



BELGlobal
Resources

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

Interim Report
2010/11



UNAUDITED INTERIM RESULTS

The Board of Directors (the “Directors”) of Bel Global Resources Holdings Limited (the “Company”) hereby presents the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2010 together with the comparative figures for the corresponding period in 2009. These interim financial statements were not audited but have been reviewed by the Company’s audit committee (the “Audit Committee”).

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 September	
		2010	2009
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
REVENUE	2	73,475	79,813
Cost of sales		(62,089)	(62,487)
Gross profit		11,386	17,326
Other income and gains		903	930
Selling and distribution costs		(3,145)	(17,197)
Administrative expenses		(17,741)	(17,379)
Other expenses		–	(507)
Finance costs	5	(9,085)	(9,886)
LOSS BEFORE TAX	4	(17,682)	(26,713)
Income tax expense	6	–	–
LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		(17,682)	(26,713)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	7		
– Basic and diluted		HK (0.58) cents	HK (1.09) cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 September	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
LOSS FOR THE PERIOD	(17,682)	(26,713)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Revaluation surplus of land and buildings	64	733
Deferred tax liabilities arising on revaluation of land and buildings	(16)	(183)
	48	550
Exchange differences on translation of foreign operations	(16)	(30)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	32	520
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	(17,650)	(26,193)

CONDENSED CONSOLIDATED BALANCE SHEET

		30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		19,442	19,714
Available-for-sale equity investments	8	–	–
Intangible asset	9	741,113	741,113
Deposit for the acquisition of a mining right		25,000	25,000
		<hr/>	<hr/>
Total non-current assets		785,555	785,827
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories		51,408	34,297
Trade and bills receivables	10	24,814	12,932
Prepayments, deposits and other receivables		84,858	84,595
Cash and bank balances		21,301	78,404
		<hr/>	<hr/>
Total current assets		182,381	210,228
		<hr/>	<hr/>
CURRENT LIABILITIES			
Trade and bills payables	11	11,240	3,533
Other payables and accruals		24,819	23,515
Interest-bearing bank and other borrowings	12	–	27,300
Amount due to directors		4,336	3,636
Tax payable		1,839	3,802
		<hr/>	<hr/>
Total current liabilities		42,234	61,786
		<hr/>	<hr/>
NET CURRENT ASSETS		140,147	148,442
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		925,702	934,269
		<hr/>	<hr/>

CONDENSED CONSOLIDATED BALANCE SHEET *(continued)*

		30 September	31 March
		2010	2010
		(Unaudited)	(Audited)
	<i>Notes</i>	HK\$'000	HK\$'000
NON-CURRENT LIABILITIES			
Convertible bonds	13	214,552	205,485
Deferred tax liabilities		2,984	2,968
		<hr/>	<hr/>
Total non-current liabilities		217,536	208,453
		<hr/>	<hr/>
Net assets		708,166	725,816
		<hr/>	<hr/>
EQUITY			
Issued capital	14	302,587	302,587
Equity component of convertible bonds		88,842	88,842
Reserves		316,737	334,387
		<hr/>	<hr/>
Total equity		708,166	725,816
		<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Equity component			Land and	Share option reserve*	Reserve funds*	Exchange fluctuation reserve*	Accumulated losses*	Total equity
		Issued share capital	Share premium account*	of convertible bonds	buildings revaluation reserve*					
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2009 (Audited)		208,395	952,525	139,349	9,654	-	173	4,442	(105,889)	1,208,649
Total comprehensive income/(loss) for the period		-	-	-	550	-	-	(30)	(26,713)	(26,193)
Issue of shares under placement	14	34,700	36,435	-	-	-	-	-	-	71,135
Share issue expenses		-	(1,500)	-	-	-	-	-	-	(1,500)
Equity-settled share option arrangements	13	-	-	-	-	4,209	-	-	-	4,209
Share options exercised	14	1,480	296	-	-	-	-	-	-	1,776
Release of share option reserve upon exercise	14	-	903	-	-	(903)	-	-	-	-
Conversion of convertible bonds	13	20,792	111,516	(42,339)	-	-	-	-	-	89,969
At 30 September 2009 (Unaudited)		<u>265,367</u>	<u>1,100,175</u>	<u>97,010</u>	<u>10,204</u>	<u>3,306</u>	<u>173</u>	<u>4,412</u>	<u>(132,602)</u>	<u>1,348,045</u>
At 1 April 2010 (Audited)		302,587	1,157,290	88,842	8,908	1,342	173	4,334	(837,660)	725,816
Total comprehensive income/(loss) for the period		-	-	-	48	-	-	(16)	(17,682)	(17,650)
At 30 September 2010 (Unaudited)		<u>302,587</u>	<u>1,157,290</u>	<u>88,842</u>	<u>8,956</u>	<u>1,342</u>	<u>173</u>	<u>4,318</u>	<u>(855,342)</u>	<u>708,166</u>

