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 2009

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors

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

Independent Non-executive Directors

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

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton HM 11, Bermuda

HEAD OFFICE & PRINCIPAL PLACE OF BUSINESS

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

COMPANY SECRETARY

Mr. Li Wing Tak

AUDITORS

Messrs. Ernst & Young

STOCK CODE & COMPANY'S WEBSITE

761
www.belglobal.com

AUDIT COMMITTEE MEMBERS

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

REMUNERATION COMMITTEE MEMBERS

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

NOMINATION COMMITTEE MEMBERS

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

PRINCIPAL BANKERS

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

HONG KONG BRANCH SHARE REGISTRAR & BRANCH TRANSFER OFFICE

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

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors (the "Board") of Bel Global Resources Holdings Limited (the Company"), I am pleased to present the annual results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2009.

BUSINESS REVIEW

The fiscal year 2008/09 was a very challenging year, not only for the Group, but for the world as a whole. The impact of the subprime-led debt crisis in the United States spread around quickly causing global financial turmoil and a sharp slowdown of the world economy. Commodity prices experienced roller-coaster ride last year with record highs in the first half of the year followed by plunges in the later half. Weaker consumption persisted in developed countries as well as in the developing world.

Prior to the Company's diversification of business into mineral resources operation in January 2008, the Group was principally engaged in the design, manufacturing and trading of apparel. As stated in the Company's interim report ended 30 September 2008, the overall performance of the mineral resources operation was seriously hit by the plunge in the market price of nickel and the decrease of the nickel ore demand from China. Ahead of our peers, the Group's management responded quickly to this drastic market deterioration and put the nickel ore business on hold. We believe that the BRIC economies, especially China, will recover ahead of the developed world and are monitoring nickel demand closely. We shall resume production and sale of nickel ore as soon as its selling price becomes viable.

Notwithstanding short term fluctuations in the market, better and more accessible opportunities can always be found and, perhaps more abundantly too, at low tides. With the mission to strive for sustainable growth of the Group and industry-leading return to shareholders in the long run, your management, supported by its ample experience and excellent business network in the resources field, has geared up for change. We have actively explored valuable and profitable investment opportunities including mining operation of other resources so as to strengthen the Group's market position and profitability.

The Company recognizes that thermal coal is one of the major sources of energy in the world and provides about 40% of world's electricity. In addition, the China market is a global consumer of coal and for which we foresee in the near future. By diversifying its mineral resources business to coal, the Company has successfully commenced shipments of this new resource since March 2009. The Company signed a long-term sales contract with Huaneng Group – one of the big five power plant operations in China – for supply of thermal coal till April 2010. The first shipment to Huaneng was completed in May 2009.

CHAIRMAN'S STATEMENT

RESULTS

For the year ended 31 March 2009, the Company recorded a turnover and gross profit of approximately HK$117 million (2008: HK$218 million) and HK$20 million (2008: HK$64 million) respectively. Loss for the year attributable to shareholders amounted to approximately HK$130 million (2008: profit of HK$10 million).

The drastic downturn of the world economy caused by the global financial turmoil adversely affected the business of the Company. Firstly, the selling of nickel ore had to be put on hold because of the plunge in its market price and the decrease in its demand and secondly, the general increase in operating expenses and costs together with the finance cost associated with convertible bonds issued by the Group.

PROSPECT

Looking ahead, we believe coal mining and trading business will generate substantial revenue and profits to the Company starting from now. For year 2010 and beyond we expect, increasingly promising results.

Strong stimulation measures in China and in the western world show signs of stabilization of the world economy which is expected to be followed by a general increase in consumer demand. In the China coal market, stricter measures on production and insufficient infrastructure and transport facilities are expected to lead to sustained demand for imported coal.

China and India are two of the largest contributors to the increase of coal import in the world today. Other major economies in Asia are also expected to provide strong demand for coal. Taking this opportunity, the Company will continue to apply market-oriented and customer-centered sales strategy to ensure stable sales volume.

The Company has been actively exploring valuable/profitable investment opportunities for mineral resources, especially coal from exploration, mining to sales. In July 2009, the Group entered into an acquisition agreement to acquire certain coal mines. Modern mining methods and technology will be applied to ensure high quality mineral resources are delivered to our customers.

Complementing and supplementing the coal mining business, the Company is also exploring the opportunity of developing downstream logistics support, such as sea freight forwarding, for the transportation of its mineral resources to customers.

There is no doubt that the market ahead will be uncertain. However, as we are better prepared, we will simply ride out of the storm and be ready for the next boom. By leveraging our business of mineral resources with vertically integrated industries, we will be more adapted to take advantage of opportunities, as and when they arise.

We are excited about our future, and will consistently focus on organic growth and simultaneously, we will continue to look for good investment opportunities and to realize fast expansion through mergers, acquisitions and partnerships.

DIVIDENDS

The Directors do not recommend the payment of a final dividend (2008: HK1.0 cent per ordinary share) for the year.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to extend my heartfelt gratitude to our shareholders, investors, customers, business partners, bankers and auditors for their continued support and encouragement. I also take this opportunity to thank our staff for their effort and dedication, and together with confidence, we shall grow and prosper.

Sy Chin Mong, Stephen
Chairman & CEO

Hong Kong
27 July 2009

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL AND BUSINESS REVIEW

Due to the global economic downturn during the year, the Group's revenue decreased by 46% to HK$116,926,000 as compared with HK$217,641,000 in the previous year. The Group recorded a loss attributed to the equity holders of the Company of HK$130,029,000 comparing with a profit of HK$10,373,000 in prior year.

As a result of the general reduction in worldwide stainless steel production throughout the year, the demand for and price of nickel, being one of the major raw materials of stainless steel, substantially decreased and in turn, leads to the reduction in demand for nickel ore. The Group's mineral resources business was inevitably affected and its revenue dropped by 69% to HK$28,841,000 as compared with HK$92,070,000 in prior year. In view of the fall in nickel price and demand, the Group recorded an impairment loss of HK$930,083,000 on its nickel ore exclusive purchase right, which is partly off-set by the gain from write-back of consideration payable for the exclusive purchase right amounting to HK$877,414,000. Both the impairment and the write-back are non-cash in nature.

The competition in fur and leather market is as keen as usual and the global recession imposed further pressure on the Group's apparel operation. Revenue from apparel operation decreased by about 30% to HK$88,085,000 as compared with HK$125,571,000 in prior year.

OUTLOOK

Notwithstanding the adverse business environment, management is optimistic to the future growth in natural resources market and entered into coal trading business in March 2009. In July 2009, the Group entered into an acquisition agreement to acquire certain coal mines in Indonesia. The acquisition is subject to shareholders' approval in a special general meeting to be held. Pursuant to Rule 14.34 of the Rules Governing the Listing of Securities on The Stock Exchange Hong Kong Limited (the "Listing Rules"), further details will be published by way of an announcement as soon as practicable. Management is confident that the global economic recovery will boost the demand for coal and the acquisition will help to improve the overall profitability of the Group.

LIQUIDITY AND FINANCIAL RESOURCES

The Group is financed by the issue of convertible bonds, internal cash flows and banking facilities provided by its bankers during the year. In order to strengthen the group's financial position and broaden its shareholders base, the Group completed two placing of shares in June and July 2009 with a total of 347,000,000 ordinary shares of the Company were placed at HK$0.205 per share.

The Group currently has aggregate composite banking facilities of approximately HK$75,900,000. All outstanding bank borrowings are for purpose of trade-finance and working capital and are mainly short term in nature.

As at 31 March 2009, the Group's net current assets is approximately HK$82,916,000 (2008: HK$141,070,000). Total cash and bank balances and pledged bank deposits decreased from HK$48,621,000 to HK$44,882,000 whereas, bank loan and bank overdrafts increased from HK$9,218,000 to HK$15,868,000. The net cash and bank balances decreased by HK$10,389,000 over the year. Inventories decreased from HK$44,238,000 to HK$36,162,000. Trade and bills receivables decreased by approximately 75% to become HK$24,861,000, trade and bills payables also decreased by approximately 39% to become HK$4,506,000.

The Group's gearing ratio as at the year-end is 0.29 (2008: 2.97), which was calculated based on total liabilities of HK$348,499,000 (2008: HK$1,915,911,000) and shareholders' funds of HK$1,208,649,000 (2008: HK$644,327,000). With low gearing ratio and sound financial position, the management believes that the Group is well placed to avail itself to future expansion.

MATERIAL ACQUISITION AND DISPOSAL OF INVESTMENTS

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

CAPITAL EXPENDITURE

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

FINANCIAL RISK MANAGEMENT

It is our policy not to engage in speculative activities.

