$34,500,000 were converted by the bondholders at a conversion price of HK$0.6 per share, resulted in the issue of 57,500,000 ordinary shares of the Company (note 29).

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 convertible bonds issued during the year have been split as to the liability and equity components, as follows:

	Liability component of convertible bonds	Equity component of convertible bonds	Total
	HK$'000	HK$'000	HK$'000
At 31 March 2007 and 1 April 2007	–	–	–
Nominal value of convertible bonds issued during the year	692,613	358,713	1,051,326
Direct transaction costs attributable to the liability component	(1,692)	(876)	(2,568)
Liability/Equity component at the issuance date during the year	690,921	357,837	1,048,758
Finance costs (note 7)	12,049	–	12,049
Partial conversion of convertible bonds during the year	(22,945)	(11,742)	(34,687)
At 31 March 2008	680,025	346,095	1,026,120

Subsequent to the balance sheet date, Tranche 1 Convertible Bonds of principal amount in aggregate of HK$691,500,000 were converted by the bondholders, resulting in the issue of 1,152,500,000 ordinary shares of the Company.

27. CONSIDERATION PAYABLE

The consideration payable represented the aggregate principal amount of tranches 2 to 5 convertible bonds which will be issued if the quantity of nickel ores purchased by the Group per quarter during the calendar year ending 31 December 2008 reaches the predetermined level. If the quantity purchased by the Group for any of the quarters does not reach the predetermined level, the relevant tranche of convertible bonds will also be issued if the shortfall is being made up in the following quarters.

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 26 to the financial statements.

Subsequent to the balance sheet date, tranche 2 convertible bonds with aggregate principal amount of HK$292.5 million were issued to the Vendors.

28. DEFERRED TAX

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

	Revaluation of properties	
	2008	2007
	HK$'000	HK$'000
At 1 April	**2,984**	2,899
Deferred tax debited to equity during the year*	**621**	85
At 31 March	**3,605**	2,984

At 31 March 2008, there was no significant unrecognised deferred tax liability (2007: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, as the Group has no liability to additional tax should such amounts be remitted.

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

* Included in the current year balance was deferred tax charge of HK$1,363,000 resulting from the change in tax rate on the opening revaluation reserve and the write-back of deferred tax liabilities of HK$939,000 upon the disposal of properties during the year. Further details of the change in tax rate are included in note 10 to the financial statements.

29. SHARE CAPITAL

	2008	2007
	HK$'000	HK$'000
Authorised:		
10,000,000,000 (2007: 1,000,000,000) ordinary shares of HK$0.10 each	**1,000,000**	100,000
Issued and fully paid:		
585,325,700 (2007: 317,035,700) ordinary shares of HK$0.10 each	**58,533**	31,704

29. SHARE CAPITAL (continued)

During the year, the movements in the share capital of the Company are as follows:

(a) Pursuant to an ordinary resolution passed on 7 January 2008, the Company's authorised share capital was increased from HK$1,000,000 to HK$10,000,000 by the creation of 9,000,000,000 additional ordinary shares of HK$0.1 each, ranking pari passu in all respects with the existing share capital of the Company.

(b) During the year, 63,000,000 ordinary shares in the Company of HK$0.1 each were allotted and issued pursuant to a private placing exercise at HK$0.68 per share for a total cash consideration of HK$42,840,000, before share issue expenses.

(c) During the year, 147,790,000 ordinary shares in the Company of HK$0.1 each were issued at a price of HK$0.6 each as part of the consideration for the acquisition of the exclusive purchase right (note 18).

(d) During the year, an aggregate of 57,500,000 ordinary shares in the Company were issued upon the conversion of Tranche 1 Convertible Bonds with an aggregate principal amount of HK$34,500,000 at a conversion price of HK$0.6 each as set out in note 26.

A summary of the transactions during the year with reference to the above movements in the Company's issued ordinary 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 2006, 31 March 2007 and 1 April 2007		317,035,700	31,704	49,586	81,290
Issue of shares under placement	(b)	63,000,000	6,300	36,540	42,840
Issue of consideration shares	(c)	147,790,000	14,779	73,895	88,674
Conversion of convertible bonds	(d)	57,500,000	5,750	28,937	34,687
		585,325,700	58,533	188,958	247,491
Share issue expenses		–	–	(5,473)	(5,473)
At 31 March 2008		**585,325,700**	**58,533**	**183,485**	**242,018**

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 30 to the financial statements.

30. 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 Entity, suppliers and customers of the Group and the Invested Entity, any person or entity that provides research, development or other technological support to the Group or the Invested Entity, and shareholders of the Group or the Invested Entity.

The maximum number of shares issuable under share options currently permitted to be granted under the Scheme is 31,703,570, representing 10% of the issued shares of the Company. 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.

No share options were granted during the year and there were no share options outstanding at the balance sheet date (2007: Nil).

31. 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.