* These reserve accounts comprise the consolidated reserves of HK\$316,737,000 (31 March 2010: HK\$334,387,000) in the condensed consolidated balance sheet.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	For the six months ended 30 September	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Net cash used in operating activities	(29,017)	(81,857)
Net cash used in investing activities	(752)	(5,562)
Net cash flow from/(used in) financing activities	(27,318)	82,321
NET DECREASE IN CASH AND CASH EQUIVALENTS	(57,087)	(5,098)
Cash and cash equivalents at beginning of period	78,404	44,882
Effect of foreign exchange rate changes, net	(16)	(30)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	21,301	39,754
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	21,301	39,754

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The unaudited condensed consolidated interim financial statements of Bel Global Resources Holdings Limited (the "Company") and its subsidiaries (collectively known as the "Group") for the six months ended 30 September 2010 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules"). The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 March 2010, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) as disclosed below.

Impact of new and revised HKFRSs

The Group has adopted the following new and revised HKFRSs for the first time for the current period's unaudited condensed consolidated interim financial statements.

HKFRS 1 (Revised)	<i>First-time Adoption of Hong Kong Financial Reporting Standards</i>
HKFRS 1 Amendments	<i>Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters</i>
HKFRS 2 Amendments	<i>Amendments to HKFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions</i>
HKFRS 3 (Revised)	<i>Business Combinations</i>
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i>
HKAS 32 Amendment	<i>Amendment to HKAS 32 Financial Instruments: Presentation – Classification of Rights Issues</i>
HKAS 39 Amendment	<i>Amendment to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items</i>
HK(IFRIC)-Int 17	<i>Distributions of Non-cash Assets to Owners</i>
Amendments to HKFRS 5 included in <i>Improvements to HKFRSs</i> issued in October 2008	<i>Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary</i>
HK Interpretation 4 (Revised in December 2009)	<i>Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases</i>
Improvements to HKFRSs 2009	<i>Amendments to a number of HKFRSs</i>

The adoption of these new and revised HKFRSs has had no significant financial effect on these unaudited condensed consolidated interim financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

1. **Basis of preparation** *(continued)*

Impact of issued but not yet effective HKFRSs

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

HKFRS 1 Amendment	<i>Amendment to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for the First-time Adopters¹</i>
HKFRS 9	<i>Financial Instruments³</i>
HKAS 24 (Revised)	<i>Related Party Disclosures²</i>
HK(IFRIC)-Int 14 Amendments	<i>Amendments to HK(IFRIC)-Int 14 Prepayments of a Minimum Funding Requirement²</i>
HK(IFRIC)-Int 19	<i>Extinguishing Financial Liabilities with Equity Instruments¹</i>

¹ Effective for annual periods beginning on or after 1 July 2010

² Effective for annual periods beginning on or after 1 January 2011

³ Effective for annual periods beginning on or after 1 January 2013

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

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position and presentation of the unaudited condensed consolidated interim financial statements.

2. **Revenue**

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 period.

3. Operating segment information

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

- (a) the mineral resources segment ("Mineral Resources") engages in the trading of mineral resources;
- (b) the apparel segment ("Apparel") engages in the trading of fur pelts and tanned leather; manufacture and sale of leather garments, fur garments and fabric garments; and
- (c) the corporate and others segment comprises corporate income and expense items.

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

The following table presents revenue and loss for the Group's operating segments for the six months ended 30 September 2010 and 2009.