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

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

EMPLOYEES, TRAINING AND REMUNERATION POLICY

As at 31 March 2009, the Group employed approximately 380 full time employees, of which, about 340 were in the PRC and 40 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 situation and the performance of individual employee, which are subject to annual review. Discretionary bonuses are awarded to employees based both on individual and Group performances. Other benefits include Mandatory Provident Fund retirement benefits scheme and other subsidies. In the PRC, the Group provides staff welfare and bonus to its employees with prevailing labour laws in China.

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.

Subsequent to the revision on application in July 2008, the net proceeds from the new issue on 7 March 1997 were fully utilised during the year.

CORPORATE GOVERNANCE REPORT

The Board is responsible for ensuring high standards of corporate governance are maintained and for accounting to shareholders. The Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules for the year ended 31 March 2009, except for the following deviation:

CODE PROVISION A.2.1

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

Following Mr. Kwok Chun Pong, Stephen's resignation, the Company since 30 April 2008 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. With effect from the appointment of Dr. Chang Soo-Kong on 29 July 2008, the Company has had complied with the requirement of Rules 3.10 and 3.21 of the Listing Rules.

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

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors of the Group on terms no less exacting than the Model Code contained in Appendix 10 of the Listing Rules. Having made specific enquiry of all directors of the Company, the directors confirmed that they have complied with the required standard as set out in the Model Code throughout the financial year ended 31 March 2009.

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	
Ms. Sze Shan Shan, Pat	
Mr. Char On Man	(Resigned on 30 April 2008)
Mr. Chim Kim Lun, Ricky	(Resigned on 26 November 2008)
Mr. Cheng Kwok Hing, Andy	(Resigned on 28 July 2008)
Mr. Leung Shu Yin, William	(Resigned on 28 April 2009)
Mr. Li Wing Tak	

Independent non-executive directors:

Mr. Hsu Hsung, Adolf *JP*	
Mr. Ho Wai Chi, Paul	
Dr. Chang Soo-Kong	(Appointed on 29 July 2008)
Mr. Kwok Chun Pong, Stephen	(Resigned on 30 April 2008)

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

Apart from the above mentioned, during the year ended 31 March 2009, 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 current independent non-executive directors of their independence pursuant to the requirements of the Listing Rules. Although Mr. Ho Wai Chi, Paul, an independent non-executive director, served the Board for more than nine years, the Board considers him to be independent since he has no business relationship to the Group.

RESPONSIBILITIES

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

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

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

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

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

BOARD AND BOARD COMMITTEE MEETINGS

Number of Meetings and Directors' Attendance

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

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

	Number of meetings attended/held during the financial year ended 31 March 2009			
Name of Directors	**Regular Board**	**Audit Committee**	**Nomination Committee**	**Remuneration Committee**
Dr. Sy Chin Mong, Stephen (note 1)	5/5	N/A	1/1	2/2
Mr. Sy Lai Yin, Sunny	6/6	N/A	N/A	N/A
Ms. Sze Shan Shan, Pat	5/6	N/A	N/A	N/A
Mr. Char On Man (note 2)	1/1	N/A	1/1	2/2
Mr. Chim Kim Lun, Ricky (note 3)	3/5	N/A	N/A	N/A
Mr. Cheng Kwok Hing, Andy (note 4)	0/4	N/A	N/A	N/A
Mr. Leung Shu Yin, William	6/6	N/A	N/A	N/A
Mr. Li Wing Tak	6/6	N/A	N/A	N/A
Mr. Ho Wai Chi, Paul	6/6	2/2	N/A	4/4
Mr. Hsu Hsung, Adolf	6/6	2/2	2/2	4/4
Dr. Chang Soo-Kong (note 5)	2/2	1/1	N/A	N/A
Mr. Kwok Chun Pong, Stephen (note 6)	0/1	N/A	0/1	N/A

Notes:

(1) Appointed on 30 April 2008.
(2) Resigned on 30 April 2008.
(3) Resigned on 26 November 2008.
(4) Resigned on 28 July 2008.
(5) Appointed on 29 July 2008.
(6) Resigned on 30 April 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 at the website of the Company.

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

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

Remuneration Committee

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

The Remuneration Committee met four times during the financial year ended 31 March 2009 and reviewed/discussed/recommended the remuneration packages of the executive directors and senior management for the financial year ending 31 March 2009 for the Board's consideration. The Committee also reviewed the adequacy of non-executive Directors' remuneration. An ordinary resolution will be proposed at the 2009 Annual General Meeting for Shareholders to consider and if though fit, approve the remuneration of each of the non-executive Directors.

Nomination Committee

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

Two meetings were held during the financial year ended 31 March 2009 to discuss/review the size and structure, the re-appointment of retiring directors, appointment of directors and the replacement for 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 two meetings during the financial year ended 31 March 2009 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 2009 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 2009.

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 25 to 26.

The remuneration of the external auditors of the Group, Messrs. Ernst and Young, in respect of audit and non-audit services (for issue of a letter to the Board confirming the continuing connected transactions as per Rule 14A.38 of the Listing Rules) for the year ended 31 March 2009 is HK$1,000,000 and HK$9,000, respectively.

INTERNAL CONTROLS

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

The Board, with the assistance of our previous external auditors (Li, Tang, Chen & Co.,), assessed the effectiveness of the Group's internal control system and risk management system of the Group for the year ended 31 March 2009 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 general meetings of the Company provide an opportunity for dialogue and interaction between the shareholders and the Board. The Chairman of the Board and chairman of the Board committees or, in their absence, another member of the relevant committee, are normally available to answer questions at the annual general meetings. Notice of meeting will be sent to shareholders at least 20 clear business days before annual general meetings and at least 10 clear business days before all other general meetings.

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

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

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

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note 15 to the financial statements. There was no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 March 2009 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 27 to 87.

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

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 88. 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 the Company's share capital, share options and convertible bonds are set out in notes 28, 29 and 25 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 30 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2009, the Company's does not have reserve available for distribution, calculated in accordance with the provisions of the Bermuda Companies Act 1981. In addition, the Company's share premium account, in the amount of HK$952,525,000 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 75% of the total sales for the year and sales to the largest customer included therein amounted to 37%. Purchases from the Group's five largest suppliers accounted for 20% of the total purchases for the year and purchase from the largest supplier included therein amounted to 8%.

One of the Group's five largest supplier, PT Aneka Nusantara Internasional ("PT Aneka"), was 50% owned by the wife of and 50% owned by a relative of Mr. David Isreal Supardi, a substantial shareholder of the Company during the financial year through his 100% equity holding in High Chance Investment Limited. Accordingly, PT Aneka is connected person of the Company. The purchase agreement entered into between Bel Nickel Resources Limited ("Bel Nickel"), 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 with the maximum aggregate annual value of nickel ore purchased by the Group for the year being HK$156,000,000 have been approved by the independent shareholders at the special general meeting 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.

REPORT OF THE DIRECTORS

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	
Ms. Sze Shan Shan, Pat	
Mr. Char On Man	(Resigned on 30 April 2008)
Mr. Chim Kim Lun, Ricky	(Resigned on 26 November 2008)
Mr. Cheng Kwok Hing, Andy	(Resigned on 28 July 2008)
Mr. Leung Shu Yin, William	(Resigned on 28 April 2009)
Mr. Li Wing Tak	

Independent non-executive directors:

Mr. Hsu Hsung, Adolf *JP*	
Mr. Ho Wai Chi, Paul	
Dr. Chang Soo-Kong	(Appointed on 29 July 2008)
Mr. Kwok Chun Pong, Stephen	(Resigned on 30 April 2008)

In accordance with the Company's bye-laws, Mr. Sy Lai Yin, Sunny, Ms. Sze Shan Shan, Pat and Mr. Hsu Hsung, Adolf 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 current independent non-executive directors pursuant to Rule 3.13 of 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, resigned on 30 April 2008 and being a beneficial owner of O&E International Limited ("O&E"), was interested in a tenancy agreement with the Group. Further details of the transactions undertaken in connection therewith are included in note 35 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 2009, the interests and short positions of the directors in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

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

Name of director	Number of shares held, capacity and nature of interest: Directly beneficially owned	Through controlled corporation	Total	Percentage of the Company's issued share capital
Sy Chin Mong, Stephen	7,406,000	331,056,600	338,462,600	16.24%

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

Name of director	Principal amount of convertible bonds HK$	Number of underlying shares held	Percentage to the Company's issued share capital
Sy Chin Mong, Stephen (note)	285,401,000	475,668,333	22.83%

Note: As at 31 March 2009, convertible bonds in principal amount of HK$285,401,000 was held by Elite Dragon Limited, a company owned as to 100% by Bel Trade Investment Holdings Ltd., which in turn is wholly owned by Dr. Sy Chin Mong, Stephen.

