CCT RESOURCES
中建資源集團有限公司

2009 ANNUAL REPORT

Stock Code : 8163

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of CCT Resources Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to CCT Resources Holdings Limited. The directors of CCT Resources Holdings Limited, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

CCT RESOURCES

contents

corporate information

BOARD OF DIRECTORS

Executive Directors
Mr. Mak Shiu Tong, Clement *(Chairman and CEO)*
Mr. Tam Ngai Hung, Terry
Ms. Cheng Yuk Ching, Flora
Dr. William Donald Putt

Independent Non-executive Directors
Mr. Lam Kin Kau, Mark
Mr. Fung Hoi Wing, Henry
Mr. Lau Ho Wai, Lucas

COMPANY SECRETARY

Mr. Lam Che Wah, Danny

COMPLIANCE OFFICER

Mr. Tam Ngai Hung, Terry

AUDIT COMMITTEE

Mr. Lam Kin Kau, Mark
Mr. Fung Hoi Wing, Henry
Mr. Lau Ho Wai, Lucas

REMUNERATION COMMITTEE

Mr. Mak Shiu Tong, Clement
Mr. Tam Ngai Hung, Terry
Mr. Lam Kin Kau, Mark
Mr. Fung Hoi Wing, Henry
Mr. Lau Ho Wai, Lucas

AUTHORISED REPRESENTATIVES

Mr. Mak Shiu Tong, Clement
Mr. Tam Ngai Hung, Terry

AUDITORS

Ernst & Young, Certified Public Accountants

PRINCIPAL BANKER

Nanyang Commercial Bank, Limited

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands
British West Indies

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18/F., CCT Telecom Building
11 Wo Shing Street
Fotan, Shatin, New Territories
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands
British West Indies

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

8163

WEBSITE

www.cct-resources.com

chairman's letter

On behalf of the board of directors of CCT Resources Holdings Limited (the "Company"), I am pleased to report the Annual Results of the Company for the nine months ended 31 December 2009.

During the period under review, significant progress has been made in the development of the Group's forestry business, which will be further elaborated in the operation review of this report. The Company has changed its financial year end from 31 March to 31 December, resulting in the current financial period covering only the nine months ended 31 December 2009. The revenue of the continuing business of the Company and its subsidiaries (the "Group") for the nine months ended 31 December 2009 was HK$6,970,000, as compared to HK$7,370,000 for the twelve months ended 31 March 2009. The Group reported a loss of approximately HK$58,622,000, due mainly to the non-cash accounting charges and the start-up costs of the forestry business.

FORMATION OF AN ADVISORY COMMITTEE

The Board was pleased to announce that an advisory committee (the "Advisory Committee") has been formed in August 2009. The primary duty of the Advisory Committee is to advise and work closely with the Board in the fields of forestry business, oil palm plantation and the production of palm oil. The Advisory Committee consists of three members comprising Mr. Wang Jun who is the chairman, and Mr. Xu Dingming and Mr. Li Changwei who are the deputy chairmen. Mr. Wang Jun, Mr. Xu Dingming and Mr. Li Changwei possess extensive business experience and excellent track record, and are well-connected with major companies and the PRC authorities in the resources and energy sector. The Board believes that their advice and contribution will create value for and will strengthen the Company's resources business in the long run.

CHANGE OF MANAGEMENT

In October 2009, Mr. Ma Hang Kon, Louis ("Mr. Ma") resigned as the chief executive officer of the Company (the "CEO") and Mr. Chan Hoi Tung, Tony ("Mr. Chan") resigned as the executive director and the chief financial officer of the Company (the "CFO"). Mr. Ma also resigned as the executive director of the Company with effect from 15 January 2010. The resignation of both Mr. Ma and Mr. Chan was due to their family reasons. After their resignation, Mr. Mak Shiu Tong, Clement has been appointed as the CEO and Mr. Tam Ngai Hung, Terry has been appointed as the CFO. Additional senior officers have been employed in the operating level in Indonesia to cope with the development of the forestry business. With smooth handover, the management change has no material adverse impact on the daily operations of the Group's forestry business in Indonesia.

OPERATION REVIEW

During the period under review, the Group was principally engaged in (i) the forestry business including the upstream operations of harvesting timber and the downstream operations of production of timber and wood products; and (ii) the trading business.

The Group has achieved significant progress in the development of its forestry business since its acquisition in 2008. During the period, the Group has commenced the upstream forestry operations and has started to log and harvest trees to produce logs for the downstream operations. In the downstream operations, the Group has built two sawmills and one veneer factory. The first sawmill has commenced operations during the period and has processed logs harvested from the forest into sawn timber, for use in the construction of the wood processing plants. Construction of the second sawmill has also been completed and most of the machinery has been installed. Production of the second sawmill is expected later this year. Most of the machinery for the Group's veneer factory manufactured in China has been shipped to Timika, Papua, Indonesia and is being installed into the veneer factory. After installation, the veneer production machinery will be test run. It is expected that the veneer factory will commence production in mid this year and will process soft wood timber into veneer wood products. It is expected that the forestry operations will start to generate revenue within the year of 2010.

Due to the change of the senior management as set out above, the Group has reinforced the management of its forestry operations and has streamlined and refined its operational plan in order to improve efficiency. The Group focuses on the long-term development of the forestry and plantation businesses which the Group believes have huge growth potential.

OUTLOOK

The Board is confident of the prospect of the forestry resources business. Though the financial turmoil has substantially affected the global economy in the years 2008 and 2009, with the global efforts of the stimulus and financial rescue packages implemented by various governments, the world's economy has become stabilized and has shown sign of recovery. The People's Republic of China (the "PRC") is the first major economy that has walked away from the economic crisis. In the past few months, housing, infrastructure and construction activities in the PRC remained strong. As the timber products are widely used in various areas in construction, interior decoration, floors and furniture, the rebound of the global economic activities especially in the PRC which will be the major market for our timber products, will increase the demand of timber and wood products. The Group will leverage the supply shortfall situation of the natural wood market, which has provided a highly favourable business opportunity to the forestry industry. To make sure the Group is poised for recovery after the economic downturn, the Group will allocate additional resources to develop and strengthen its forestry business by recruit of experienced workforce, purchase of additional machinery and equipment and the building of timber processing factories.

Beside the timber operations, the Group will also be engaged in the plantation of oil palms in the forest land and the production of palm oil. Palm oil is a kind of renewable green bio-fuel and its demand is increasing. Palm oil is also a kind of new energy, the use of which is encouraged by many governments including PRC. During the period, the Group has already cleared forest to develop a nursery. Oil palm seeds will be purchased and growing of seedlings will be started later this year. Though the palm oil business is a long-term business and will involve substantial amount of investment, the Board believes that the demand and the prices of palm oil will continue to be robust due to global commitment to reduce greenhouse gas emissions and the increasing use of palm oil as alternate energy to fossil fuels. As such, we believe this business will be established a major core business of the Group and it will become one of the key drivers for business growth and profitability of the Group and will increase the returns of the Group's shareholders in the future years to come.

APPRECIATION

On behalf of the Board, I would like to express our gratitude to the Directors, the management and all employees for their strong commitment and contribution towards the execution of the Group's strategies and operations. We also wish to thank all customers, suppliers, business partners, bankers, the authorities and shareholders for their support over the past years.

Mak Shiu Tong, Clement
Chairman

Hong Kong
22 March 2010

management discussion and analysis

FINANCIAL REVIEW

Highlights on Financial Results

	(9 months) From 1 April 2009 to 31 December 2009 HK$'000	(12 months) From 1 April 2008 to 31 March 2009 HK$'000	% increase/ (decrease)
Continuing operations:			
– Turnover	**6,970**	7,370	(5.4%)
– Loss before finance costs and share option expenses	**(18,008)**	(13,225)	36.2%
– Share option expenses	**(11,984)**	(704)	1,602.3%
– Finance costs	**(28,630)**	(29,902)	(4.3%)
Loss from the continuing operations	**(58,622)**	(43,831)	33.7%
Discontinued operations:			
– Turnover	**–**	15,302	N/A
Loss from the discontinued operations	**–**	(3,572)	N/A
LOSS FOR THE PERIOD/YEAR	**(58,622)**	(47,403)	23.7%

Discussion on Financial Results

During the period ended 31 December 2009, the Group reported a turnover of approximately $6,970,000, decreased by 5.4% as compared to approximately $7,370,000 for the year ended 31 March 2009, due to the shorter accounting period as a result of change in the financial year end.

The Group's continuing operations, representing the forestry business and the trading business, posted an operating loss before finance costs and share option expenses of $18,008,000, an increase of approximately 36.2% compared with last year, due mainly to the increase in the preparation and start-up costs to establish the forestry business before it commences commercial operations.

Adding to the loss is the share option expense, which is merely a non-cash accounting charge. The charge increased from approximately $704,000 for the previous financial year to approximately $11,984,000 for the period. The increase was caused by the grant of 200,000,000 share options to directors and eligible participants of the Company during the period under review.

The Group's loss for the period was further increased by the finance costs of the Group which represent an accounting interest charge, not involving any cash outflow of the Group. The charge represents interest imputed on the liability component of the outstanding convertible bonds of the Company. The imputed interest amounted to approximately $28,630,000 for the period, decreased by 4.3% as a result of the partial conversion of the convertible bonds during the period.

The Group posted a net loss from continuing operations of approximately $58,622,000 for the period as compared to the loss of approximately $43,831,000 for the previous financial year. The loss was caused by the combined effect of the start-up costs, and the non-cash charges of share option expense and the finance costs. If these expense items are excluded, the loss of the Group is not considered significant.

For the last financial year ended 31 March 2009, the Group's discontinued operations, representing the B2B business which was disposed by the Group in September 2008, incurred a net loss of $3,572,000.