	Unaudited for the six months ended 30 September 2010			
	Mineral Resources HK\$'000	Apparel HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
Segment revenue:				
Sales to external customers	<u>21,413</u>	<u>52,062</u>	<u>-</u>	<u>73,475</u>
Segment results	<u>(5,098)</u>	<u>2,703</u>	<u>(6,282)</u>	<u>(8,677)</u>
Bank interest income				80
Finance costs				<u>(9,085)</u>
Loss before tax				(17,682)
Tax				<u>-</u>
Loss for the period				<u>(17,682)</u>

3. Operating segment information *(continued)*

	Unaudited for the six months ended 30 September 2009			
	Mineral Resources HK\$'000	Apparel HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
Segment revenue:				
Sales to external customers	42,938	36,875	–	79,813
Segment results	(13,350)	(1,464)	(2,053)	(16,867)
Bank interest income				40
Finance costs				(9,886)
Loss before tax				(26,713)
Tax				–
Loss for the period				(26,713)

4. Loss before tax

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

	For the six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold (including provision for inventories)	62,089	62,487
Depreciation	1,182	1,181
Minimum lease payments under operating leases in respect of land and buildings	1,359	1,433
Auditors' remuneration	14	53
Employee benefits expense (including directors' remuneration)	12,085	16,072
Foreign exchange differences, net	232	152
Bank interest income	(80)	(40)
	<u> </u>	<u> </u>

5. Finance costs

	For the six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank borrowings wholly repayable in five years	18	90
Interest on convertible bonds (note 13)	9,067	9,796
	<u> </u>	<u> </u>
	<u>9,085</u>	<u>9,886</u>

6. Income tax

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2009: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdiction in which the Group operates.

	For the six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current – Hong Kong	—	—

7. Loss per share attributable to owners of the Company

The calculation of basic loss per share amount is based on the loss for the period attributable to owners of the Company of HK\$17,682,000 (six months ended 30 September 2009: HK\$26,713,000) and the weighted average number of ordinary shares of 3,025,867,366 (six months ended 30 September 2009: 2,444,614,704) in issue during the period.

No adjustment has been made to the basic loss per share amounts for the period ended 30 September 2010 and 2009 in respect of a dilution as the convertible bonds and share options outstanding had an anti-dilutive effect on the basic loss per share amounts for these periods.

8. Available-for-sale equity investments

	30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
Unlisted equity investments, at cost	3,364	3,364
Less: Impairment	(3,364)	(3,364)
	<u> -</u>	<u> -</u>

As at 30 September 2010, the unlisted equity investments of the Group were stated at cost less impairment because they do not have a quoted market price in an active market and the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair value cannot be measured reliably. An impairment was recognised in prior years for the unlisted investments with reference to their business performance. There was no change in the impairment during the period (six months ended 30 September 2009: Nil). The Group does not intend to dispose of them in the near future.

9. Intangible asset

Exclusive purchase right

	30 September 2010 (Unaudited) HK\$'000	30 September 2009 (Unaudited) HK\$'000
At beginning of period	741,113	1,400,739
Amortisation during the period	<u> -</u>	<u> -</u>
At 30 September	<u>741,113</u>	<u>1,400,739</u>
At 30 September:		
Cost	2,347,102	2,347,102
Accumulated amortisation	(16,280)	(16,280)
Accumulated impairment losses	(1,589,709)	(930,083)
	<u> -</u>	<u> -</u>
	<u>741,113</u>	<u>1,400,739</u>

10. Trade and bills receivables

	30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
Trade and bills receivables	29,107	17,225
Impairment	(4,293)	(4,293)
	<u>24,814</u>	<u>12,932</u>

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 one 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 large number of diversified customers, there is no significant concentration of credit risk. The Group's trade and bills receivables are non-interest-bearing.

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

	30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
Within 3 months	22,200	7,986
4 to 6 months	2,101	4,124
7 to 12 months	360	414
Over 1 year	153	408
	<u>24,814</u>	<u>12,932</u>

11. Trade and bills payables

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 September	31 March
	2010	2010
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Within 3 months	7,475	1,731
4 to 6 months	1,830	504
7 to 12 months	172	361
Over 1 year	1,763	937
	<u>11,240</u>	<u>3,533</u>

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

12. Interest-bearing bank and other borrowings

	Effective interest rate (%)		Maturity		30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
	30 September 2010 (Unaudited)	31 March 2010 (Audited)	30 September 2010 (Unaudited)	31 March 2010 (Audited)		
Current						
Other borrowings						
– unsecured	N/A	Nil	N/A	2010	-	27,300
					-	27,300
Non-current						
Convertible bonds (note 13)						
Tranche 1	8.7	8.7	2013	2013	106,132	101,759
Tranche 2	9.23	9.23	2013	2013	108,420	103,726
					214,552	205,485
					214,552	232,785
					30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
Analysed into:						
Other borrowings:						
Within one year					-	27,300
Convertible bonds:						
In the second to fifth years, inclusive					214,552	205,485

13. 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. 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.