Save as disclosed above, as at 31 March 2009, 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

Save as disclosed in the section "Directors' interests and short positions in shares and underlying shares", at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company 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

At 31 March 2009, so far as is known to the directors of the Company, the following persons (other than the interests disclosed in the section "Directors' interests and short positions in shares and underlying shares") had interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

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

Name	Capacity and nature of interest	Number of shares held	Percentage of the Company's issued share capital
Elite Dragon Limited (note 1)	Directly beneficially owned	331,056,600	15.89%
Shiying Finance Limited	Directly beneficially owned	300,000,000	14.40%
High Chance Investments Limited (note 2)	Directly beneficially owned	208,117,400	9.99%

Notes:

1. Elite Dragon Limited is a company owned as to 100% by Bel Trade Investment Holdings Ltd., which in turn is wholly owned by Dr. Sy Chin Mong, Stephen, the Chairman, Chief Executive Officer and executive director of the Company. Dr. Sy is the father of Mr. Sy Lai Yin, Sunny, an executive director of the Company.

2. High Chance Investments Limited is a company owned as to 100% 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)	285,401,000	475,668,333	22.83%
High Chance Investments Limited (Note)	124,750,000	207,916,666	9.98%

Note: As at 31 March 2009, Elite Dragon Limited and High Chance Investments Limited were the holder of convertible bonds in the principal amount of HK$285,401,000 and HK$124,750,000, respectively, which could be converted upon exercise, into shares of the Company at HK$0.6 per share, by no later than 4:00 p.m. on 14 January 2013. This constituted a long position in physically settled equity derivatives under the SFO.

Save as disclosed above, as at 31 March 2009, 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" above, known to the directors of the Company had an interest or short position in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which are recorded in the register kept by the Company pursuant to Section 336 of the SFO.

CONTINUING CONNECTED TRANSACTIONS

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

(i) Purchase of nickel ore from connected person

Pursuant to a special general meeting of the Company held on 7 January 2008, the Company's independent shareholders approved the continuing connected transactions in relation to purchase of nickel ore from PT Aneka. According to the master supply agreement entered into between Bel Nickel and PT Aneka (the "Master Supply Agreement") 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 the nickel ore was US$16 per wet metric tonne. The annual cap for this transaction for the years ended 31 March 2008 and 2009 and the years ending 31 March 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 had purchased US$403,000 (approximately HK$3,141,000) nickel ore from PT Aneka.

(ii) Operating lease arrangement with connected person

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

REPORT OF THE DIRECTORS

The independent non-executive directors of the Company has reviewed the continuing connected transactions for the year ended 31 March 2009 and confirm that the transactions have been entered into:

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

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

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

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive directors

Dr. Sy, Chin Mong Stephen *JP*, aged 53, 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 as a director on 30 April 2008. Dr. Sy is the father of Mr. Sy, Lai Yin Sunny, the Deputy-Chairman and executive director of the Company.

Mr. Sy, Lai Yin Sunny, aged 28, is the Deputy-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 40, 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. Leung, Shu Yin William, aged 59, 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 Graneagle Holdings 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 and resigned with effect on 28 April 2009.

Mr. Li Wing Tak, aged 51, 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.

REPORT OF THE DIRECTORS

Independent non-executive Directors

Mr. Hsu, Hsung Adolf *JP*, aged 71, spent over 40 years with the Hong Kong Government (the "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 58, 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.

Dr. Chang Soo-Kong, aged 65, received his degree of Doctorate of Philosophy in metallurgy and materials science from the University of Toronto in 1973. His career in industrial research and development included brief stints in medical device manufacturing, followed by several years in the defense industry. In 1990, Dr. Chang joined an aerospace company in Toronto as a senior materials scientist. For the next seven years he developed and tested a variety of materials for space applications. These include lubricants and thermal control coatings and for the robotic arm for use in space station. In 1996, Dr. Chang moved to Singapore to head up the surface technology group at the Singapore Institute of Manufacturing Technology (SIMTech), where he awarded the prestigious National Technology Award in 2002. On the business front, Dr. Chang was a senior business development manager with SIMTech towards the latter part of his tenure, until 2003. Dr. Chang is currently a materials science consultant based in Metro Vancouver, British Columbia, Canada.

Senior Management

Mr. Syed M Ahmed, aged 59, is the Vice-President of the Group. 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 inter-action 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.

Ms. Chan, Siu Ha, aged 52, is the Vice-President, responsible for the marketing and investor relations aspects of the Group. She was graduated from the University of Hong Kong with a Bachelor degree in Social Sciences majoring in Economics and Management Studies, and from the University of Hull of U.K with a Master degree in Business Administration. Ms. Chan possessed extensive experience in the whole process of credit insurance and trade facilities from her over 20 years practical experience in relevant field. She had assumed the posts of Deputy General Manager of the Hong Kong Export Credit Insurance Corporation and Senior Vice President of UPS Capital HK Ltd. She gained her management experience in the fields of scrap metals, natural resources and environmental protection when she joined the subsidiaries of Johnson Electric Group in 2005. She was Vice Secretary General of the Shenzhen Motor Vehicle Parts and Accessories Committee; Member of School Management Committee of Belilios Public School; President of Peking University China Study Course Alumni Association Ltd.; Executive Member of various committees of the Hong Kong General Chamber of Commerce; and Fellow Member of the Hong Kong Credit and Collection Management Association, etc. She joined the Group in January 2009.

Mr. Char On Man, aged 56, was the founder, Chairman and Managing Director of the Company till his resignation from the Board on 30 April 2008. He does 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 will particularly be 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.

Mr. Au Hung, aged 53, 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 57, 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 28, 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.

REPORT OF THE DIRECTORS

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

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

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

ON BEHALF OF THE BOARD

Sy Chin Mong, Stephen
Chairman and CEO

Hong Kong
27 July 2009

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
(Incorporated in Bermuda with limited liability)

We have audited the financial statements of Bel Global Resources Holdings Limited set out on pages 27 to 87, which comprise the consolidated and company balance sheets as at 31 March 2009, 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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 2009 and of the Group's loss 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
27 July 2009

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
REVENUE	5	**116,926**	217,641
Cost of sales		**(96,587)**	(153,762)
Gross profit		**20,339**	63,879
Other income and gains	5	**563**	4,080
Selling and distribution costs		**(26,817)**	(6,765)
Administrative expenses		**(34,848)**	(21,666)
Other expenses		**(916)**	(4,233)
Impairment on an intangible asset	17	**(930,083)**	–
Write-back of a consideration payable	26	**877,414**	–
Finance costs	7	**(35,185)**	(13,335)
PROFIT/(LOSS) BEFORE TAX	6	**(129,533)**	21,960
Tax	10	**(496)**	(11,587)
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	11	**(130,029)**	10,373
DIVIDENDS	12		
Proposed final		**–**	5,853
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	13		
– Basic		**(7.48 cents)**	2.61 cents
– Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET

31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**23,438**	24,528
Available-for-sale equity investments	16	**–**	–
Intangible asset	17	**1,400,739**	2,332,273
Total non-current assets		**1,424,177**	2,356,801
CURRENT ASSETS			
Inventories	18	**36,162**	44,238
Trade and bills receivables	19	**24,861**	100,937
Prepayments, deposits and other receivables	20	**27,066**	9,641
Pledged bank deposits	21	**–**	26,369
Cash and bank balances	21	**44,882**	22,252
Total current assets		**132,971**	203,437
CURRENT LIABILITIES			
Trade and bills payables	22	**4,506**	7,438
Other payables and accruals	23	**11,958**	13,237
Interest-bearing bank borrowings	24	**15,868**	9,218
Amount due to a related company	35	**–**	19,758
Amounts due to directors	35	**4,330**	–
Tax payable		**13,393**	12,716
Total current liabilities		**50,055**	62,367
NET CURRENT ASSETS		**82,916**	141,070
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,507,093**	2,497,871
NON-CURRENT LIABILITIES			
Convertible bonds	25	**295,227**	680,025
Consideration payable	26	**–**	1,169,914
Deferred tax liabilities	27	**3,217**	3,605
Total non-current liabilities		**298,444**	1,853,544
Net assets		**1,208,649**	644,327

CONSOLIDATED BALANCE SHEET

31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
EQUITY			
Issued capital	28	**208,395**	58,533
Equity component of convertible bonds	25	**139,349**	346,095
Reserves	30(a)	**860,905**	233,846
Proposed final dividend	12	**–**	5,853
Total equity		**1,208,649**	644,327