Analysis by Business Segment

	Revenue (excluding other revenue)		Operating loss before finance costs and tax	
	(9 months) From 1 April 2009 to 31 December 2009 HK$'000	(12 months) From 1 April 2008 to 31 March 2009 HK$'000	**(9 months) From 1 April 2009 to 31 December 2009 HK$'000**	(12 months) From 1 April 2008 to 31 March 2009 HK$'000
Continuing operations:				
– Trading business	**6,970**	7,370	**(161)**	(160)
– Forestry business	**–**	–	**(17,899)**	(12,518)
	6,970	7,370	**(18,060)**	(12,678)
Discontinued operations:				
– B2B Business	**–**	15,302	**–**	(6,934)
– Gain on disposal of B2B Business	**–**	–	**–**	3,362
	–	15,302	**–**	(3,572)

During the period, the Group's business reportable segments comprise the continuing operations of the trading business and the forestry business and the discontinued B2B business. Turnover of the Group's trading business was $6,970,000 for the period under review, representing a decrease of 5.4% as compared with the last financial year, as a result of change of financial year end. The trading business incurred a small loss of $161,000 under competitive business environment.

As the forestry business was still in the development stage, no revenue from the forestry business was recorded during the period. The forestry business incurred a loss of $17,899,000, up 43.0%, attributable to increase in preparation and start-up costs to establish and prepare for the commencement of operations of the forestry business.

The Group's discontinued B2B business reported a turnover of $15,302,000 and incurred a net loss of $3,572,000 for the previous financial year ended 31 March 2009.

Analysis by Geographical Segment

	Turnover				
	(9 months) From 1 April 2009 to 31 December 2009		(12 months) From 1 April 2008 to 31 March 2009		
	Amount HK$'000	**Relative %**	Amount HK$'000	Relative %	**% decrease**
Continuing operations:					
– Mainland China	**6,970**	**100.0%**	7,370	100.0%	(5.4%)
	6,970	**100.0%**	7,370	100.0%	(5.4%)
Discontinued operations:					
– Hong Kong	**–**	**–**	10,432	68.2%	N/A
– Mainland China	**–**	**–**	4,870	31.8%	N/A
	–	**–**	15,302	100.0%	N/A

During the current financial period and the previous financial year, all the turnover of the Group's trading business was derived from Mainland China. In the previous financial year, approximately 68.2% of the discontinued B2B Business was derived from Hong Kong and the remaining 31.8% was derived from Mainland China.

Highlights on Financial Position

	31 December 2009 *HK$'000*	31 March 2009 *HK$'000*	**% increase/ (decrease)**
Property, plant and equipment	**35,460**	24,055	47.4%
Forest concessions	**833,801**	833,801	–
Prepayment, deposits and other receivable	**12,253**	3,280	273.6%
Cash and cash equivalents	**101,439**	145,349	(30.2%)
Convertible bonds (liability portion)	**497,304**	523,557	(5.0%)
Minority interests	**40,901**	42,087	(2.8%)
Shareholders' funds	**444,337**	433,868	2.4%

Discussion on Financial Position

The book value of the property, plant and equipment increased from approximately $24,055,000 as at 31 March 2009 to approximately $35,460,000 as at 31 December 2009. The increase was attributable mainly to additions of machineries and equipment in relation to the forestry business less depreciation of the fixed assets during the period.

The forest concessions amounted to approximately $833,801,000 as at 31 December 2009 and 31 March 2009, representing the estimated fair value of the concessions acquired.

The prepayment, other receivable and deposits assets amounted to approximately 12,253,000 as at 31 December 2009, representing mainly the deposits for purchase of machinery and equipment relating to the forestry business.

The cash and cash equivalents of the Group decreased by 30.2% to approximately $101,439,000 as at 31 December 2009. The decrease in cash was mainly caused by the net cash outflow to finance the development of the Group's forestry business

The convertible bonds represent the liability component of the outstanding convertible bonds which were issued to the vendor by the Company in 2008 as part of the consideration to acquire the forest concessions. The outstanding convertible bonds amounted to approximately $497,304,000 as at 31 December 2009. The decrease in the liability component of the convertible bonds was due to partial conversion of the convertible bonds during period under review.

The decrease in minority interests was due to the sharing of loss of certain Indonesian subsidiaries for the nine months ended 31 December 2009 by the minority shareholders of these subsidiaries.

The Group's shareholders' funds increased from $433,868,000 as at 31 March 2009 to $444,337,000 as at 31 December 2009, mainly due to the issue of new shares of the Company upon conversion of some of the convertible bonds less the loss of the Group for the nine months ended 31 December 2009

Capital Structure and Gearing Ratio

	31 December 2009		31 March 2009	
	Amount	Relative	Amount	Relative
	HK$'000	%	HK$'000	%
Convertible bonds (liability component)	497,304	52.8%	523,557	54.7%
Total borrowings	497,304	52.8%	523,557	54.7%
Equity	444,337	47.2%	433,868	45.3%
Total capital employed	941,641	100.0%	957,425	100.0%

During the nine months ended 31 December 2009, the MCL Convertible Bonds with an aggregate principal amount of $62,000,000 were converted into 620,000,000 shares of the Company. As at 31 December 2009, the outstanding principal amount of the MCL Convertible Bonds was $554,880,000, of which the liability component plus accrued imputed interest amounted to $497,304,000. The MCL Convertible Bonds are interest free and have a maturity date of 12 August 2011.

The Group's gearing ratio was approximately 52.8% as at 31 December 2009 (31 March 2009: 54.7%). The decrease in the gearing ratio was due to (i) the decrease in the liability component of the convertible bonds resulting from partial conversion of the convertible bonds during the period; and (ii) the net increase in equity caused by the issue of new shares upon conversion of the convertible bonds less loss incurred in the period.

As the conversion price of the MCL Convertible Bonds is substantially below the current market price of the Company's shares, it is likely that the balance of the MCL Convertible Bonds will be converted into shares of the Company and thus relieving the obligations of the Company to repay the MCL Convertible Bonds. Other than the convertible bonds, the Group has no other borrowings as at 31 December 2009.

As at 31 December 2009, the maturity profile of the convertible bonds of the Group is falling due in the second to the fifth year. There was no material effect of seasonality on the Group's borrowing requirements.

Liquidity and Financial Resources

	31 December 2009 HK$'000	31 March 2009 HK$'000
Current assets	**121,409**	149,463
Current liabilities	**8,128**	7,807
Current ratio	**1,493.7%**	1,914.5%

The current ratio of the Group as at 31 December 2009 was 1,493.7% (31 March 2009: 1,914.5%), reflecting strong liquidity and sound financial position of the Group.

As at 31 December 2009, the Group's total cash balance amounted to approximately $105,677,000 (31 March 2009: $145,349,000). Almost all of the Group's cash was placed on Hong Kong dollar deposits with licensed banks in Hong Kong. The amble cash balance provides sufficient cash resources to the Group to cover all cash requirements, including working capital and capital expenditure needs.

Foreign currency exposure

The Group's reporting currency is in Hong Kong dollars. During the period, most of the transactions of Group's forestry business were denominated in Hong Kong dollars, Indonesian Rupiah or in US dollars. As the Hong Kong dollar remains pegged to the US dollar, the exchange fluctuation of the US dollar against the Hong Kong dollar was not significant during the period. As such, the forestry business did not have any significant exposure to foreign exchange risk during the period under review as the forestry operation was still in the development stage.

The Board considers that the Group's exposure to foreign exchange risk is not significant at present and therefore, no hedging transaction was entered into during the period.

Contingent liabilities

As at 31 December 2009, the Group did not have any significant contingent liabilities.

Acquisition and disposal of subsidiaries and affiliated companies

The Group did not acquire or dispose of any material subsidiaries and associates during the period under review.

Significant investments

The Group did not acquire or hold any significant investment during the nine months ended 31 December 2009.

Pledge of assets

As at 31 December 2009, save for the pledged deposits of $4,238,000, the Group did not have any pledge of assets.

Capital commitments

The Group's capital commitments amounted to approximately $5,412,000 (31 March 2009: $19,562,000) as at 31 December 2009, which was mainly related to capital expenditure for the forestry business of the Group and all of which will be financed by internal resources.

Employees and Remuneration Policy

As at 31 December 2009, the Group employed 225 staff (31 March 2009: 124). The Group's remuneration policy is built on principle of equality, motivating, performance-oriented and market-competitive remuneration package to employees. Remuneration packages are normally reviewed on an annual basis. Apart from salary payments, other staff benefits include provident fund contributions, medical insurance coverage and performance related bonuses. Share options may also be granted to eligible employees and persons of the Group. At 31 December 2009, there were outstanding share options of approximately 268,500,000 (31 March 2009: 68,500,000).

Event After the Reporting Period

Subsequent to the end of the reporting period, the MCL Convertible Bonds with a nominal value of $50,000,000 were converted into 500,000,000 shares in the Company of HK$0.01 each. The outstanding principal amount immediately after the conversion of the MCL Convertible Bonds was $504,880,000.

directors and senior management

EXECUTIVE DIRECTORS

Mr. MAK Shiu Tong, Clement, aged 56, has served as the Chairman and an executive Director since April 2006 and the CEO since November 2009. Mr. Mak is also a member of the Remuneration Committee. Mr. Mak is responsible for the corporate planning, overall strategic direction of the Group and takes a leading role in managing the businesses. He has over 33 years of experience in the electronics manufacturing and distribution industry, specialising in telephone and telecom products. He also has substantial experience in managing enterprises engaging in manufacturing, trading, property investment and development and diversified businesses. He holds a Diploma in Electrical Engineering. Mr. Mak is also the chairman, the chief executive officer and an executive director of CCT Telecom and CCT Tech, whose shares are both listed on the Main Board of the Stock Exchange. He is also a director of certain subsidiaries of CCT Telecom, CCT Tech and the Company.