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

The movements of the liability and equity components of convertible bonds during the period are as follows:

	Liability component of convertible bonds HK\$'000	Equity component of convertible bonds HK\$'000	Total HK\$'000
At 1 April 2010 (Audited)	205,485	88,842	294,327
Finance costs (<i>note 5</i>)	9,067	–	9,067
At 30 September 2010 (Unaudited)	214,552	88,842	303,394

13. Convertible bonds *(continued)*

	Liability component of convertible bonds HK\$'000	Equity component of convertible bonds HK\$'000	Total HK\$'000
At 1 April 2009 (Audited)	295,227	139,349	434,576
Finance costs (note 5)	9,796	–	9,796
Partial conversion of convertible bonds during the period	<u>(89,969)</u>	<u>(42,339)</u>	<u>(132,308)</u>
At 30 September 2009 (Unaudited)	<u>215,054</u>	<u>97,010</u>	<u>312,064</u>

As at 30 September 2010, nominal values of HK\$128,651,000 and HK\$104,000,000 (31 March 2010: nominal values of HK\$128,651,000 and HK\$104,000,000) of the Tranche 1 Convertible Bonds and the Tranche 2 Convertible Bonds, respectively, were held by Elite Dragon Limited, a company ultimately wholly owned by a shareholder of the Company who is also a director of the Company.

14. Share capital

	30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
Authorised: 10,000,000,000 (31 March 2010: 10,000,000,000) ordinary shares of HK\$0.10 each	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid: 3,025,867,366 (31 March 2010: 3,025,867,366) ordinary shares of HK\$0.10 each	<u>302,587</u>	<u>302,587</u>

During the period, there is no movement in share capital.

14. Share capital *(continued)*

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 15 to the unaudited condensed consolidated interim financial statements.

15. Share option scheme

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

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

On 9 September 2010, the Scheme was refreshed by increasing the maximum number of shares issuable under share options currently permitted to be granted under the Scheme to 302,586,736, representing 10% of the issued shares of the Company as of 9 September 2010. The Company will be allowed to grant further options under the Scheme and other share option scheme carrying the rights to subscribe for a maximum of 302,586,736 shares. The maximum number of shares issuable under share options to each eligible participant within any 12-month period is limited to 1% of the shares of the Company in issue at any time. The offer of a grant of share options may be accepted within 28 days from the date of the offer upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and may commence on the date of the offer and shall end no later than 10 years from the date of the offer.

15. Share option scheme *(continued)*

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.

As at 30 September 2010, the Company had 22,000,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 22,000,000 additional ordinary shares of the Company and additional share capital of HK\$2,200,000 and share premium of HK\$440,000 (before issue expenses).

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

16. Operating lease arrangements

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

At 30 September 2010, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
Within one year	718	1,955
In the second to fifth years, inclusive	–	–
	718	1,955

17. Related parties transactions

(a) Transactions with related parties:

		For the six months ended 30 September 2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
	<i>Notes</i>		
Rental expenses to a company in which a director of a subsidiary of the Company is a controlling shareholder	<i>(i)</i>	677	677

Notes:

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

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

17. Related parties transactions *(continued)*

(b) Outstanding balances with related parties:

	30 September	31 March
	2010	2010
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Amount due to directors	4,336	3,636

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

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

	For the six months	
	ended 30 September	
	2010	2009
	HK\$'000	HK\$'000
Short term employee benefits	1,956	1,806
Post-employment benefits	24	24
Equity-settled share option expense	-	3,038
Total compensation paid to key management personnel	1,980	4,868

18. Approval of unaudited condensed consolidated interim financial statements

These unaudited condensed consolidated interim financial statements were approved and authorised for issue by the board of directors on 23 November 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

Revenue for this period amounted to approximately HK\$73,475,000, representing a decrease of approximately 8% as compared to the corresponding period for the preceding year. Loss for the period attributable to owners of the Company amounted to approximately HK\$17,682,000, which narrowed significantly compared to corresponding figure for the 6 months ended 30 September 2009 of approximately HK\$26,713,000.