Sy Chin Mong, Stephen
Director

Sy Lai Yin, Sunny
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2009

	Notes	Issued share capital HK$'000	Share premium account* HK$'000	Equity component of convertible bonds HK$'000	Land and building revaluation reserve* HK$'000	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 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	27	–	–	–	(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	28	21,079	110,435	–	–	–	–	–	–	131,514
Share issue expenses	28	–	(5,473)	–	–	–	–	–	–	(5,473)
Issue of convertible bonds	25	–	–	358,713	–	–	–	–	–	358,713
Transaction costs attributable to issue of convertible bonds	25	–	–	(876)	–	–	–	–	–	(876)
Conversion of convertible bonds	25, 28	5,750	28,937	(11,742)	–	–	–	–	–	22,945
Disposal of subsidiaries	31	–	–	–	–	–	(722)	–	–	(722)
Transfer upon disposal		–	–	–	(5,368)	–	–	5,368	–	–
Proposed 2008 final dividend	12	–	–	–	–	–	–	(5,853)	5,853	–
At 31 March 2008 and 1 April 2008		58,533	183,485	346,095	10,816	173	3,707	35,665	5,853	644,327
Exchange realignment		–	–	–	–	–	735	–	–	735
Revaluation deficit not recognised in the income statement		–	–	–	(1,550)	–	–	–	–	(1,550)
Deferred tax liabilities arising on revaluation of land and buildings	27	–	–	–	388	–	–	–	–	388
Total income and expense recognised directly in equity		–	–	–	(1,162)	–	735	–	–	(427)
Loss for the year		–	–	–	–	–	–	(130,029)	–	(130,029)
Total income and expense for the year		–	–	–	(1,162)	–	735	(130,029)	–	(130,456)
Issue of convertible bonds	25	–	–	99,269	–	–	–	–	–	99,269
Conversion of convertible bonds	25, 28	149,862	769,040	(306,015)	–	–	–	–	–	612,887
2008 final dividend paid	12	–	–	–	–	–	–	(11,525)	(5,853)	(17,378)
At 31 March 2009		**208,395**	**952,525**	**139,349**	**9,654**	**173**	**4,442**	**(105,889)**	**–**	**1,208,649**

* These reserve accounts comprise the consolidated reserves of HK$860,905,000 (2008: HK$233,846,000) in the consolidated balance sheet.

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**(129,533)**	21,960
Adjustments for:			
Finance costs	7	**35,185**	13,335
Bank interest income	5	**(515)**	(1,270)
Depreciation	6	**2,259**	1,737
Amortisation of an intangible asset	6	**1,451**	14,829
Write-back of a consideration payable		**(877,414)**	–
Impairment on an intangible asset		**930,083**	–
Impairment on trade receivables	6	**894**	4,232
Provision for inventories	6	**12,326**	245
Gain on disposal of subsidiaries	5	**–**	(1,375)
Loss/(gain) on disposal of items of property, plant and equipment	5	**22**	(1,353)
		(25,242)	52,340
Increase in livestock		**–**	(3,418)
Decrease/(increase) in inventories		**(4,110)**	23,201
Decrease/(increase) in trade and bills receivables		**75,187**	(82,493)
Increase in prepayments, deposits and other receivables		**(17,245)**	(7,816)
Decrease in trade and bills payables		**(3,017)**	(2,725)
Increase/(decrease) in other payables and accruals		**(1,363)**	18,275
Decrease in an amount due to a minority shareholder		**–**	(1,562)
Increase/(decrease) in an amount due to a related company		**(19,758)**	19,758
Increase in amounts due to directors		**4,330**	–
Cash generated from operations		**8,782**	15,560
Taxes refunded/(paid)		**144**	(229)
Net cash inflow from operating activities		**8,926**	15,331
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**515**	1,270
Purchases of items of property, plant and equipment	14	**(2,274)**	(5,980)
Proceeds from disposal of items of property, plant and equipment		**108**	16,225
Acquisition of an intangible asset	17	**–**	(37,102)
Disposal of subsidiaries	31	**–**	7,148
Decrease in pledged bank deposits		**26,369**	3,145
Net cash inflow/(outflow) from investing activities		**24,718**	(15,294)

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares under placement	28	**–**	42,840
Share issue expenses	28	**–**	(5,473)
Convertible bonds issue expenses		**–**	(2,568)
New bank borrowings		**15,868**	1,776
Repayment of bank borrowings		**(1,776)**	(6,871)
Interest paid		**(327)**	(1,286)
Dividends paid		**(17,378)**	–
Net cash inflow/(outflow) from financing activities		**(3,613)**	28,418
NET INCREASE IN CASH AND CASH EQUIVALENTS		**30,031**	28,455
Cash and cash equivalents at beginning of year		**14,810**	(13,926)
Effect of foreign exchange rate changes, net		**41**	281
CASH AND CASH EQUIVALENTS AT END OF YEAR		**44,882**	14,810
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	21	**37,202**	22,252
Non-pledged time deposits with original maturity of less than three months when acquired	21	**7,680**	–
Bank overdrafts, secured	24	**–**	(7,442)
		44,882	14,810

BALANCE SHEET

31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries	15	**1,456,518**	2,443,410
CURRENT ASSETS			
Prepayments, deposits and other receivables	20	**10,362**	313
Bank balances	21	**9,163**	19,085
Total current assets		**19,525**	19,398
CURRENT LIABILITIES			
Other payables and accruals	23	**1,070**	2,519
Total current liabilities		**1,070**	2,519
NET CURRENT ASSETS		**18,455**	16,879
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,474,973**	2,460,289
NON-CURRENT LIABILITIES			
Convertible bonds	25	**295,227**	680,025
Consideration payable	26	**–**	1,169,914
Total non-current liabilities		**295,227**	1,849,939
Net assets		**1,179,746**	610,350
EQUITY			
Issued capital	28	**208,395**	58,533
Equity component of convertible bonds	25	**139,349**	346,095
Reserves	30(b)	**832,002**	199,869
Proposed final dividend	12	**–**	5,853
Total equity		**1,179,746**	610,350

Sy Chin Mong, Stephen
Director

Sy Lai Yin, Sunny
Director

1. CORPORATE INFORMATION

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

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

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

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2009. 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 income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

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

HKAS 39 and HKFRS 7 Amendments	Amendments to HKAS 39 *Financial Instrument: Recognition and Measurement and* HKFRS 7 *Financial Instruments: Disclosures – Reclassification of Financial Assets*
HK(IFRIC)-Int 12	*Service Concession Arrangements*
HK(IFRIC)-Int 14	*HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

The adoption of these new interpretations and amendments has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

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 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*[1]
HKFRS 1 (Revised)	*First-time Adoption of HKFRSs*[2]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*[1]
HKFRS 3 (Revised)	*Business Combinations*[2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*[1]
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	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*[1]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*[2]
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement – Embedded Derivatives*[5]
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*[3]
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate*[1]
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*[4]
HK(IFRIC)-Int 17	*Distribution of Non-cash Assets to Owners*[2]
HK(IFRIC)-Int 18	*Transfers of Assets from Customers*[2]

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

Apart from the above, the HKICPA has issued *Improvements to HKFRSs** which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. Except for the amendment to HKFRS 5 which is effective for annual periods beginning on or after 1 July 2009, other amendments are effective for annual periods beginning on or after 1 January 2009 although there are separate transitional provisions for each standard.

[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 July 2008
[4] Effective for annual periods beginning on or after 1 October 2008
[5] Effective for annual periods ending on or after 30 June 2009

* Improvements to HKFRSs contains amendments to HKFRS 5, HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40 and HKAS 41.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKFRS 7 Amendments, HKFRS 8 and HKAS 1 (Revised) may result in new or amended disclosures and HKFRS 3 (Revised) and HKAS 27 (Revised) may result in changes in accounting policies, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

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

The results of subsidiaries are included in the Company's 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets other than goodwill (continued)

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

Related parties

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where 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 building revaluation reserve to retained profits is made for the difference between the depreciation based on the revalued carrying amount of an asset and the depreciation based on the asset's original cost. On disposal of a revalued asset, the relevant portion of the land and buildings revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

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

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

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

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Leases

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

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

Investments and other financial assets

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 or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

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 loans and receivables. 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. Interest and dividends earned are reported as interest income and dividend income, respectively 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Assets carried at amortised cost **(continued)**

In relation to trade and bills receivable, 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 has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

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 them 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Financial liabilities including trade and bills payables, other payables, amounts due to directors and a related company, 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.

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Borrowing costs

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong 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.

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 JUDGEMENT AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the 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.

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.

Initial recognition of exclusive purchase right and its impairment

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

The Group assesses whether there are any indicators of impairment for its exclusive purchase right at each reporting date. When an impairment test is undertaken, management judgement and estimate are required in determining suitable valuation factors with reference to the valuation performed by an independent valuer. The independent valuer used the income approach by applying the cost saving method in its valuation. The estimation of fair value requires management judgement and estimates and the fair value could change significantly as a result of changes in the discount rate, estimation of market price of nickel and other risk factors related to the exclusive purchase right. The carrying amount of the exclusive purchase right as at 31 March 2009 was HK$1,400,739,000 (2008: HK$2,332,273,000). Further details are included in note 17 to the financial statements.