Mr. TAM Ngai Hung, Terry, aged 56, has served as an executive Director since April 2006 and the Chief Financial Officer of the Company since November 2009. Mr. Tam is also a member of the Remuneration Committee. Mr. Tam is mainly responsible for the corporate finance and accounting function of the Group. Mr. Tam has more than 32 years of experience in finance and accounting management, and also possesses substantial knowledge in corporate finance matters, mergers and acquisitions and company secretarial matters. Mr. Tam has substantial experience in the financial aspects of manufacturing companies and enterprises engaging in diversified businesses. Mr. Tam is a fellow of the Association of Chartered Certified Accountants and an associate of both the Hong Kong Institute of Certified Public Accountants and The Institute of Chartered Secretaries and Administrators. Mr. Tam previously held a number of senior positions in several listed companies. Mr. Tam is also an executive director of CCT Telecom and CCT Tech, whose shares are both listed on the Main Board of the Stock Exchange. He is also a director of certain subsidiaries of CCT Telecom, CCT Tech and the Company.

Ms. CHENG Yuk Ching, Flora, aged 56, has served as an executive Director since April 2006. Ms. Cheng has over 30 years of experience in the electronics industry. She also has substantial experience in managing manufacturing companies and enterprises engaging in diversified businesses. She held senior positions in various well-known electronics companies. She holds a Diploma in Business Administration. Ms. Cheng is also an executive director of CCT Telecom and CCT Tech, whose shares are both listed on the Main Board of the Stock Exchange. She is also a director of certain subsidiaries of CCT Telecom, CCT Tech and the Company.

Dr. William Donald PUTT, aged 72, has served as an executive Director since April 2006. Dr. Putt obtained his PhD in Management from the Massachusetts Institute of Technology in the US. Dr. Putt has over 37 years of experience in the telecom industry, and was the president and co-founder of TeleConcepts Corporation, which specialised in the design, production and distribution of telecom products. Dr. Putt also serves on the boards of several foundations and non-profit organisations in the US and is on the Visiting Committee for the Public Service Center at the Massachusetts Institute of Technology. Dr. Putt is also an executive director of CCT Telecom and CCT Tech, whose shares are both listed on the Main Board of the Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LAM Kin Kau, Mark, aged 55, has served as an INED of the Company since April 2006 and is a member of both the Audit Committee and the Remuneration Committee. He is a member of the Hong Kong Institute of Certified Public Accountants, The Institute of Chartered Accountants in England and Wales and The Institute of Chartered Secretaries and Administrators. He has been a practising accountant for over 25 years and is a director of various private companies. He is also an INED of Neo Telemedia Limited (formerly known as BIG Media Group Limited), a company listed on the GEM. Mr. Lam was an INED of Haier Electronics Group Co., Ltd., a company listed on the Main Board of the Stock Exchange until his resignation on 21 June 2007.

Mr. FUNG Hoi Wing, Henry, aged 54, has served as an INED of the Company since April 2006 and is a member of both the Audit Committee and the Remuneration Committee. He is a Solicitor of Messrs. Fung, Wong, Ng & Lam, Solicitors and Notaries of Hong Kong. He graduated from the University of Hong Kong in 1976 with a Bachelor's degree in Social Sciences. He was admitted as a solicitor of the Supreme Court of Hong Kong in 1981. In addition, he is a Notary Public and a China-Appointed Attesting Officer. He has also served as an INED of UURG Corporation Limited, a company listed on the GEM since 12 January 2010. Mr. Fung was also an INED of Haier Electronics Group Co., Ltd., a company listed on the Main Board of the Stock Exchange until his resignation on 21 June 2007.

Mr. LAU Ho Wai, Lucas, aged 47, has served as an INED of the Company since April 2006 and is a member of both the Audit Committee and the Remuneration Committee. He is a fellow of the Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors. He is also a Registered Professional Surveyor and a practising chartered surveyor in Hong Kong. He has a Bachelor's degree in Land Economy, a Master's degree in Urban Design, a Bachelor's degree in Laws, a Master's degree in Laws (International Business Law) and a Master's degree of Science in Applied Accounting and Finance and has over 19 years of professional experience in the real estate and finance fields.

SENIOR MANAGEMENT

Mr. MAK Kwok Leung, Denny, aged 53, has served as the Managing Director of the forestry resource operations of the Group since November 2009. He is primarily responsible for the day-to-day management of the planning, management and development of the Group's forestry resource operations. Mr. Mak has more than 30 years of working experience, mainly in the construction industry and has substantial experience in project development, project management and project cooperation. He was in charge of the management of a number of large-scale projects in the Mainland China, Hong Kong, Macau, Mongolia and Middle East. Mr. Mak is presently a member of the Chinese People's Political Consultative Committee, Zhaoqing City, Guangdong Province, PRC. Mr. Mak holds an Executive Master of Business Administration degree from the Tsinghua University, Beijing, PRC. He is also a fellow member of both the Asian Knowledge Management Association and the CEO Club of the Institute for Enterprise of The Hong Kong Polytechnic University and is a member of the American Society of Heating, Refrigerating and Air-Conditioning Engineers.

Mr. SIU Chak Hung, Raymond, aged 56, has served as the General Manager of the forestry resource operations of the Group since December 2009. He is responsible for the day-to-day management of the infrastructure development and the field operation of the Group's forestry business which includes plantation. Mr. Siu has more than 32 years of working experience, mainly in the construction industry and building services. He also has substantial experience in business development and project management. Mr. Siu held senior position in China state-owned construction group involving international projects in various countries including Australia, Mongolia, Sudan, Dubai, Abu Dhabi, Vietnam, Philippines, Iran, Kazakhstan, Indonesia and Malaysia. Mr. Siu is a member of each of the Institute of Electrical and Electronics Engineers and the American Society of Heating, Refrigerating and Air-Conditioning Engineers.

Mr. Nolfo Banquirigo ANUDDIN, aged 51, joined the Group in August 2008, currently holds the position of Field Operations Manager of an operating subsidiary in Indonesia. He is primarily responsible for the day-to-day operations in the field covering forestry production, road construction, planning, and mechanical and equipment maintenance. Mr. Anuddin graduated from the Foundation University in the Philippines with a forestry degree. He has been in the forestry business for over 31 years in various countries including Malaysia, Suriname, Guyana (South America), Amazon, Brazil and now in Indonesia.

Professor GONG Yao Qian, aged 74, joined the Group in September 2008, currently holds the position of Chief Consultant, Forestry and Wood Processing. He is responsible for the master planning of the forestry and wood processing operations. Professor Gong graduated from the Nanjing Forestry University and taught in the same university for over 30 years. He represented the Ministry of Forestry of the PRC and various corporations in the PRC for domestic and international forestry projects covering countries including Fiji, Guyana, East Timor, Gabon, Bolivia, Japan and Indonesia.

Mr. WANG Hong Liang, aged 33, joined the Group in January 2010, currently holds the position of Deputy General Manager of an operating subsidiary in Indonesia. He is primarily responsible for the marketing and manufacturing management of timber products. Mr. Wang graduated from a college in the Shijiazhuang City of the Hebei Province in the PRC in 1996 with a profession in international trade. He also obtained a master degree from the Renmin University of China with a profession of Master of Business Administration in 2005. Mr. Wang was previously a college teacher for international trade and responsible for the overseas marketing of one listed Chinese construction equipment company and has extensive experience in management and marketing.

Mr. DENG Wei Dong, aged 40, joined the Group in December 2009, currently holds the position of Construction Project Manager and Human Resources & Administration Manager (Factory) of an operating subsidiary in Indonesia. He is primarily responsible for the management and supervision of the construction of the Group's timber processing factories in Indonesia. Mr. Deng graduated from the Beijing University of Civil Engineering and Architecture in 1990. Prior to joining the Group, Mr. Deng held the position of Project Manager for the construction project in the National Centre for the Performing Arts. He has more than 19 years of working experience and is experienced in project management of construction projects.

Mr. LAM Che Wah, Danny, aged 45, has served as the Company Secretary of the Company since July 2008. Mr. Lam graduated from the Hong Kong Polytechnic (the predecessor of The Hong Kong Polytechnic University) with a Professional Diploma in Company Secretaryship and Administration in 1987. He has extensive experience in company secretarial practice. He is an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. He is also a director of a subsidiary of the Company.

corporate governance report

CORPORATE GOVERNANCE PRACTICES

The Company has always recognised the importance of the Shareholders' transparency and accountability. It is the belief of the Board that the Shareholders can maximise their benefits from good corporate governance. The Company is committed to maintaining and ensuring high standards of corporate governance in the interests of the Shareholders.

Throughout the period for the nine months ended 31 December 2009, the Board has reviewed the Group's corporate governance practices and is satisfied that the Company has complied with the code provisions under the Code set out in Appendix 15 to the GEM Listing Rules, except for the following deviations from the code provisions of the Code:

Code Provision A.2.1

The Code Provision A.2.1 provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

There has been no separation of the roles of chairman and chief executive officer as set out in the Code Provision A.2.1 since 1 November 2009 when Mr. Mak Shiu Tong, Clement was appointed as the CEO to replace Mr. Ma Hang Kon, Louis who resigned from the position of the CEO with effect from 31 October 2009.

The Company has complied with the Code Provision A.2.1 between the period from 1 April 2009 and 31 October 2009 during which Mr. Ma Hang Kon, Louis assumed the role of the CEO whilst Mr. Mak Shiu Tong, Clement acted as the Chairman. Following the appointment of Mr. Mak to replace Mr. Ma as the CEO with effect from 1 November 2009, Mr. Mak assumes the roles of both the Chairman and the CEO, and the Code Provision A.2.1 has deviated since then. Mr. Mak has substantial experience that is essential to fulfilling the role of the Chairman. At the same time, Mr. Mak has the appropriate management skills and business acumen that are the pre-requisites for assuming the role of the CEO in the day-to-day management of the Group. Currently, the Board is composed of four executive directors (including the Chairman) and three INEDs with a balance of skills and experience appropriate for the requirements of the Group. Furthermore, the roles of the managing director and the general managers of the Company's major operating subsidiaries are performed by other individuals. The Board believes that there is no need to segregate the roles of the Chairman and the CEO as the balance of power and authority is already ensured by the current structure. The Board does not believe that the separation of the roles of the Chairman and the CEO will improve the corporate performance.