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

(b) Company

	Notes	Share premium account HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2007		49,586	73,464	(31,178)	91,872
Loss for the year		–	–	(921)	(921)
Interim 2007 dividend	12	–	(3,170)	–	(3,170)
At 31 March 2007 and 1 April 2007		49,586	70,294	(32,099)	87,781
Loss for the year		–	–	(15,958)	(15,958)
Issue of shares under placement	29(b)	36,540	–	–	36,540
Issue of consideration shares	29(c)	73,895	–	–	73,895
Share issue expenses		(5,473)	–	–	(5,473)
Conversion of convertible bonds	29(d)	28,937	–	–	28,937
Proposed 2008 final dividend	12	–	(5,853)	–	(5,853)
At 31 March 2008		**183,485**	**64,441**	**(48,057)**	**199,869**

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.

32. DISPOSAL OF SUBSIDIARIES

	Notes	2008 HK$'000	2007 HK$'000
Net assets disposed of:			
Property, plant and equipment	14	**9,595**	–
Livestock	15	**5,938**	–
Cash and bank balances		**839**	–
Prepayments, deposits and other receivables		**2,563**	–
Inventories		**260**	–
Trade and bills payables		**(1,562)**	–
Other payables and accruals		**(10,299)**	–
		7,334	–
Release of exchange fluctuation reserve upon disposal		**(722)**	–
Gain on disposal of subsidiaries	5	**1,375**	–
		7,987	–
Satisfied by:			
Cash		**7,987**	–

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

	2008 HK$'000	2007 HK$'000
Cash consideration	**7,987**	–
Cash and bank balances disposed of	**(839)**	–
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	**7,148**	–

33. CONTINGENT LIABILITIES

At the balance sheet date, the Group had no significant contingent liabilities.

At the balance sheet date, the Company had provided guarantees to banks in connection with banking facilities granted to a subsidiary amounting to HK$57,815,000 (2007: HK$87,930,000), of which HK$9,437,000 (2007: HK$26,669,000) was utilised at the balance sheet date.

34. OPERATING LEASE ARRANGEMENTS

The Group leased 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 the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Within one year	**2,553**	261
In the second to fifth years, inclusive	**4,469**	86
After five years	**–**	312
	7,022	659

At the balance sheet date, the Company had no significant operating lease arrangement (2007: Nil).

35. CAPITAL COMMITMENTS

In addition to the operating lease commitments detailed in note 34 above, the Group had the following capital commitments at the balance sheet date:

	Group	
	2008	2007
	HK$'000	HK$'000
Contracted, but not provided for in respect of construction in progress	**–**	359

At the balance sheet date, the Company had no significant capital commitment (2007: Nil).

36. 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	**2008**	2007
		HK$'000	HK$'000
Purchase of minerals from PT Aneka	(i)	**31,197**	–
Rental expenses to a company in which a director and substantial shareholder of the Company is a controlling shareholder	(ii)	**338**	–
Disposal of leasehold land and buildings to a company in which a director and substantial shareholder of the Company is a controlling shareholder	(iii)	**16,497**	–

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 18.

(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.

(iii) The consideration is determined with reference to the estimated market price of the properties as at the date of disposal and mutually agreed by the parties.

The above related party transactions also constituted connected transactions of the Group under the Listing Rules.

36. RELATED PARTY TRANSACTIONS (continued)

(b) Outstanding balances with related parties:

	2008 HK$'000	2007 HK$'000
Amount due to a minority shareholder	**–**	1,562
Amount due to a related company	**19,758**	–

The amount due to the related company, in which a substantial shareholder of the Company has controlling interests, arises from the payments made to a supplier and receipts of settlements from the Group's customers by the related company on behalf of the Group. The balances with the minority shareholder and the related company are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of these balances approximate to their fair values.

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

	2008 HK$'000	2007 HK$'000
Short term employee benefits	**3,947**	4,352
Post-employment benefits	**142**	71
Total compensation paid to key management personnel	**4,089**	4,423

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

37. FINANCIAL INSTRUMENTS BY CATEGORY

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

2008

Financial assets

	Group Loans and receivables HK$'000
Trade and bills receivables	**100,937**
Other receivables	**8,584**
Pledged bank deposits	**26,369**
Cash and bank balances	**22,252**
	158,142

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Trade and bills payables	**7,438**
Other payables	**5,210**
Interest-bearing bank borrowings	**9,218**
Amount due to a related company	**19,758**
Convertible bonds	**680,025**
Consideration payable	**1,169,914**
	1,891,563

37. *FINANCIAL INSTRUMENTS BY CATEGORY (continued)*

2007

Financial assets

	Group
	Loans and receivables HK$'000
Trade and bills receivables	22,727
Other receivables	3,768
Pledged bank deposits	29,514
Cash and bank balances	979
	56,988

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Trade and bills payables	13,262
Other payables	1,552
Interest-bearing bank borrowings	21,776
Amount due to a minority shareholder	1,562
	38,152

37. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

2008

Financial assets

	Company
	Loans and receivables HK$'000
Bank balances	**19,085**
Amount due from subsidiaries	**2,367,049**
	2,386,134

Financial liabilities

	Company
	Financial liabilities at amortised cost HK$'000
Other payables	**2,273**
Convertible bonds	**680,025**
Consideration payable	**1,169,914**
	1,852,212

37. *FINANCIAL INSTRUMENTS BY CATEGORY (continued)*

2007

Financial assets

	Company
	Loans and receivables HK$'000
Amount due from a subsidiary	45,093
Bank balances	8
	45,101

Financial liabilities

	Company
	Financial liabilities at amortised cost HK$'000
Other payables	233

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings, convertible bonds, consideration payable 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 profit before tax and the Group's equity (due to the retranslation of foreign operation).

	Increase/ (decrease) in rate	**Increase/ (decrease) in profit before tax**	**Increase/ (decrease) in equity**
	%	HK$'000	HK$'000
2008			
If Hong Kong dollar weakens against RMB	**(5)**	**15**	**1,522**
If Hong Kong dollar strengthens against RMB	**5**	**(15)**	**(1,522)**
2007			
If Hong Kong dollar weakens against RMB	(5)	66	1,475
If Hong Kong dollar strengthens against RMB	5	(66)	(1,475)

38. 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 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 has certain concentrations of credit risk as 38% (2007: 18%) and 82% (2007: 36%) 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 are disclosed in note 20 to the financial statements.

38. *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 overdraft. In addition, banking facilities have been obtained for contingency purpose.

The maturity profile of the Group's financial liabilities as at the balance sheet date, based on the contracted 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
2008						
Trade and bills payables	**4,884**	**2,554**	**–**	**–**	**–**	**7,438**
Other payables	**5,210**	**–**	**–**	**–**	**–**	**5,210**
Amount due to a related company	**19,758**	**–**	**–**	**–**	**–**	**19,758**
Interest-bearing bank borrowings	**7,442**	**1,776**	**–**	**–**	**–**	**9,218**
Convertible bonds	**–**	**–**	**–**	**1,016,826**	**–**	**1,016,826**
Consideration payable	**–**	**–**	**–**	**1,169,914**	**–**	**1,169,914**
	37,294	**4,330**	**–**	**2,186,740**	**–**	**2,228,364**
2007						
Trade and bills payables	4,865	8,397	–	–	–	13,262
Other payables	1,552	–	–	–	–	1,552
Amount due to a minority shareholder	1,562	–	–	–	–	1,562
Interest-bearing bank borrowings	14,905	913	1,558	4,000	–	21,776
	22,884	9,310	1,558	4,000	–	38,152

38. 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
2008						
Other payables	2,273	–	–	–	–	2,273
Convertible bonds	–	–	–	1,016,826	–	1,016,826
Consideration payable	–	–	–	1,169,914	–	1,169,914
	2,273	–	–	2,186,740	–	2,189,013
2007						
Other payables	233	–	–	–	–	233

Capital management

The primary objective of the Group's capital management is 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 shareholder 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 during the years ended 31 March 2008 and 31 March 2007.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management (continued)

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

Group

	2008 HK$'000	2007 HK$'000
Interest-bearing bank borrowings	**9,218**	21,776
Convertible bonds	**680,025**	–
Consideration payable	**1,169,914**	–
Total debt	**1,859,157**	21,776
Total equity	**644,327**	122,765
Capital and total debt	**2,503,484**	144,541
Adjusted gearing ratio	**74.3%**	15.1%

39. POST BALANCE SHEET EVENTS

Save as disclosed elsewhere in the financial statements, the Group had the following significant post balance sheet events:

(i) In April, May and June 2008, Tranche 1 Convertible Bonds of principal amount of HK$691,500,000 were converted by the bondholders, resulting in the issue of 1,152,500,000 ordinary shares of the Company.

(ii) In May 2008, tranche 2 convertible bonds with aggregate principal amount of HK$292,500,000 were issued to the Vendors.

40. COMPARATIVE AMOUNTS

As further explained in notes 2.2 and 4 to the financial statements, due to the adoption of new and revised accounting standards and the change in the presentation of segment information during the current year, certain comparative amounts have been reclassified/included to conform with the current year's presentation.

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 July 2008.

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				
	2008	2007	2006	2005	2004
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**217,641**	134,338	139,682	115,315	89,636
Profit for the year attributable to ordinary equity holders of the Company	**10,373**	4,714	18,083	12,307	2,565

ASSETS AND LIABILITIES

	As at 31 March				
	2008	2007	2006	2005	2004
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**2,560,238**	169,001	159,857	151,240	122,024
Total liabilities	**(1,915,911)**	(46,236)	(34,152)	(25,588)	(8,831)
	644,327	122,765	125,705	125,652	113,193