Amortisation of an exclusive purchase right

Amortisation of the Group's exclusive purchase right is made based on the actual nickel ore purchase during the period over the total planned purchase volume during the contractual period. The estimation of the total planned purchase volume requires management judgment and estimates. It could change significantly as a result of market demand for nickel-based products, technical innovations, reserve of the mine, the ability of the miner in meeting the Group's ore orders and other relevant factors. Management reviews the total planned purchase volume at least annually, and adjusts the amortisation calculation accordingly. Further details are included in note 17 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (continued)

Amortisation of an exclusive purchase right (continued)

Provision for obsolete inventories

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

Impairment of receivables

Impairment of receivables is made based on assessment of the recoverability of receivables. The identification of bad and doubtful debts requires management 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.

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

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

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

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 2009 and 2008.

Group

	Mineral Resources		Apparel		Corporate and others		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:								
Sales to external customers	**28,841**	92,070	**88,085**	125,571	**-**	–	**116,926**	217,641
Segment results	**(73,783)**	44,079	**(15,981)**	(4,169)	**(5,099)**	(5,885)	**(94,863)**	34,025
Bank interest income							**515**	1,270
Finance costs							**(35,185)**	(13,335)
Profit/(loss) before tax							**(129,533)**	21,960
Tax							**(496)**	(11,587)
Profit/(loss) for the year							**(130,029)**	10,373

4. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

Group

	Mineral Resources		Apparel		Corporate and others		Consolidated	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000	**2009 HK$'000**	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Assets and liabilities								
Segment assets	**1,431,699**	2,412,000	**70,205**	99,304	**10,362**	313	**1,512,266**	2,511,617
Unallocated assets							**44,882**	48,621
Total assets							**1,557,148**	2,560,238
Segment liabilities	**301,851**	1,871,390	**13,100**	16,462	**1,070**	2,520	**316,021**	1,890,372
Unallocated liabilities							**32,478**	25,539
Total liabilities							**348,499**	1,915,911
Other segment information:								
Depreciation and amortisation	**2,421**	14,829	**1,289**	1,737	**-**	–	**3,710**	16,566
Deficit/(surplus) on revaluation recognised directly in equity	**-**	–	**1,550**	(788)	**-**	–	**1,550**	(788)
Impairment on an intangible asset	**930,083**	–	**-**	–	**-**	–	**930,083**	–
Write-back of a consideration payable	**(877,414)**	–	**-**	–	**-**	–	**(877,414)**	–
Provision for inventories	**-**	–	**12,326**	245	**-**	–	**12,326**	245
Capital expenditure	**1,879**	2,349,247	**395**	3,835	**-**	–	**2,274**	2,353,082

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 2009 and 2008.

Group

	Hong Kong		Mainland China		South-east Asia (excluding Hong Kong)		Germany		Other countries		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:												
Sales to external customers	**14,023**	30,018	**46,543**	68,040	**2,096**	49,014	**42,919**	54,691	**11,345**	15,878	**116,926**	217,641
Other segment information:												
Segment assets	**47,548**	44,358	**39,847**	78,630	**1,418,683**	2,370,755	**5,905**	17,266	**283**	608	**1,512,266**	2,511,617
Unallocated assets											**44,882**	48,621
											1,557,148	2,560,238
Capital expenditure	**2,075**	3,026	**199**	2,954	**-**	2,347,102	**-**	-	**-**	-	**2,274**	2,353,082

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

	2009 HK$'000	2008 HK$'000
Revenue		
Sale of goods	**116,926**	217,641
Other income		
Bank interest income	**515**	1,270
Gains		
Gain on disposal of subsidiaries (note 31)	**–**	1,375
Gain on disposal of items of property, plant and equipment	**–**	1,353
Others	**48**	82
	48	2,810
	563	4,080

6. PROFIT/(LOSS) BEFORE TAX

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

	Notes	2009 HK$'000	2008 HK$'000
Cost of inventories sold*		**96,587**	153,762
Depreciation	14	**2,259**	1,737
Amortisation of an intangible asset	17	**1,451**	14,829
Minimum lease payments under operating leases in respect of land and buildings		**2,759**	1,064
Auditors' remuneration		**1,000**	1,000
Employee benefit expense (including directors' remuneration – note 8):			
Wages and salaries		**29,213**	18,472
Pension scheme contributions**		**774**	278
		29,987	18,750
Foreign exchange differences, net		**469**	(30)
Provision for inventories		**12,326**	245
Impairment on trade receivables		**894**	4,232
Loss/(gain) on disposal of the items of property, plant and equipment		**22**	(1,353)

* Cost of inventories sold includes HK$46,023,000 (2008: HK$36,317,000) in respect of employee benefit expenses, depreciation of property, plant and equipment, amortisation of an intangible asset and provision for inventories, which are also included in the respective total amounts disclosed separately above for these types of expenses.

** At 31 March 2009, the Group had no forfeited contributions available to reduce its contributions to pension schemes in future years (2008: Nil).

7. FINANCE COSTS

	Group 2009 HK$'000	Group 2008 HK$'000
Interest on bank borrowings wholly repayable in five years	**327**	1,286
Interest on convertible bonds (note 25)	**34,858**	12,049
	35,185	13,335

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	
	2009	2008
	HK$'000	HK$'000
Fees	**267**	221
Other emoluments:		
Salaries, allowances and benefits in kind	**4,046**	3,726
Pension scheme contributions	**60**	142
	4,106	3,868
	4,373	4,089

(a) Independent non-executive directors

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

	2009	2008
	HK$'000	HK$'000
Chang Soo-Kong	**67**	–
Ho Wai Chi, Paul	**100**	75
Chen Yeh Ming, Steve	**–**	64
Kwok Chun Pong, Stephen	**–**	63
Hsu Hsung, Adolf, *JP*	**100**	19
	267	221

There are no other emoluments payable to the independent non-executive directors during the year (2008: 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
2009			
Sy Chin Mong, Stephen, *JP*	**1,481**	**11**	**1,492**
Sy Lai Yin, Sunny	**618**	**12**	**630**
Sze Shan Shan, Pat	**618**	**12**	**630**
Leung Shu Yin, William	**240**	**12**	**252**
Char On Man	**120**	**1**	**121**
Li Wing Tak	**969**	**12**	**981**
Chim Kim Lun, Ricky	**–**	**–**	**–**
Cheng Kwok Hing, Andy	**–**	**–**	**–**
	4,046	**60**	**4,106**
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

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 (2008: three) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining two (2008: two) non-director, highest paid employees are as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**2,334**	541
Pension scheme contributions	**15**	23
	2,349	564

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

	Number of employees	
	2009	2008
Nil to HK$1,000,000	**1**	2
HK$1,000,001 to HK$1,500,000	**–**	–
HK$1,500,001 to HK$2,000,000	**1**	–
	2	2

10. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2008:17.5%) on the estimated assessable profits arising in Hong Kong during the year. The lower Hong Kong profits tax rate is effective from the year of assessment 2008/09, and so is applicable to the assessable profits arising in Hong Kong for the whole year ended 31 March 2009. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Group	
	2009	2008
	HK$'000	HK$'000
Current – Hong Kong		
Charge for the year	**440**	11,502
Underprovision in prior years	**56**	–
Current – Mainland China	**–**	85
	496	11,587

10. TAX (continued)

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

	2009 HK$'000	2008 HK$'000
Profit/(loss) before tax	**(129,533)**	21,960
Tax at the statutory tax rate	**(21,373)**	4,063
Lower tax rate for specific provinces or enacted by local authority	**(400)**	(363)
Income not subject to tax	**(289,608)**	(370)
Expenses not deductible for tax	**304,873**	7,356
Tax losses not recognised	**6,790**	267
Adjustment in respect of current tax of previous periods	**56**	–
Others	**158**	634
Tax charge at the Group's effective rate	**496**	11,587

The Group has tax losses arising in Hong Kong of HK$28,139,000 (2008: Nil) and Mainland China of HK$8,588,000 (2008: HK$1,598,000). The tax losses in Mainland China are allowed to carry toward 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/(LOSS) ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The consolidated profit/(loss) attributable to ordinary equity holders of the Company for the year ended 31 March 2009 includes a loss of HK$125,382,000 (2008: HK$15,958,000) which has been dealt with in the financial statements of the Company (note 30(b)).

12. DIVIDENDS

	2009 **HK$'000**	2008 HK$'000
Proposed final – nil (2008: HK1.0 cent per ordinary share)	**–**	5,853*

* The actual final dividends paid for the year ended 31 March 2008 was HK$17,378,000 due to additional shares issued as a result of conversion of the Tranche 1 Convertible Bonds (as defined in note 25) during the period from 31 March 2008 to 10 September 2008 (the date of closure of the register of members).

13. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings/(loss) per share amount is based on the loss for the year attributable to ordinary equity holders of the Company of HK$130,029,000 (2008: profit of HK$10,373,000), and the weighted average number of ordinary shares of 1,737,290,083 (2008: 397,697,804) in issue during the year as adjusted to reflect the conversion of convertible bonds during the year.

Diluted earnings/(loss) per share amounts for the years ended 31 March 2009 and 2008 have not been disclosed, as the convertible bonds outstanding during the years had an anti-dilutive effect on the basic earnings /(loss) per share amounts for the years.

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

14. PROPERTY, PLANT AND EQUIPMENT (continued)

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$'000	Construction in progress HK$'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 31)	–	–	–	(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)

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

	2009 HK$'000	2008 HK$'000
Mainland China:		
Long term leases	**2,966**	3,117
Medium term leases	**15,711**	17,408
	18,677	20,525

The Group's leasehold land and buildings were revalued individually at 31 March 2009 by Chung, Chan & Associates, independent professionally qualified valuers, at HK$18,677,000 on an open market value or depreciated replacement cost, existing use basis. A revaluation deficit of HK$1,550,000 resulting from the above valuation has been debited to the land and building revaluation reserve (2008: surplus of HK$788,000 credited to land and building revaluation reserve). Had the Group's leasehold land and buildings been carried at historical cost less accumulated depreciation and impairment losses, their carrying amount at 31 March 2009 would have been HK$5,132,000 (2008: HK$5,986,000).

As at 31 March 2009, the Group's leasehold land and building of HK$10,785,000 (2008: HK$15,732,000) were pledged to secure general banking facilities granted to the Group (note 24).

15. INTERESTS IN SUBSIDIARIES

	Company 2009 HK$'000	2008 HK$'000
Unlisted shares, at cost	**104,256**	104,256
Due from subsidiaries	**2,343,073**	2,367,049
	2,447,329	2,471,305
Impairment#	**(990,811)**	(27,895)
	1,456,518	2,443,410

15. INTERESTS IN SUBSIDIARIES (continued)

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.

As at 31 March 2009, an aggregate impairment was recognised for the Company's unlisted investments and amounts due from subsidiaries with aggregate gross carrying amounts of HK$104,256,000 (2008: HK$104,256,000) and HK$2,343,073,000 (2008: nil) because these subsidiaries have suffered significant losses and deterioration in their financial positions, in particular, one of the subsidiaries has suffered loss resulted from the impairment on the intangible asset as detailed in note 17 to these financial statements. An impairment of HK$1,674,000 was written back during the year ended 31 March 2008 as a result of the improvement in the financial position of a subsidiary.

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

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		Principal activities
			Direct	Indirect	
Par Excellence Investment Limited ("Par Excellence")*	British Virgin Islands/ Hong Kong	US$1	100	–	Investment holding
Honour Max Trading Limited ("Honour Max")*	British Virgin Islands/ Hong Kong	US$1,000	–	100	Investment holding
Bel Nickel Resources Limited ("Bel Nickel")	Hong Kong	HK$1	–	100	Trading of mineral resources
百營(連雲港)礦產有限公司^*	PRC/ Mainland China	RMB10,000,000	–	100	Trading of mineral resources
Peking Fur Factory (Hong Kong) Limited	Hong Kong	Ordinary: HK$200 Non-voting deferred: HK$1,200,000	–	100	Design and sale of leather garments, fur garments and other garments and trading of tanned leather and fur pelts

15. 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
Gangjing Fur & Leather (Shenzhen) Factory Ltd.^*	PRC/ Mainland China	RMB7,600,000	–	100	Design, manufacture and sale of leather garments, fur garments and other garments
Jiayi Fashion (Shenzhen) Co., Ltd.^*	PRC/ Mainland China	HK$2,000,000	–	100	Manufacture and sale of leather garments and other garments

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

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

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

16. AVAILABLE-FOR-SALE EQUITY INVESTMENTS

	Group 2009 HK$'000	2008 HK$'000
Unlisted equity investments, at cost	**3,364**	3,364
Less: Impairment	**(3,364)**	(3,364)
	–	–

As at 31 March 2009, the unlisted equity investments of the Group were stated at cost less impairment because they do not have a quoted market price in an active market and the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair value cannot be measured reliably. An impairment was recognised for the unlisted investments with reference to their business performance. There was no change in the impairment during the year (2008: Nil). The Group does not intend to dispose of them in the near future.

17. INTANGIBLE ASSET

Group – Exclusive purchase right

	2009 HK$'000	2008 HK$'000
At beginning of year	**2,332,273**	–
Acquisition of an exclusive purchase right	**–**	2,347,102
Amortisation during the year	**(1,451)**	(14,829)
Impairment during the year	**(930,083)**	–
At 31 March	**1,400,739**	2,332,273
At 31 March:		
Cost	**2,347,102**	2,347,102
Accumulated amortisation and impairment loss	**(946,363)**	(14,829)
	1,400,739	2,332,273

In September 2007, the Group secured an exclusive purchase right from PT Aneka Nusantara Internasional ("PT Aneka"), a company incorporated in Indonesia awarded with a licence by the local government for exploiting nickel ores from a nickel mine located in Indonesia. PT Aneka was owned as to 50% by the wife of Mr. David Isreal Supardi ("Mr. Supardi"), a substantial shareholder of the Company through his 70% equity holding in High Chance Investment Limited, and 50% owned by a relative of Mr. Supardi. Pursuant to a Master Supply Agreement entered into by the Group and PT Aneka, PT Aneka agreed to exclusively sell nickel ores at a fixed price of US$16 per wet metric tonne 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, the Group has the right but not the obligation to purchase nickel ores from PT Aneka.

The purchase consideration of the exclusive purchase right of HK$2,340 million was satisfied by (i) HK$30 million by cash; (ii) HK$88,674,000 by the issue of 147,790,000 ordinary shares of the Company at a price of HK$0.6 share each; and (iii) HK$2,221,326,000 by the issue of 5 tranches of convertible bonds. Further details of the convertible bonds are set out in note 25 to the financial statements.

The transaction costs directly attributable to the acquisition of the exclusive purchase right amounting to HK$7,102,000 was capitalised as part of the cost of the exclusive purchase right during the year ended 31 March 2008.

17. INTANGIBLE ASSET (continued)

Impairment testing

As a result of the adverse global economy and significant downward adjustment of the market price of nickel related products, the Group has performed an impairment testing on the exclusive purchase right. The recoverable amount of the exclusive purchase right has been determined, by the management, based on a value in use calculation on which the key assumptions are the discount rate of 15%, minimum potential resources, forecasted sales demand and forecasted selling price of nickel ores. The value in use calculation is based on the valuation report prepared by Cencere Holdings Limited, an independent professionally qualified valuer, using an income approach of cost saving method, at approximately HK$1,400,739,000 as at 31 March 2009. The resulted impairment of approximately HK$930,083,000 has been charged to the income statement for the year.

18. INVENTORIES

	Group	
	2009	2008
	HK$'000	HK$'000
Raw materials	**34,422**	41,742
Finished goods	**1,740**	2,496
	36,162	44,238

19. TRADE AND BILLS RECEIVABLES

	Group	
	2009	2008
	HK$'000	HK$'000
Trade and bills receivables	**28,795**	105,627
Impairment	**(3,934)**	(4,690)
	24,861	100,937

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for a period of one to three months, extending up to 1 year for major customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a number of diversified customers, there is no significant concentration of credit risk. The above bills receivable as at 31 March 2009 was discounted to a bank with recourse in exchange for cash and the related bank loan of HK$13,588,000 has been included as "Interest-bearing bank borrowings" on the face of the consolidated balance sheet (note 24). The Group's trade receivables are non-interest-bearing.

19. TRADE AND BILLS RECEIVABLES (continued)

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	
	2009	2008
	HK$'000	HK$'000
Within 3 months	**18,245**	96,864
4 to 6 months	**3,327**	3,136
7 to 12 months	**3,064**	434
Over 1 year	**225**	503
	24,861	100,937

The movement in the impairment allowance of trade and bills receivables is as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
At beginning of year	**4,690**	458
Impairment losses recognised (note 6)	**894**	4,232
Amount written off as uncollectible	**(1,650)**	–
At 31 March	**3,934**	4,690

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$3,934,000 (2008: HK$4,690,000) with a gross carrying amount of HK$4,233,000 (2008: HK$5,172,000). 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.