CORPORATE GOVERNANCE PRACTICES *(continued)*

Code Provision A.4.1

The Code Provision A.4.1 provides that non-executive directors should be appointed for a specific term, subject to re-election.

None of the existing INEDs of the Company is appointed for a specific term. However, all INEDs of the Company are subject to retirement by rotation and re-election at the AGM of the Company in accordance with the articles of association of the Company.

Code Provision A.4.2

The Code Provision A.4.2 provides that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

In accordance with the articles of association of the Company, any Director appointed to fill a casual vacancy shall hold office only until the next following AGM of the Company and shall then be eligible for re-election. The Board considers that such a deviation is not material as casual vacancy seldom happens and duration between appointment to fill casual vacancy and the immediate following AGM of the Company is less than one year and is considered to be short.

Pursuant to the articles of association of the Company, the Chairman and the managing Director shall not be subject to retirement by rotation or also not be taken into account in determining the number of directors to retire in each year. The Board considers that the continuity of the Chairman and his leadership will be essential for the stability of the key management of the Board. On the other hand, the Board will ensure that the Directors other than the Chairman will rotate at least once every three years in order to comply with the Code Provision A.4.2.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has not adopted a code of conduct regarding securities transactions by the Directors but has applied the principles of the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of all Directors and the Company is not aware of any non-compliance with the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the period for the nine months ended 31 December 2009.

THE BOARD

The Board is charged with the responsibility for the promotion of the success of the Company by directing and supervising its affairs in a responsible and effective manner. Each Director has a duty to act in good faith and in the best interests of the Company.

Matters reserved for the Board's decision include those relating to:

– the strategic direction of the Group;

– the objectives of the Group;

– monitoring the performance of the management of the Group;

– ensuring prudent and effective control measures are in place;

– material bank facilities arrangements;

– material acquisitions and disposals of assets and significant investments;

– material transactions with connected persons;

– material corporate finance transactions including placing or sale of shares or convertible bonds, corporate restructuring, take-over, including approval of the announcements and the circulars;

– reviewing and approving quarterly results, half-yearly results and annual financial statements, declaration of dividends;

– appointment, re-appointment of auditors and determination of their remuneration; and

– reviewing and determination of the terms and remuneration of the Directors.

THE BOARD *(continued)*

The management of the Group was delegated the authority and responsibility by the Board for managing the businesses of the Group, with division heads responsible for different aspects of the business. The Board meets at least four times each year and meets as and when required. Appropriate and sufficient information including notices were provided to the Board's members in a timely manner. During the period for the nine months ended 31 December 2009, the Board held 18 meetings. The attendance of the Directors at the Board's meetings (either in person or by phone) is set out as follows:

Name of the Directors		Number of attendance
Mak Shiu Tong, Clement		18/18
Tam Ngai Hung, Terry		18/18
Cheng Yuk Ching, Flora		18/18
William Donald Putt		18/18
Lam Kin Kau, Mark		18/18
Fung Hoi Wing, Henry		18/18
Lau Ho Wai, Lucas		18/18
Ma Hang Kon, Louis	*(Resigned on 15 January 2010)*	15/18
Chan Hoi Tung, Tony	*(Resigned on 31 October 2009)*	10/18

The company secretary of the Company is responsible for taking minutes of the Board's meetings and all Board's minutes are open for inspection by the Directors upon reasonable notice.

The Directors are enable, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses. The Board shall resolve to provide separate appropriate independent professional advice to the Directors to assist the relevant Directors to discharge their duties.

Appropriate insurance cover has been arranged in respect of the legal action against the Directors and the management of the Group. The Board considers that the Group has sufficient and appropriate liability insurance to cover the Directors and the management of the Group against any legal liability arising from their performance of duties.

BOARD'S COMPOSITION

During the financial period under review, Mr. Chan Hoi Tung, Tony resigned as an executive Director with effect from 31 October 2009. Subsequently, Mr. Ma Hang Kon, Louis also resigned as an executive Director with effect from 15 January 2010. The resignation of both Mr. Chan and Mr. Ma was due to their family reasons as they could not afford to devote majority of time to travel and station in Indonesia to manage and oversee the daily operations of the forestry business of the Group in Indonesia.

As at the date of this Annual Report, the Board comprises four executive directors, namely Mr. Mak Shiu Tong, Clement (also acting as the Chairman and the CEO), Mr. Tam Ngai Hung, Terry, Ms. Cheng Yuk Ching, Flora and Dr. William Donald Putt and three INEDs, namely Mr. Lam Kin Kau, Mark, Mr. Fung Hoi Wing, Henry and Mr. Lau Ho Wai, Lucas. The Board has maintained a balance of skills and experience appropriate of the requirements, promotion and development of the businesses of the Group. Its composition represents a mixture of management, technical, marketing, procurement, accounting and finance which is relevant in managing the businesses in which the Group is engaged.

The Company has received annual confirmation of independence from the three INEDs of the Company in accordance with Rule 5.09 of the GEM Listing Rules. The Board has assessed their independence and concluded that all INEDs of the Company are independent within the definition of the GEM Listing Rules.

The Company has complied with Rules 5.05(1) and 5.05(2) of the GEM Listing Rules relating to the appointment of a sufficient number of the INEDs and at least an INED with appropriate professional qualifications, or accounting or related financial management expertise throughout the period for the nine months ended 31 December 2009. The Board currently comprises three INEDs, one of whom has accounting and financial expertise and brings strong independent judgement, knowledge and experience to the Board.

The Board's members have no financial, business, family or other material/relevant relationships with each other. Such balanced Board's composition is formed to ensure strong independence exists across the Board and has met the recommended best practice under the Code for the Board to have at least one-third in number of its members comprising the INEDs. The biographies of the Directors are set out in the section headed "Directors and Senior Management" in this Annual Report, which demonstrate a diversity of skills, expertise, experience and qualifications.

THE CHAIRMAN AND THE CEO

Mr. Mak Shiu Tong, Clement currently assumes the roles of both the Chairman and the CEO. The reasons for the deviation from the Code Provision A.2.1 under the Code are set out in the section headed "Corporate Governance Practices" above. Mr. Mak is responsible for the corporate planning, overall strategic direction of the Group and takes a leading role in managing the businesses of the Group.

RE-ELECTION AND RETIREMENT OF THE DIRECTORS

The articles of association of the Company provide that (i) each Director (except the Chairman and the managing Director) is required to retire by rotation and that one-third (or the number nearest to but not greater than one-third) of the Directors shall retire from office by rotation and be eligible for re-election at each AGM of the Company; and (ii) any Director appointed by the Board, either to fill a casual vacancy on or as an addition to the existing Board, will hold office only until the next following AGM of the Company and shall then be eligible for re-election at that meeting.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the INEDs of the Company has filed a written confirmation to the Company confirming his independence pursuant to Rule 5.09 of the GEM Listing Rules and has undertaken to inform the Stock Exchange and the Company as soon as practicable if there is any subsequent change in circumstances which may affect his independence. As at the date of this Annual Report, the Board still considers the INEDs of the Company to be independent. The INEDs of the Company are not appointed for any specific terms, but they are subject to retirement by rotation and re-election at the AGM of the Company in accordance with the articles of association of the Company.

BOARD COMMITTEES

The Board has established two committees, namely the Remuneration Committee and the Audit Committee, with clearly defined written terms of reference. The main roles and responsibilities of these two committees, including all authorities delegated to them by the Board, as set out in the terms of reference, are published on the Company's website at www.cct-resources.com. The different committees' independent views and recommendations not only ensure proper control of the Group but also the continual achievement of the high corporate governance standards expected of a listed company. The chairman of each committee reports the outcome of the committee's meetings to the Board for further discussion and approval.

Remuneration of the Directors

Pursuant to the requirements of the GEM Listing Rules, the Company has established the Remuneration Committee in 2005 with specific written terms of reference in line with the code provisions under the Code. The Remuneration Committee is mainly responsible for (i) making recommendations to the Board on the policy and structure for the remuneration of the directors and the senior management of the Group; (ii) reviewing the remuneration package including the performance-based bonus and incentive rewards for the executive Directors and the senior management of the Group; (iii) reviewing and making recommendations to the Board the fees payable to the INEDs of the Company; and (iv) reviewing and making recommendations to the Board the compensation, if any, payable to the executive Directors and senior management in connection with any loss or termination of their office or appointment.

The Remuneration Committee for the period for the nine months ended 31 December 2009 consisted of five members comprising three INEDs, namely Mr. Lam Kin Kau, Mark, Mr. Fung Hoi Wing, Henry and Mr. Lau Ho Wai, Lucas, and two executive directors, namely Mr. Mak Shiu Tong, Clement and Mr. Tam Ngai Hung, Terry. The Remuneration Committee is chaired by one of the members who must be an INED and is subject to rotation each year. The chairman of the Remuneration Committee is elected by the members who are present at the meeting, provided that he/she must be an INED.

BOARD COMMITTEES *(continued)*

Remuneration of the Directors *(continued)*

During the period for the nine months ended 31 December 2009, the Remuneration Committee held one meeting at which all five members of the Remuneration Committee attended and reviewed the current framework, policies and structure for the remuneration of the directors and the senior management of the Group and reported to the Board of their reviews with recommendations. The Remuneration Committee also reviewed the specific remuneration packages including the terms of employment, incentive rewards and performance-based bonus of the executive Directors and the senior management of the Group and the fees payable to the INEDs of the Company.

The primary objective of the Group's remuneration policy is to retain and motivate the executive Directors and the senior management of the Group by linking their rewards to the corporate and individual performance, job complexity and responsibilities, so that the interests of the executive Directors are aligned with those of the Shareholders. No Director can, however, approve his/her own remuneration.

In order to attract, retain and motivate the executives and the employees serving for the Group, the Company has adopted the Share Option Scheme in 2002. The Share Option Scheme enables the eligible participants to obtain an ownership interest in the Company by payment of the exercise price with reference to the market price of the Shares at the time of grant and thus to reward to the participants who contribute to the success of the Group's operations.