Business Review

Due to difficulties in sourcing mineral resources of reliable quality and with competitive pricing, mineral resources trading activities reduced during the period. The overall performance of the Mining Operation, in terms of sales revenue and gross profit contribution was affected. With the recovery of global economy, especially the European countries, the Apparel Operation recorded improvement on its sales revenue and contributed some profit to the Group.

Outlook

It has been the Group's long term goal to maximize shareholder's value. While concentrating on the Group's core business, the management team has been exploring business opportunities to expand the Group's operation and enhance its earnings. The management team is actively looking for suitable investments opportunities on other mineral resources from time to time to diversify its existing business portfolio and to broaden its source of income. In order to strengthen its business on trading of nickel ore, the Group has entered into a Nickel Ore Sales Contract with PT China Coal Geology Mining (for further details, please refer to the Company's Voluntary Announcement dated 21 September 2010). This earmarked the Company's first long term nickel ore sales contract and will bring in steady revenue as well as gross profit to the Group.

The management believes that by expanding the Group's scope of business from its current nickel ore and coal trading and apparel business to other mineral resources, the Group's future business outlook may be more promising.

Employees and Remuneration Policy

As at 30 September 2010, the Group employed around 340 (as at 30 September 2009: approximately 360) employees in both Hong Kong and the PRC. The Group's remuneration policies are based primarily on the prevailing market situation and labour laws and the performance of individual employees, which are subject to annual review.

Capital Expenditure

There is no material capital expenditure for business development during the period under review. Save as disclosed, there is no plan for any material investments or capital assets to be acquired.

Liquidity and Financial Resources

During the period, the Group finance operations from internal cash flows and banking facilities providing by its bankers. The Group currently has aggregate composite banking facilities of approximately HK\$67,400,000. All bank borrowings were for purpose of trade-finance and working capital.

As at 30 September 2010, the Group's net current assets is approximately HK\$140,147,000 (as at 31 March 2010: HK\$148,442,000). Total cash and bank balances decreased from HK\$78,404,000 to HK\$21,301,000. The net cash and bank balances decreased by HK\$29,803,000 over the period. Inventories increased from HK\$34,297,000 to HK\$51,408,000. Due to seasonality of sales and purchases, trade and bills receivables increased by approximately 92% to become HK\$24,814,000, trade and bills payables increased by approximately 218% to become HK\$11,240,000.

The Group's gearing ratio at the period-end is 0.37 (as at 31 March 2010: 0.37), which was calculated based on the total liabilities of HK\$259,770,000 (as at 31 March 2010: HK\$270,239,000) and total equity of HK\$708,166,000 (as at 31 March 2010: HK\$725,816,000). With a net asset position, the financial position of the Group remains solid. The management believes that the Group is well-prepared for the current difficult economic environment, and to exploit any potential opportunities that may present themselves.

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 ("US\$") and Renminbi ("RMB"). Foreign exchange exposure of the Group is considered minimal as the exchange rate of RMB and US\$ against Hong Kong dollars were relatively stable during the period. 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.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in the unaudited condensed consolidated interim financial statements, 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, its holding company or any of its subsidiaries and fellow subsidiaries was a party during the period.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 September 2010, the interests and short positions of the directors in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (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		Total	Percentage to the Company's issued share capital
	Directly beneficially owned	Through controlled corporation		
Sy Chin Mong, Stephen	9,606,000	49,056,600	58,662,600	1.94%
Sy Lai Yin, Sunny	15,000,000	–	15,000,000	0.50%
Sze Shan Shan, Pat	15,000,000	–	15,000,000	0.50%
Ho Wai Chi, Paul	2,200,000	–	2,200,000	0.07%
Hsu Hsung, Adolf	700,000	–	700,000	0.02%

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

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

Note: As at 30 September 2010, convertible bonds in principal amount of HK\$232,651,000 was held by Elite Dragon Limited, a company owned as to 100% by Bel Trade Investment Holdings Ltd., which in turn is wholly owned by Dr. Sy Chin Mong, Stephen.