19. TRADE AND BILLS RECEIVABLES (continued)

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

	Group	
	2009	2008
	HK$'000	HK$'000
Neither past due nor impaired	**20,323**	98,370
Less than 1 year past due	**4,313**	2,064
Over 1 year past due	**75**	21
	24,711	100,455

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

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

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Prepayments	**12,779**	340	**362**	313
Rental and utility deposits	**664**	717	**–**	–
Other receivables and deposits	**13,623**	8,584	**10,000**	–
	27,066	9,641	**10,362**	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.

21. CASH AND BANK BALANCES AND PLEDGED DEPOSITS

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**37,202**	22,252	**9,163**	19,085
Time deposits	**7,680**	26,369	**–**	–
	44,882	48,621	**9,163**	19,085
Less: Time deposits pledged for banking facilities	**–**	(26,369)	**–**	–
Cash and cash equivalents	**44,882**	22,252	**9,163**	19,085

At the balance sheet date, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$1,794,000 (2008: HK$1,589,000). The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

22. 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	
	2009	2008
	HK$'000	HK$'000
Within 3 months	**2,325**	2,554
4 to 6 months	**1,114**	2,086
7 to 12 months	**44**	163
Over 1 year	**1,023**	2,635
	4,506	7,438

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

23. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Deposits received	**443**	3,972	**–**	–
Other payables	**5,707**	5,210	**1,018**	2,273
Accruals	**5,808**	4,055	**52**	246
	11,958	13,237	**1,070**	2,519

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

24. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Effective interest rate (%)		Maturity		Group	
	2009	2008	**2009**	2008	**2009**	2008
					HK$'000	HK$'000
Current						
Bank overdrafts – secured	**–**	2-5.08	**–**	On demand	**–**	7,442
Bank loan from discounted bills receivable – unsecured (note 19)	**1.5**	–	**2009**	–	**13,588**	–
Bank loan – secured	**5.31**	6.44	**2009**	2008	**2,280**	1,776
					15,868	9,218
Non-current						
Convertible bonds (note 25)						
Tranche 1	**8.7**	8.7	**2013**	2013	**111,207**	680,025
Tranche 2	**9.23**	–	**2013**	2013	**184,020**	–
					295,227	680,025
					311,095	689,243

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

	Group	
	2009	2008
	HK$'000	HK$'000
Analysed into:		
Bank loans and overdrafts:		
Within one year or on demand	**15,868**	9,218
Convertible bonds:		
In the second to fifth years, inclusive	**295,227**	680,025

	Company	
	2009	2008
	HK$'000	HK$'000
Convertible bonds:		
In the second to fifth years, inclusive	**295,227**	680,025

Notes:

(a) As at 31 March 2009, the Group's banking facilities were secured by the pledge of certain leasehold land and buildings of HK$10,785,000 (note 14) (2008: pledge of the Group's bank deposits and certain leasehold land and buildings amounting to HK$26,369,000 (note 21) and HK$15,732,000 (note 14), respectively, and guarantees provided by the Company).

(b) All interest-bearing bank borrowings are denominated in Hong Kong dollars, except for secured bank loans of HK$2,280,000 (2008: HK$1,776,000) which were denominated in Renminbi.

25. CONVERTIBLE BONDS

On 15 January 2008 and 6 May 2008, the Company issued zero coupon convertible bonds with a nominal values of HK$1,051,326,000 (the "Tranche 1 Convertible Bonds") and HK$292,500,000 (the "Tranche 2 Convertible Bonds"), respectively, as part of the consideration for the acquisition of the exclusive purchase right as detailed in notes 17 and 26 to the financial statements. The Tranche 1 Convertible Bonds and the Tranche 2 Convertible Bonds are convertible at the option of the bondholders into ordinary shares of Company at a conversion price of HK$0.6 per share (the "Conversion Price"), subject to adjustment, on or before 14 January 2013 (the "Maturity Date").

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

25. CONVERTIBLE BONDS (continued)

During the year, the Tranche 1 Convertible Bonds and the Tranche 2 Convertible Bonds of nominal values of HK$863,925,000 (2008: 34,500,000) and HK$35,250,000 (2008: Nil), respectively, were converted by the bondholders at the Conversion Price, resulted in the issue of, in aggregate, 1,498,625,000 (2008: 57,500,000) new ordinary shares of the Company (note 28).

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 movement in the liability component and equity component of the Group's convertible bonds are as follows:

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

Subsequent to the balance sheet date, the Tranche 1 Convertible Bonds and the Tranche 2 Convertible Bonds of principal amount, in aggregate, of HK$124,750,000 were converted by the bondholders, resulting in the issue of 207,916,666 new ordinary shares of the Company (note 28).

26. CONSIDERATION PAYABLE

In connection with the acquisition of the exclusive purchase right (the "Acquisition") as detailed in note 17 to the financial statements, the consideration payable represented the aggregate principal amount of tranches 2 to 5 convertible bonds to be issued for the purpose of the Acquisition. Tranches 2 to 5 convertible bonds would be issued if the quantity of nickel ores purchased by the Group per quarter during the calendar year ended 31 December 2008 reaches the predetermined level (the "Quantity Requirements") as set out in the Acquisition Agreement. If the quantity purchased by the Group for any of the quarters does not reach the predetermined level, the relevant tranches of convertible bonds will also be issued if the shortfall is being made up in the following quarters up to 31 December 2008.

The terms of tranches 2 to 5 convertible bonds are the same as the Tranche 1 Convertible Bonds, details of which are set out in note 25 to the financial statements.

On 6 May 2008, the Tranche 2 Convertible Bonds with a nominal value of HK$292,500,000 were issued because the Quantity Requirements for the first quarter in 2008 are met in accordance with the terms of the Acquisition Agreement (note 25).

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

27. DEFERRED TAX

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

	Depreciation allowance in excess of related depreciation HK$'000	**Revaluation of properties** HK$'000	**Loss available for offsetting against future taxable profits** HK$'000	**Net deferred tax liabilities** HK$'000
At 1 April 2007	–	2,984	–	2,984
Deferred tax credited to the equity during the year	–	621	–	621
At 31 March 2008 and 1 April 2008	–	3,605	–	3,605
Deferred tax debited to the equity during the year	–	(388)	–	(388)
Deffered tax charged to the income statement during the year	236	–	(236)	–
At 31 March 2009	236	3,217	(236)	3,217

27. DEFERRED TAX (continued)

At 31 March 2009, there was no significant unrecognised deferred tax liability (2008: 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 prior year balance was deferred tax charge of HK$1,363,000 resulting from the change in the PRC tax rate laws to the corporate income tax from 33% to 25% on the opening revaluation reserve and the write-back of deferred tax liabilities of HK$939,000 upon the disposal of properties during that year.

28. SHARE CAPITAL

	2009 HK$'000	2008 HK$'000
Authorised:		
10,000,000,000 (2008: 10,000,000,000) ordinary shares of HK$0.10 each	**1,000,000**	1,000,000
Issued and fully paid:		
2,083,950,700 (2008: 585,325,700) ordinary shares of HK$0.10 each	**208,395**	58,533

28. SHARE CAPITAL (continued)

A summary of the transactions during the year with reference to the 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 2007		317,035,700	31,740	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 and 1 April 2008		585,325,700	58,533	183,485	242,018
Conversion of convertible bonds	(d)	1,498,625,000	149,862	769,040	918,902
At 31 March 2009		2,083,950,700	208,395	952,525	1,160,920

Notes:

(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) For the year ended 31 March 2008, 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) For the year ended 31 March 2008, 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 17).

(d) During the year, an aggregate of 1,498,625,000 (2008: 57,500,000) ordinary shares in the Company of HK$0.1 each were issued upon the conversion of Tranche 1 Convertible Bonds with an aggregate principal amount of HK$899,175,000 (2008: HK$34,500,000) at the Conversion Price (note 25).

28. SHARE CAPITAL (continued)

Subsequent to the balance sheet date, the Company and Eilte Dragon Limited ("Elite Dragon"), a substantial shareholder of the Company, entered into two share placing agreements with an independent placing agent (the "Placing Agent") as follows:

(i) On 8 June 2009, the Company and Elite Dragon entered into a placing agreement with the Placing Agent for the placement of up to 170,000,000 existing ordinary shares of HK$0.1 each in the Company held by Elite Dragon to certain independent third parties at HK$0.205 (the "Placing Price") per share (the "First Placing"). On the same date, Elite Dragon entered into a subscription agreement with the Company for the subscription of up to 170,000,000 new ordinary shares in the Company of HK$0.1 each at the Placing Price (the "First Subscription").

The First Placing and First Subscription were completed on 11 June 2009 and 16 June 2009, respectively, with an aggregate of 170,000,000 new ordinary shares in the Company of HK$0.1 each issued and net proceeds of approximately HK$34,106,000 received, resulting in an increase in share premium of the Company of approximately HK$17,106,000.