Details of the amount of the Directors' emoluments are set out in note 8 to the financial statements in this Annual Report and details of the Share Option Scheme adopted by the Company on 20 February 2002 are set out in the section headed "Report of the Directors" in this Annual Report.

Audit Committee

The Company has established the Audit Committee in 2001 with specific written terms of reference formulated in accordance with the requirements of the GEM Listing Rules. The primary duties of the Audit Committee are to ensure the objectivity and credibility of the Company's financial reporting and internal control procedures as well as to maintain an appropriate relationship with the external auditors of the Company.

The Audit Committee consisted of three members comprising three INEDs, namely Mr. Lam Kin Kau, Mark, Mr. Fung Hoi Wing, Henry and Mr. Lau Ho Wai, Lucas throughout the period for the nine months ended 31 December 2009, one of whom is a qualified accountant and has extensive experience in accounting and financial matters. The chairman of the Audit Committee is elected by the members who are present at the meeting. All members of the Audit Committee hold the relevant industry or legal, accounting and financial experience necessary to advise on the Board's strategies and other related matters. All members of the Audit Committee have complete and unrestricted access to the external auditors and all employees of the Company.

BOARD COMMITTEES *(continued)*

Audit Committee *(continued)*

The Audit Committee is mainly responsible for (i) reviewing the Company's quarterly results, half-yearly results and annual financial statements and making recommendations as to the approval of the Company's quarterly results, half-yearly results and annual financial statements by the Board; (ii) reviewing and making recommendations to the Board on the appointment, re-appointment and removal of the external auditors and the terms of engagement including the remuneration of the external auditors; (iii) discussing with the external auditors the nature and scope of the audit; (iv) monitoring and assessing the independence and objectivity of the external auditors and the effectiveness of the audit process in accordance with applicable standards; (v) reviewing and monitoring financial reporting and the reporting judgement contained in them; and (vi) reviewing financial and internal control (including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget), accounting policies and practices with the management of the Group, and internal and external auditors of the Company.

During the period for the nine months ended 31 December 2009, the Audit Committee held four meetings. The attendance of the members of the Audit Committee at the Audit Committee's meetings (either in person or by phone) is set out as follows:

Name of the members of the Audit Committee	Number of attendance
Lam Kin Kau, Mark	4/4
Fung Hoi Wing, Henry	4/4
Lau Ho Wai, Lucas	4/4

During the period for the nine months ended 31 December 2009, the members of the Audit Committee met with the Group's external auditors to discuss the annual audit plan. The meeting of the Audit Committee was attended by the members of the Audit Committee and the external auditors of the Company. The external auditors also made presentations to the Audit Committee on the findings on key issues addressed in the annual audit.

For the nine-month period ended 31 December 2009, the Audit Committee reviewed the accounting principles and practices adopted by the Company and discussed with the management of the Group the financial reporting matters. The Audit Committee also reviewed the internal control and risk management system of the Group with the internal auditors. The Audit Committee also reviewed the quarterly results for the period ended 30 June 2009, the half-yearly results for the period ended 30 September 2009 and the annual results for the nine months ended 31 December 2009 of the Company, and confirmed that the preparation of such complied with the applicable accounting principles and practices adopted by the Company, the requirements of the Stock Exchange and adequate disclosures has been made, before announcement of these results.

The Audit Committee recommended to the Board to review the re-appointment of Messrs. Ernst & Young as the Company's external auditors subject to the Shareholders' approval at the forthcoming AGM of the Company.

NOMINATION OF THE DIRECTORS

The Company has not set up the nomination committee, the establishment of which is only a recommended best practice of the Code.

The Board is empowered under the articles of association of the Company to appoint any person as a Director either to fill a casual vacancy on or as an additional member to the Board. Qualified candidates will be proposed to the Board for consideration and the selection criteria are mainly based on the assessment of their professional qualifications and experience relevant to the Company's businesses. It is believed that the members of the Board would collectively have the required professional knowledge and skills in discharging the Board's responsibility in identifying, recruiting and evaluating new nominees to the Board and the assessment of qualifications of nominated candidates for directorship. During the financial period under review, no new Director was appointed to the Board.

AUDITORS' REMUNERATION

During the period for the nine months ended 31 December 2009, the remuneration paid to the external auditors of the Company, Messrs. Ernst & Young, is set out as follows:

Services rendered	Fees paid/payable
	HK$'000
Audit services	600

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the financial statements of the Company and ensure that they are prepared in accordance with the statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of such financial statements. The Directors aim to present a balanced and understandable assessment of the Group's position and prospects.

The statement of the external auditors of the Company, Messrs. Ernst & Young, with regard to their reporting responsibilities on the Company's financial statements is set out in the section headed "Independent Auditors' Report" in this Annual Report.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to the events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The Board therefore continues to adopt the going concern approach in preparing the accounts.

INTERNAL CONTROL AND INTERNAL AUDIT

The Board is entrusted with the overall responsibility for establishing and maintaining the Group's internal control system and reviewing their effectiveness. The Group's internal control system has been designed for safeguarding assets, maintaining proper accounting records and ensuring reliability of the financial information. Through the Company's internal audit team, the Board has conducted a review of the effectiveness of the internal control system of the Group which covers all material controls, including operational, financial and compliance controls and risk management functions.

The internal audit team of the Company reviews the major operational, financial and compliance controls and risk management functions of the Group on a continuing basis and aims to cover all major operations of the Group on a rotational basis. The internal audit team of the Company presents their internal audit plan annually to the Chairman for approval and they also discuss and agree their audit plan with the Audit Committee at the Audit Committee's meeting.

report of the directors

The Directors present their report and the audited financial statements of the Group for the period ended 31 December 2009.

CHANGE OF FINANCIAL YEAR END DATE

The Group changed its financial year end date from 31 March to 31 December with effect from 1 April 2009. The current accounting period covers a period of nine months from 1 April 2009 to 31 December 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal subsidiaries are engaged in the integrated forestry business and the trading business. There were no significant changes in the nature of the Group's principal activities during the period.

RESULTS AND DIVIDENDS

The Group's loss for the period ended 31 December 2009 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 45 to 104.

The directors do not recommend payment of any dividend for the period (year ended 31 March 2009: Nil).

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and assets, liabilities and minority interests of the Group for the last five financial period/years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out on page 105. 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 period are set out in note 15 to the financial statements.

SHARE CAPITAL, SHARE OPTIONS AND CONVERTIBLE BONDS

Details of movements in the Company's share capital, share options and convertible bonds during the period, together with the reasons therefor, are set out in notes 26, 27 and 24 to the financial statements, respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the Companies Law (Revised) of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed Shares during the period for the nine months ended 31 December 2009.

RESERVES

Details of movements in the reserves of the Company and the Group during the period are set out in note 28(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 December 2009, the Company's reserves available for distribution, calculated in accordance with the Companies Law (Revised) of the Cayman Islands, amounted to HK$303,659,000 (31 March 2009: HK$285,041,000). This included the Company's share premium account and contributed surplus amounting to HK$430,603,000 (31 March 2009: HK$370,128,000) in aggregate as at 31 December 2009, which is distributable to the shareholders of the Company, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers, respectively, during the financial period/year is as follows:

	Percentage of the Group's total sales	
	Period from 1 April 2009 to 31 December 2009	Period from 1 April 2008 to 31 March 2009
Largest customer	**95%**	N/A
Five largest customers in aggregate	**100%**	<30%

	Percentage of the Group's total purchase	
	Period from 1 April 2009 to 31 December 2009	Period from 1 April 2008 to 31 March 2009
Largest Supplier	**28%**	N/A
Five largest suppliers in aggregate	**69%**	<30%

None of the directors of the Company or any of their associates or any shareholders of the Company (which, to the best 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 customers or suppliers.

DIRECTORS

The Directors during the period for the nine months ended 31 December 2009 and up to the date of this Annual Report were as follows:

Executive Directors:
Mak Shiu Tong, Clement
Tam Ngai Hung, Terry
Cheng Yuk Ching, Flora
William Donald Putt
Ma Hang Kon, Louis *(Resigned on 15 January 2010)*
Chan Hoi Tung, Tony *(Resigned on 31 October 2009)*

Independent non-executive Directors:
Lam Kin Kau, Mark
Fung Hoi Wing, Henry
Lau Ho Wai, Lucas

In accordance with article 87 of the Company's articles of association, Mr. Tam Ngai Hung, Terry and Ms. Cheng Yuk Ching, Flora will retire and, being eligible, offer themselves for re-election at the forthcoming AGM of the Company.

The INEDs of the Company are not appointed for any specific terms. According to the articles of association of the Company, all Directors (except the Chairman and the managing Director) are subject to retirement by rotation and re-election at the AGM of the Company.

The Company has received from each of the INEDs of the Company an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and, as at the date of this Annual Report, still considers them to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 15 to 17 of this Annual Report.

DIRECTORS' SERVICE CONTRACTS

Each of the INEDs was appointed for a period commencing from the date of his appointment and is subject to retirement by rotation in accordance with the Company's articles of association.

Two executive Directors, namely Mr. Ma Hang Kon, Louis and Mr. Chan Hoi Tung, Tony have entered into three-year service contract with the Company commencing from 3 October 2008 and 13 November 2008 respectively. Mr. Ma Hang Kon, Louis and Mr. Chan Hoi Tung, Tony resigned on 15 January 2010 and 31 October 2009, respectively. The other executive Directors have not entered into any service contract with the Company.

No Director had 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' INTERESTS IN CONTRACTS

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 or fellow subsidiaries was a party during the period for the nine months ended 31 December 2009.

SHARE OPTION SCHEME

The Company operates the Share Option Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The Share Option Scheme was approved by the then sole Shareholder on 20 February 2002 by way of a written resolution. The Board may, at its discretion, offer share options to any full-time or part-time employee or director of any member of the Group, and any consultant of or adviser to any member of the Group (the "Participants") to subscribe for Shares. The Share Option Scheme became effective on 7 March 2002 and shall be valid and effective for a period of 10 years from that date, subject to early termination by the Company at a general meeting or by the Board.