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

Number of director	At 1 April 2010	Number of share options			At 30 September 2010	Date of grant of share options (dd.mm.yyyy)	Total consideration paid for share options (HK\$)	Exercise period of share options (both days inclusive) (dd.mm.yyyy)	Exercise price of share options* (HK\$ per share)	Price of ordinary share** at date immediately before date of grant (HK\$ per share)	Price of ordinary shares** immediately before the exercise date (HK\$ per share)
		Granted during the period	Exercised during the period	Cancelled/lapsed during the period							
Li Wing Tak	11,000,000	-	-	-	11,000,000	04.05.2009	1	04.05.2009 to 03.05.2011	0.12	0.11	-
Chang Soo-Kong	2,200,000	-	-	-	2,200,000	04.05.2009	1	04.05.2009 to 03.05.2011	0.12	0.11	-

Notes:

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

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

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

Save as disclosed above, as at 30 September 2010, none of the directors and chief executive and their associates had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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 period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES

At 30 September 2010, 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:

(1) 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
Shiyong Finance Limited (<i>note</i>)	Directly beneficially owned	300,000,000	9.91%

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

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

Name	Principal amount of convertible bonds	Number of underlying shares held	Percentage to the Company's issued share capital
Elite Dragon Limited (<i>note</i>)	232,651,000	387,751,666	12.81%

Note: As at 30 September 2010, Elite Dragon Limited was the holder of convertible bonds in the principal amount of HK\$232,651,000, which could be converted upon exercise, into shares of the Company at HK\$0.6 per share, by no later than 4:00 p.m. on 14 January 2013. This constituted a long position in physically settled equity derivatives under the SFO.

Save as disclosed above, as at 30 September 2010, no person, other than the directors of the Company, whose interests are set out in the section headed "Directors' interests and short positions in shares and underlying shares" above, known to the directors of the Company had an interest or short position in the shares or underlying shares which would fall to be disclosed to the company under the provisions 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.

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 period.

CORPORATE GOVERNANCE REPORT

The Company has complied with all the Code Provisions set out in Appendix 14 Code on Corporate Governance Practices (the "Code") of the Listing Rules throughout the period ended 30 September 2010, except for the following deviations:

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 period ended 30 September 2010, 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 enables the Company to make and implement decisions promptly and efficiently. As such, it is beneficial to the business prospects and management of the Company.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own 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 period ended 30 September 2010.

AUDIT COMMITTEE

The audit committee comprises the 3 independent non-executive directors of the Company. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system and internal control procedures, review of the Group's financial information and maintaining an appropriate / review of the relationship with the auditors of the Company. The Audit Committee has reviewed the Company's unaudited interim report for the period ended 30 September 2010.

REMUNERATION COMMITTEE

The Remuneration Committee comprises 2 of the independent non-executive directors, namely, Mr. Hsu Hsung, Adolf, and Mr. Ho Wai Chi, Paul and an executive director, Dr. Sy Chin Mong, Stephen (Chairman of the Remuneration Committee) of the Company.

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.

NOMINATION COMMITTEE

The Nomination Committee comprises 2 of the independent non-executive directors, namely, Mr. Hsu Hsung, Adolf, and Dr. Chang Soo-Kong and an executive director, Dr. Sy Chin Mong, Stephen (Chairman of the Nomination Committee) of the Company.

The principal responsibilities of the Nomination Committee include making recommendations to the Board on relevant matters relating to the appointment or reappointment 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.

DIRECTORS OF THE COMPANY

As at the date of this report, the executive directors of the Company are Dr. Sy Chin Mong, Stephen, Mr. Sy Lai Yin, Sunny, Ms. Sze Shan Shan, Pat and Mr. Li Wing Tak, and the independent non-executive directors of the Company are Mr. Hsu Hsung, Adolf, Dr. Chang Soo-Kong and Mr. Ho Wai Chi, Paul.

APPRECIATION

On behalf of the Board, I wish to express my gratitude to our management team and staff members for their hard work and dedication as well as the supports from our shareholders, customers and suppliers throughout the period.

On behalf of the Board

Sy Chin Mong, Stephen

Chairman and Chief Executive Officer

Hong Kong, 23 November 2010