(ii) On 30 June 2009, the Company and Elite Dragon entered into a placing agreement with the Placing Agent for the placement of up to 177,000,000 existing ordinary shares of HK$0.1 each in the Company held by Elite Dragon to certain independent third parties at the Placing Price per share (the "Second Placing"). On the same date, Elite Dragon entered into a subscription agreement with the Company for the subscription of up to 177,000,000 new ordinary shares in the Company of HK$0.1 each at the Placing Price (the "Second Subscription").

The Second Placing and Second Subscription were completed on 6 July 2009 and 13 July 2009, respectively, with an aggregate of 177,000,000 new ordinary shares in the Company of HK$0.1 each issued and net proceeds of approximately HK$35,519,000 received, resulting in an increase in share premium of the Company of approximately HK$17,819,000.

In addition, subsequent to the balance sheet date, the Tranche 1 Convertible Bonds and the Tranche 2 Convertible Bonds of principal amount, in aggregate, of HK$124,750,000 were converted by the bondholders, resulting in the issue of 207,916,666 new ordinary shares in the Company of HK$0.1 each.

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 29 to the financial statements.

29. SHARE OPTION SCHEME

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

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

29. SHARE OPTION SCHEME (continued)

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.

On 20 August 2008, the Scheme was refreshed by increasing the maximum number of share issuable under share options currently permitted to be granted under the Scheme to 173,782,570 shares, representing 10% of the issued shares of the Company as at 20 August 2008. The Company will be allowed to grant further options under the Scheme and other share option schemes carrying the rights to subscribe for a maximum of 173,782,570 shares.

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 (2008: Nil).

Subsequent to the balance sheet date on 4 May 2009, a total of 69,000,000 share options were granted to directors and certain employees of the Company in respect of their services to the Group in the forthcoming year. Among the total of 69,000,000 share options 43,200,000 and 6,600,000 share options were granted to the Company's executive directors and independent non-executive directors, respectively. The share options are exercisable from 4 May 2009 to 3 May 2011 at an exercise price of HK$0.12 per share. The share price of the Company's shares at the date of grant was HK$0.12 per share.

Subsequent to the balance sheet date, 10,400,000 share options were exercised, resulting in the issue of 10,400,000 new ordinary shares of the Company. At the date of approval of these financial statements, the Company had 58,600,000 share options outstanding under the Scheme.

30. 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 on page 30 of the financial statements.

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

(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	70,294	(32,099)	87,781
Loss for the year		–	–	(15,958)	(15,958)
Issue of shares under placement		36,540	–	–	36,540
Issue of consideration shares		73,895	–	–	73,895
Share issue expenses		(5,473)	–	–	(5,473)
Conversion of convertible bonds		28,937	–	–	28,937
Proposed 2008 final dividend		–	(5,853)	–	(5,853)
At 31 March 2008 and 1 April 2008		183,485	64,441	(48,057)	199,869
Loss for the year		–	–	(125,382)	(125,382)
Conversion of convertible bonds	28	769,040	–	–	769,040
2008 final dividend paid	12	–	(11,525)	–	(11,525)
At 31 March 2009		**952,525**	**52,916**	**(173,439)**	**832,002**

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.

31. DISPOSAL OF SUBSIDIARIES

	Notes	2009 HK$'000	2008 HK$'000
Net assets disposed of:			
Property, plant and equipment	14	–	9,595
Livestock		–	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:

	2009 HK$'000	2008 HK$'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

32. CONTINGENT LIABILITIES

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

As at 31 March 2008, the Company had provided guarantees to banks in connection with banking facilities granted to a subsidiary amounting to HK$57,815,000, of which HK$9,437,000 was utilised at the balance sheet date. As at 31 March 2009, no guarantees to bank were provided by the Company.

33. OPERATING LEASE ARRANGEMENTS

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

At 31 March 2009, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Within one year	**2,663**	2,553
In the second to fifth years, inclusive	**1,955**	4,469
After five years	**–**	–
	4,618	7,022

At the balance sheet date, the Company had no significant operating lease arrangement (2008: Nil).

34. CAPITAL COMMITMENTS

At the balance sheet date, neither the Group nor the Company had any significant commitment (2008: nil).

35. 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	**2009** **HK$'000**	2008 HK$'000
Purchase of minerals from PT Aneka	(i)	**3,141**	31,197
Rental expenses to a company in which a director and substantial shareholder of the Company is a controlling shareholder	(ii)	**1,354**	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

35. RELATED PARTY TRANSACTIONS (continued)

(a) (continued)

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 17.

(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 was 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 constitute connected transactions under the Listing Rules.

(b) Outstanding balances with related parties:

	2009 HK$'000	2008 HK$'000
Amount due to a related company	**–**	19,758
Amounts due to directors	**4,330**	–

The amount due to the related company, in which a substantial shareholder of the Company has controlling interests, arose 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 directors and the related company are unsecured, interest-free and have no fixed terms of repayment.

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

	2009 HK$'000	2008 HK$'000
Short term employee benefits	**4,313**	3,947
Post-employment benefits	**60**	142
Total compensation paid to key management personnel	**4,373**	4,089

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

36. FINANCIAL INSTRUMENTS BY CATEGORY

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

2009

Financial assets

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

Financial liabilities

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

36. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

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

36. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

2009

Financial assets

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

Financial liabilities

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

36. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

2008

Financial assets

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

Financial liabilities

	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 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.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

The Group's major transactions are primarily denominated in Hong Kong dollars, United States dollars ("US$") and RMB. Foreign exchange exposure of the Group is considered minimal as the exchange rates, of RMB and US$ 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/(loss) before tax and the Group's equity (due to the retranslation of foreign operations).

	Increase/ (decrease) in rate %	**Increase/ (decrease) in loss before tax** HK$'000	**Increase/ (decrease) in equity*** HK$'000
2009			
If Hong Kong dollars weakens against RMB	**(3)**	**68**	**(1,398)**
If Hong Kong dollars strengthens against RMB	**3**	**(68)**	**1,398**

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

* Excluded retained profits/(accumulated losses).

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 had certain concentrations of credit risk as 20% (2008: 38%) and 75% (2008: 82%) 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 19 to the financial statements.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

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

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

Group

	On demand HK$'000	Less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
2009						
Trade and bills payables	**2,181**	**2,325**	**–**	**–**	**–**	**4,506**
Other payables	**5,707**	**–**	**–**	**–**	**–**	**5,707**
Amounts due to directors	**4,330**	**–**	**–**	**–**	**–**	**4,330**
Interest-bearing bank borrowings	**–**	**13,588**	**2,280**	**–**	**–**	**15,868**
Convertible bonds	**–**	**–**	**–**	**410,151**	**–**	**410,151**
	12,218	**15,913**	**2,280**	**410,151**	**–**	**440,562**
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

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

Company

	On demand HK$'000	Less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
2009						
Other payables	**1,018**	**–**	**–**	**–**	**–**	**1,018**
Convertible bonds	**–**	**–**	**–**	**410,151**	**–**	**410,151**
	1,018	**–**	**–**	**410,151**	**–**	**411,169**
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

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2009 and 31 March 2008.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management (continued)

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

Group

	2009 HK$'000	2008 HK$'000
Interest-bearing bank borrowings	**15,868**	9,218
Convertible bonds, the liability component	**295,227**	680,025
Consideration payable	**–**	1,169,914
Adjusted debt	**311,095**	1,859,157
Total equity	**1,208,649**	644,327
Total equity and adjusted debt	**1,519,744**	2,503,484
Adjusted gearing ratio	**20.5%**	74.3%

38. POST BALANCE SHEET EVENTS

Save as disclosed in notes 25, 28 and 29 to the financial statements, the Group had the following significant post balance sheet event:

Subsequent to the balance sheet date, the Group entered into an acquisition agreement with an independent third party to acquire the entire issued share capital and shareholders' loans of a company, which will ultimately own a coal exploration licence and a coal production-operation mining business permit in Indonesia after a reorganisation (the "Reorganisation"), at a total consideration of HK$498 million (subject to adjustment) and HK$1, respectively, to be satisfied in form of cash, promissory notes and the issuance of the Company's new ordinary shares and convertible bonds. The acquisition contemplated under the acquisition agreement is conditional upon, among other things, the completion of the Reorganisation and the approval by the shareholders at the special general meeting to be held.

39. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 July 2009.

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				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**116,926**	217,641	134,338	139,682	115,315
Profit /(loss) for the year attributable to ordinary equity holders of the Company	**(130,029)**	10,373	4,714	18,083	12,307

ASSETS AND LIABILITIES

	As at 31 March				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**1,557,148**	2,560,238	169,001	159,857	151,240
Total liabilities	**(348,499)**	(1,915,911)	(46,236)	(34,152)	(25,588)
	1,208,649	644,327	122,765	125,705	125,652