The maximum number of Shares which may be issued upon the exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme must not exceed 30% of the Shares in issue from time to time.

The maximum number of Shares available for issue under share options which may be granted under the Share Option Scheme adopted by the Company must not in aggregate exceed 10% of the Shares in issue. The maximum number of Shares issued and to be issued upon exercise of the share options granted and to be granted to each Participant (including both exercised and outstanding share options) in any 12-month period up to the date of grant must not exceed 1% of the Shares in issue at the date of grant. Any further grant of share options in excess of the above limit must be subject to the Shareholders' approval with such Participant and his/her associates (as defined in the GEM Listing Rules) abstaining from voting.

If share options are granted to a connected person (as defined in the GEM Listing Rules) or his/her associates, the granting of such share options will be subject to all the Company's INEDs' (excluding the Company's INED(s) who is/are the grantee(s)) approval; where share options are proposed to be granted to a connected person who is also a substantial Shareholder or an INED of the Company or any of their respective associates which will result in the total number of Shares issued and to be issued upon exercise of the share options granted or to be granted (including share options exercised, cancelled and outstanding) to such person under the Share Option Scheme in the past 12-month period up to and including the date of such grant: (1) exceeding 0.1% of the total issued Shares for the time being; and (2) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5,000,000, the granting of such share options will be subject to the approval of the independent Shareholders. All connected persons will abstain from voting (except that any connected person may vote against the resolution).

SHARE OPTION SCHEME *(continued)*

Upon acceptance of the share option, the grantee shall pay HK$1 to the Company as consideration for the grant. The share option will be offered for acceptance period of 28 days (or such shorter period as the Board may from time to time determine) from the date on which the share option is granted. The exercise period of the share option granted is determinable by the Directors and commences after a certain vesting period and ends on a date which is not later than ten years from the date of the share option offer or the expiry date of the Share Option Scheme, if earlier.

The subscription price of the Share in respect of any particular share option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price shall be the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of the share option grant, which must be a business day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets on the five business days immediately preceding the date of the share option grant; and (iii) the nominal value of the Share.

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

As at 31 December 2009, there were 268,500,000 share options outstanding under the Share Option Scheme. Based on these outstanding share options, the total number of Shares available for issue is 268,500,000, which represents approximately 5.57% and 5.04% of the total issued share capital of the Company as at 31 December 2009 and the date of this Annual Report respectively. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 268,500,000 additional ordinary Shares, additional share capital of HK$2,685,000 and share premium of HK$34,112,000 (before the share issue expenses).

SHARE OPTION SCHEME *(continued)*

Details of the movements of the share options under the Share Option Scheme during the period for the nine months ended 31 December 2009 were as follows:

Name or category of the participants	Number of share options: Outstanding as at 1 April 2009	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	Outstanding as at 31 December 2009	Date of grant of the share options	Exercise period of the share options	Exercise price of the share options (Note 1) HK$ per Share	Price of the Shares before the date of grant (Note 2) HK$ per Share
Executive Directors									
Mak Shiu Tong, Clement	22,500,000	–	–	–	22,500,000	5/7/2006	14/8/2006 – 13/8/2011	0.038	0.035
Tam Ngai Hung, Terry	18,000,000	–	–	–	18,000,000	5/7/2006	14/8/2006 – 13/8/2011	0.038	0.035
	–	40,500,000	–	–	40,500,000	7/7/2009	11/8/2009 – 6/3/2012	0.160	0.157
Cheng Yuk Ching, Flora	5,000,000	–	–	–	5,000,000	5/7/2006	14/8/2006 – 13/8/2011	0.038	0.035
	–	46,000,000	–	–	46,000,000	7/7/2009	11/8/2009 – 6/3/2012	0.160	0.157
William Donald Putt	5,000,000	–	–	–	5,000,000	5/7/2006	14/8/2006 – 13/8/2011	0.038	0.035
	–	3,500,000	–	–	3,500,000	7/7/2009	11/8/2009 – 6/3/2012	0.160	0.157
Ma Hang Kon, Louis *(resigned on 15 January 2010)*	5,000,000	–	–	–	5,000,000	6/10/2008	6/4/2009 – 13/8/2011	0.195	0.185
	5,000,000	–	–	–	5,000,000	6/10/2008	6/10/2009 – 13/8/2011	0.195	0.185
Chan Hoi Tung, Tony *(resigned on 31 October 2009)*	4,000,000	–	–	–	4,000,000	14/11/2008	14/5/2009 – 13/8/2011	0.116	0.112
	4,000,000	–	–	–	4,000,000	14/11/2008	14/11/2009 – 13/8/2011	0.116	0.112
	68,500,000	90,000,000	–	–	158,500,000				

SHARE OPTION SCHEME *(continued)*

Name or category of the participants	Number of share options: Outstanding as at 1 April 2009	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	Outstanding as at 31 December 2009	Date of grant of the share options	Exercise period of the share options	Exercise price of the share options (Note 1) HK$ per Share	Price of the Shares before the date of grant (Note 2) HK$ per Share
Independent non-executive Directors									
Fung Hoi Wing, Henry	–	3,500,000	–	–	3,500,000	7/7/2009	11/8/2009 – 6/3/2012	0.160	0.157
Lau Ho Wai, Lucas	–	3,500,000	–	–	3,500,000	7/7/2009	11/8/2009 – 6/3/2012	0.160	0.157
Lam Kin Kau, Mark	–	3,500,000	–	–	3,500,000	7/7/2009	11/8/2009 – 6/3/2012	0.160	0.157
	–	10,500,000	–	–	10,500,000				
Director of certain subsidiaries of the Company									
Pang Tung Choi	–	90,000,000	–	–	90,000,000	7/7/2009	11/8/2009 – 6/3/2012	0.160	0.157
	–	90,000,000	–	–	90,000,000				
Others									
In aggregate	–	9,500,000	–	–	9,500,000	7/7/2009	7/7/2009 – 6/3/2012	0.160	0.157
	–	9,500,000	–	–	9,500,000				
	68,500,000	200,000,000	–	–	268,500,000				

Notes:

1. The exercise price of the share options is subject to adjustment in the case of capitalisation issue, rights issue, sub-division or consolidation of the Shares, or other similar changes in the Company's share capital.

2. The price of the Shares before the date of the grant of the share options is the closing price of the Shares as quoted on the Stock Exchange on the trading day immediately before the date on which the share options were granted.

At the date of approval of these audited consolidated annual financial statements, 5,000,000 share options were exercised subsequent to the balance sheet date. As a result, the Company had 263,500,000 share options outstanding under the Share Option Scheme, which represented approximately 4.95% of the Shares in issue as at that date.

SHARE OPTION SCHEME *(continued)*

During the period for the nine months ended 31 December 2009, a total of 200,000,000 share options were granted by the Company on 7 July 2009, among which the grant of 190,500,000 share options to the Directors and a director of certain subsidiaries of the Company was beyond the limit under the Share Option Scheme and was subject to the Shareholders' approval in a general meeting. The Company has obtained approval from the Shareholders for the grant of the said 190,500,000 share options at the extraordinary general meeting of the Company which was held on 5 August 2009. The Directors have estimated the following theoretical values of the said 200,000,000 share options granted under the Share Option Scheme during the period, calculated using the Black-Scholes option pricing model which is a generally accepted method of valuing share options as at the date of grant of the share options:

Name of the grantees	Number of the share options granted during the period	Theoretical value of the share options HK$
Tam Ngai Hung, Terry	40,500,000	2,383,000
Cheng Yuk Ching, Flora	46,000,000	2,707,000
William Donald Putt	3,500,000	206,000
Fung Hoi Wing, Henry	3,500,000	206,000
Lau Ho Wai, Lucas	3,500,000	206,000
Lam Kin Kau, Mark	3,500,000	206,000
Pang Tung Choi	90,000,000	5,296,000
Others	9,500,000	424,000
	200,000,000	11,634,000

The fair value of the share options granted during the period for the nine months ended 31 December 2009 was HK$11,634,000 (31 March 2009: HK$1,054,000) of which the Group recognised a share option expense of HK$11,634,000 (31 March 2009: HK$704,000) during the period.

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

Dividend yield (%)	–
Expected volatility (%)	54 – 56
Historical volatility (%)	54 – 56
Risk-free interest rate (%)	0.2 – 1.0
Expected life of share options (year)	1.3 – 2.7
Closing Share price at grant date (HK$)	0.150 – 0.191

SHARE OPTION SCHEME *(continued)*

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

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

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2009, the Directors and chief executive of the Company and/or any of their respective associates had the following interests and short positions in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or Rule 5.46 of the GEM Listing Rules:

(a) Interests and short positions in the Shares and the underlying Shares of the share options of the Company as at 31 December 2009

(i) Long positions in the Shares:

	Number of the Shares interested and nature of interest			Approximate percentage of the total issued share capital of the Company
Name of the Directors	**Personal**	**Corporate**	**Total**	(%)
Mak Shiu Tong, Clement (Note)	19,344,000	2,031,764,070	2,051,108,070	42.53
Tam Ngai Hung, Terry	7,500,000	–	7,500,000	0.16
Fung Hoi Wing, Henry	550,000	–	550,000	0.01
Lau Ho Wai, Lucas	950,000	–	950,000	0.02
Ma Hang Kon, Louis *(resigned on 15 January 2010)*	1,180,000	–	1,180,000	0.02

Note: Of the shareholdings in which Mr. Mak Shiu Tong, Clement was interested, 2,031,764,070 Shares were beneficially held by Manistar, an indirect wholly-owned subsidiary of CCT Telecom. Mr. Mak Shiu Tong, Clement is deemed to be interested in such Shares under the SFO as he is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of CCT Telecom through his interest in the shareholdings of 48.75% of the total issued share capital in CCT Telecom as at 31 December 2009.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES *(continued)*

(a) Interests and short positions in the Shares and the underlying Shares of the share options of the Company as at 31 December 2009 *(continued)*

(ii) Long positions in the underlying Shares of the share options granted under the Share Option Scheme:

Name of the Directors	Date of grant of the share options	Exercise period of the share options	Exercise price per Share HK$	Number of the share options outstanding	Number of the total underlying Shares	Approximate percentage of the total issued share capital of the Company (%)
Mak Shiu Tong, Clement	5/7/2006	14/8/2006 – 13/8/2011	0.038	22,500,000	22,500,000	0.47
Tam Ngai Hung, Terry	5/7/2006	14/8/2006 – 13/8/2011	0.038	18,000,000	18,000,000	0.37
	7/7/2009	11/8/2009 – 6/3/2012	0.160	40,500,000	40,500,000	0.84
Cheng Yuk Ching, Flora	5/7/2006	14/8/2006 – 13/8/2011	0.038	5,000,000	5,000,000	0.10
	7/7/2009	11/8/2009 – 6/3/2012	0.160	46,000,000	46,000,000	0.95
William Donald Putt	5/7/2006	14/8/2006 – 13/8/2011	0.038	5,000,000	5,000,000	0.10
	7/7/2009	11/8/2009 – 6/3/2012	0.160	3,500,000	3,500,000	0.07
Fung Hoi Wing, Henry	7/7/2009	11/8/2009 – 6/3/2012	0.160	3,500,000	3,500,000	0.07
Lau Ho Wai, Lucas	7/7/2009	11/8/2009 – 6/3/2012	0.160	3,500,000	3,500,000	0.07
Lam Kin Kau, Mark	7/7/2009	11/8/2009 – 6/3/2012	0.160	3,500,000	3,500,000	0.07
Ma Hang Kon, Louis	6/10/2008	6/4/2009 – 13/8/2011	0.195	5,000,000	5,000,000	0.10
(resigned on 15 January 2010)	6/10/2008	6/10/2009 – 13/8/2011	0.195	5,000,000	5,000,000	0.10

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES *(continued)*

(b) Interests and short positions in the shares and the underlying shares of an associated corporation – CCT Telecom as at 31 December 2009

Long positions in the shares of CCT Telecom:

Name of the Directors	Number of the shares interested and nature of interest Personal	 Corporate	 Total	Approximate percentage of the total issued share capital of CCT Telecom (%)
Mak Shiu Tong, Clement (Note)	715,652	294,775,079	295,490,731	48.75
Tam Ngai Hung, Terry	500,000	–	500,000	0.08
William Donald Putt	591,500	–	591,500	0.10

Note: Of the shareholdings in which Mr. Mak Shiu Tong, Clement was interested, an aggregate of 294,775,079 shares of CCT Telecom were beneficially held by Capital Force International Limited, New Capital Industrial Limited and Capital Winner Investments Limited, all of which are corporations wholly-owned by him, his spouse and his two sons. Mr. Mak Shiu Tong, Clement is deemed to be interested in such shares of CCT Telecom under the SFO as he controls the exercise of one-third or more of the voting power at general meetings of Capital Force International Limited, New Capital Industrial Limited and Capital Winner Investments Limited.

(c) Interests and short positions in the shares and the underlying shares of the share options of an associated corporation – CCT Tech as at 31 December 2009

(i) Long positions in the shares of CCT Tech:

Name of the Directors	Number of the shares interested and nature of interest Personal	 Corporate	 Total	Approximate percentage of the total issued share capital of CCT Tech (%)
Mak Shiu Tong, Clement (Note)	120,000,000	33,026,391,124	33,146,391,124	50.67
Tam Ngai Hung, Terry	20,000,000	–	20,000,000	0.03
Cheng Yuk Ching, Flora	18,000,000	–	18,000,000	0.03

Note: Of the shareholdings in which Mr. Mak Shiu Tong, Clement was interested, 33,026,391,124 shares of CCT Tech were held by CCT Telecom through its indirect wholly-owned subsidiaries. Mr. Mak Shiu Tong, Clement is deemed to be interested in such shares of CCT Tech under the SFO as he is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of CCT Telecom through his interest in the shareholdings of 48.75% of the total issued share capital in CCT Telecom as at 31 December 2009.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES *(continued)*

(c) Interests and short positions in the shares and the underlying shares of the share options of an associated corporation – CCT Tech as at 31 December 2009 *(continued)*

(ii) Long positions in the underlying shares of the share options granted under the share option scheme of CCT Tech:

Name of the Directors	Date of grant of the share options	Exercise period of the share options	Exercise price per share HK$	Number of the share options outstanding	Number of the total underlying shares	Approximate percentage of the total issued share capital of CCT Tech (%)
Tam Ngai Hung, Terry	23/7/2009	23/7/2009 – 6/11/2012	0.01	223,000,000	223,000,000	0.34
Cheng Yuk Ching, Flora	23/7/2009	23/7/2009 – 6/11/2012	0.01	245,000,000	245,000,000	0.37
William Donald Putt	23/7/2009	23/7/2009 – 6/11/2012	0.01	8,000,000	8,000,000	0.01

Save as disclosed above, as at 31 December 2009, none of the Directors and chief executive of the Company and/or any of their respective associates had any interest and short position in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or Rule 5.46 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed "Directors' Interests in Shares and Underlying Shares" and "Share Option Scheme" above, at no time during the period for the nine months ended 31 December 2009 was the Company, or any of its subsidiaries or associated corporations, a party to any arrangement to enable the Directors and chief executive of the Company (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of the shares or underlying shares in, or debentures of, the Company or any of its associated corporations.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2009, the following persons (not being the Directors or chief executive of the Company) had interests or short positions 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 were recorded in the register required to be kept by the Company under section 336 of the SFO:

(i) Long positions in the Shares as at 31 December 2009:

Name of the Shareholders	Capacity and nature of interest	Notes	Number of the Shares interested	Approximate percentage of the total issued share capital of the Company (%)
MCL	Directly beneficially owned		800,000,000	16.59
Merdeka Finance Group Limited	Through a controlled corporation	1	800,000,000	16.59
Lai Wing Hung	Directly beneficially owned and through a controlled corporation	1 and 2	875,000,000	18.14
Manistar	Directly beneficially owned		2,031,764,070	42.13
CCT Capital International Holdings Limited	Through a controlled corporation	3	2,031,764,070	42.13
CCT Telecom	Through a controlled corporation	3	2,031,764,070	42.13

Notes:

1. The 800,000,000 Shares were held by MCL, a subsidiary of Merdeka Finance Group Limited which is deemed to be interested in such Shares under the SFO as it is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of MCL through its shareholdings of 70% of the total issued share capital in MCL as at 31 December 2009.

2. Of the shareholdings in which Mr. Lai Wing Hung was interested, 800,000,000 Shares were held by MCL. Mr. Lai Wing Hung is deemed to be interested in such Shares under the SFO as he is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of MCL through his 15% personal shareholdings in MCL and through his 100% shareholdings in Merdeka Finance Group Limited, which in turn held 70% shareholdings in MCL as at 31 December 2009. The remaining 75,000,000 Shares were beneficially owned by Mr. Lai Wing Hung personally.

3. The Shares were held by Manistar, which is wholly-owned by CCT Capital International Holdings Limited which in turn is a wholly-owned subsidiary of CCT Telecom.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES *(continued)*

(ii) Long positions in the underlying Shares of the convertible bonds of the Company as at 31 December 2009:

Name of the holder of the convertible bonds	Description of equity derivatives	Principal amount of the convertible bonds HK$	Number of the total underlying Shares	Approximate percentage of the total issued share capital of the Company (%)
MCL	MCL Convertible Bonds (Note)	554,880,000	5,548,800,000	115.05
Merdeka Finance Group Limited	MCL Convertible Bonds (Note)	554,880,000	5,548,800,000	115.05
Lai Wing Hung	MCL Convertible Bonds (Note)	554,880,000	5,548,800,000	115.05

Note: The MCL Convertible Bonds with an outstanding principal amount of HK$554,880,000 as at 31 December 2009, were issued by the Company to MCL on 12 August 2008 following the completion of the agreement entered into amongst the Company, MCL and MTG in connection with the acquisition and subscription by the Company of the shares in MTG representing 100% shareholdings in MTG on that date. The MCL Convertible Bonds, due on 12 August 2011, are unlisted, interest-free and convertible into the Shares (subject to conversion restrictions and conversion lock-up provisions pursuant to the MCL Convertible Bonds) at the conversion price of HK$0.10 per Share (subject to adjustment pursuant to the MCL Convertible Bonds). Merdeka Finance Group Limited is deemed to be interested in such underlying Shares under the SFO as it is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of MCL through its shareholdings of 70% of the total issued share capital in MCL as at 31 December 2009. Mr. Lai Wing Hung is deemed to be interested in such underlying Shares under the SFO as he is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of MCL through his 15% personal shareholdings in MCL and through his 100% shareholdings in Merdeka Finance Group Limited, which in turn held 70% shareholdings in MCL as at 31 December 2009.

Save as disclosed above, the Directors and chief executive of the Company are not aware that there is any party who, as at 31 December 2009, 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 were recorded in the register required to be kept by the Company under section 336 of the SFO.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the code provisions under the Code set out in Appendix 15 to the GEM Listing Rules throughout the financial period under review, except for the deviations from Code Provisions A.2.1, A.4.1 and A.4.2. Detailed information of such deviations and their respective considered reasons as well as other information on the corporate governance practices of the Company are set out in the section headed "Corporate Governance Report" in this Annual Report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float of not less than 25% of the total issued share capital of the Company as required under the GEM Listing Rules throughout the financial period under review and up to the date of this Annual Report.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events after the reporting period of the Group are set out in note 37.

AUDITORS

The financial statements for the nine months ended 31 December 2009 have been audited by Messrs. Ernst & Young, who will retire and, being eligible, offer themselves for re-appointment. A resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming AGM of the Company.

ON BEHALF OF THE BOARD

Mak Shiu Tong, Clement
Chairman

Hong Kong
22 March 2010

independent auditors' report

ERNST & YOUNG
安永

To the shareholders of CCT Resources Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements of CCT Resources Holdings Limited set out on pages 45 to 104, which comprise the consolidated and company statements of financial position as at 31 December 2009, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period from 1 April 2009 to 31 December 2009, 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, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

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

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

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the Group's loss and cash flows for the period 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
18/F., Two International Finance Centre
8 Finance Street
Central
Hong Kong
22 March 2010

consolidated income statement

Period from 1 April 2009 to 31 December 2009

	Notes	Period from 1 April 2009 to 31 December 2009 HK$'000	Year ended 31 March 2009 HK$'000
CONTINUING OPERATIONS			
REVENUE	5	**6,970**	7,370
Cost of sales		**(6,785)**	(7,030)
Gross profit		**185**	340
Other income	5	**711**	1,394
General and administrative expenses		**(18,904)**	(14,045)
Equity-settled share option expenses		**(11,984)**	(704)
Other expenses		**–**	(914)
Finance costs	7	**(28,630)**	(29,902)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	6	**(58,622)**	(43,831)
Income tax expense	10	**–**	–
LOSS FOR THE PERIOD/YEAR FROM CONTINUING OPERATIONS		**(58,622)**	(43,831)
DISCONTINUED OPERATIONS			
Loss for the period/year from discontinued operations	11	**–**	(3,572)
LOSS FOR THE PERIOD/YEAR		**(58,622)**	(47,403)
Attributable to:			
Owners of the parent	12	**(57,436)**	(47,322)
Minority interests		**(1,186)**	(81)
		(58,622)	(47,403)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	14		
Basic			
– For loss for the period/year		**(HK1.3 cents)**	(HK2.3 cents)
– For loss from continuing operations		**(HK1.3 cents)**	(HK2.1 cents)
Diluted			
– For loss for the period/year		**(HK1.3 cents)**	(HK2.3 cents)
– For loss from continuing operations		**(HK1.3 cents)**	(HK2.1 cents)

Details of the dividends payable and proposed for the period/year are disclosed in note 13 to the financial statements.

consolidated statement of comprehensive income

Period from 1 April 2009 to 31 December 2009

	Period from 1 April 2009 to 31 December 2009 HK$'000	Year ended 31 March 2009 HK$'000
LOSS FOR THE PERIOD/YEAR	**(58,622)**	(47,403)
Other comprehensive gain/(loss), net of tax:		
Exchange difference on translating foreign operations	**1,038**	(729)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD/YEAR	**(57,584)**	(48,132)
Total comprehensive loss attributable to:		
Owners of the parent	**(56,398)**	(48,051)
Minority interests	**(1,186)**	(81)
	(57,584)	(48,132)

consolidated statement of financial position

31 December 2009

	Notes	31 December 2009 HK$'000	31 March 2009 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**35,460**	24,055
Forest concessions	17	**833,801**	833,801
Total non-current assets		**869,261**	857,856
Current assets			
Trade receivables	19	**3,479**	834
Prepayments, deposits and other receivables	20	**12,253**	3,280
Pledged deposits	21	**4,238**	–
Cash and cash equivalents	21	**101,439**	145,349
Total current assets		**121,409**	149,463
Total assets		**990,670**	1,007,319
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Issued capital	26	**48,231**	42,031
Reserves	28(a)	**396,106**	391,837
		444,337	433,868
Minority interests		**40,901**	42,087
Total equity		**485,238**	475,955
Non-current liabilities			
Convertible bonds	24	**497,304**	523,557
Current liabilities			
Trade payables	22	**3,427**	817
Other payables and accruals	23	**4,701**	6,990
Total current liabilities		**8,128**	7,807
Total liabilities		**505,432**	531,364
Total equity and liabilities		**990,670**	1,007,319
Net current assets		**113,281**	141,656
Total assets less current liabilities		**982,542**	999,512

Mak Shiu Tong, Clement
Chairman

Tam Ngai Hung, Terry
Director

consolidated statement of changes in equity

Period from 1 April 2009 to 31 December 2009

		Attributable to owners of the parent									
	Notes	Issued capital HK$'000	Share premium account HK$'000	Contributed surplus HK$'000	Equity component of convertible bonds HK$'000	Share option reserve HK$'000	Exchange fluctuation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 April 2008		11,803	75,006	66,710	–	1,605	169	(97,450)	57,843	(4)	57,839
Total comprehensive loss for the year		–	–	–	–	–	(729)	(47,322)	(48,051)	(81)	(48,132)
Issue of convertible bonds		–	–	–	173,435	–	–	–	173,435	–	173,435
Issue of new shares upon conversion of convertible bonds	24	29,884	275,306	–	(56,560)	–	–	–	248,630	–	248,630
Issue of new shares upon exercise of share options	26	344	1,613	–	–	(650)	–	–	1,307	–	1,307
Equity-settled share option arrangements	27	–	–	–	–	704	–	–	704	–	704
Acquisition of subsidiaries	29	–	–	–	–	–	–	–	–	42,172	42,172
At 31 March 2009 and 1 April 2009		42,031	351,925*	66,710*	116,875*	1,659*	(560)*	(144,772)*	433,868	42,087	475,955
Total comprehensive income/(loss) for the period		–	–	–	–	–	1,038	(57,436)	(56,398)	(1,186)	(57,584)
Issue of new shares upon conversion of convertible bonds	24	6,200	60,475	–	(11,792)	–	–	–	54,883	–	54,883
Equity-settled share option arrangements	27	–	–	–	–	11,984	–	–	11,984	–	11,984
At 31 December 2009		48,231	412,400*	66,710*	105,083*	13,643*	478*	(202,208)*	444,337	40,901	485,238

* These reserve accounts comprise the consolidated reserves of HK$396,106,000 (31 March 2009: HK$391,837,000) in the consolidated statement of financial position.

consolidated statement of cash flows

Period from 1 April 2009 to 31 December 2009

	Notes	Period from 1 April 2009 to 31 December 2009 HK$'000	Year ended 31 March 2009 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax:			
From continuing operations		**(58,622)**	(43,831)
From discontinued operations		**–**	(3,572)
Adjustments for:			
Share of profits and losses of an associate		**–**	(141)
Finance costs	7	**28,630**	29,902
Interest income	5	**(52)**	(407)
Gain on disposal of the discontinued operations	11	**–**	(3,362)
Depreciation	6	**2,732**	1,251
Amortisation of deferred development expenditure	6	**–**	235
Write-off of items of property, plant and equipment		**–**	18
Impairment of other receivables	6	**–**	15
Equity-settled share option expenses		**11,984**	704
		(15,328)	(19,188)
Increase in trade receivables		**(2,645)**	(132)
(Increase)/decrease in prepayments, deposits and other receivables		**(8,973)**	8,023
Decrease in an amount due from a related company		**–**	55
Increase in trade payables		**2,610**	817
Increase in deferred service fees received in advance		**–**	413
Decrease in other payables and accruals		**(2,289)**	(1,975)
Decrease in an amount due to an associate		**–**	(909)
Net cash flows used in operating activities		**(26,625)**	(12,896)

	Notes	Period from 1 April 2009 to 31 December 2009 HK$'000	Year ended 31 March 2009 HK$'000
Net cash flows used in operating activities		**(26,625)**	(12,896)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**52**	407
Proceeds from disposal of financial assets at fair value through profit or loss		**–**	9,507
Purchases of items of property, plant and equipment	15	**(14,150)**	(25,090)
Proceeds from disposal of items of property, plant and equipment		**13**	–
Additions to deferred development expenditure	16	**–**	(837)
Net proceeds from disposal of the discontinued operations	30	**–**	8,886
Acquisition of subsidiaries	29	**–**	(11,309)
Increase in pledged deposits		**(4,238)**	–
Net cash flows used in investing activities		**(18,323)**	(18,436)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**–**	1,307
Proceeds from issue of convertible bonds		**–**	138,840
Net cash flows from financing activities		**–**	140,147
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(44,948)**	108,815
Cash and cash equivalents at beginning of period/year		**145,349**	37,303
Effect of foreign exchange rate changes, net		**1,038**	(769)
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR		**101,439**	145,349
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statement of financial position and the consolidated statement of cash flows	21	**101,439**	145,349

statement of financial position

31 December 2009

	Notes	31 December 2009 HK$'000	31 March 2009 HK$'000
ASSETS			
Non-current assets			
Interests in subsidiaries	18	**919,927**	919,472
Current assets			
Prepayments, deposits and other receivables	20	**176**	138
Cash and cash equivalents	21	**98,044**	49,753
Total current assets		**98,220**	49,891
Total assets		**1,018,147**	969,363
EQUITY AND LIABILITIES			
Issued capital	26	**48,231**	42,031
Reserves	28(b)	**422,385**	403,575
Total equity		**470,616**	445,606
Non-current liabilities			
Convertible bonds	24	**497,304**	523,557
Current liabilities			
Other payables and accruals	23	**150**	200
Due to a subsidiary	18	**50,077**	–
Total current liabilities		**50,227**	200
Total liabilities		**547,531**	523,757
Total equity and liabilities		**1,018,147**	969,363
Net current assets		**47,993**	49,691
Total assets less current liabilities		**967,920**	969,163

Mak Shiu Tong, Clement
Chairman

Tam Ngai Hung, Terry
Director

notes to financial statements

31 December 2009

1. CORPORATE INFORMATION

The registered office of CCT Resources Holdings Limited (the "Company") is located at the offices of Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business is located at 18/F, CCT Telecom Building, 11 Wo Shing Street, Fo Tan, Shatin, New Territories, Hong Kong.

During the period for the nine months ended 31 December 2009, the Company and its subsidiaries (collectively the "Group") were principally involved in the following activities:

- trading business
- forestry business

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. These financial statements are presented in Hong Kong dollars ("HK$") 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 for the period from 1 April 2009 to 31 December 2009. 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.

The acquisition of subsidiaries by the Group during the prior year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instrument issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries.

2.1 BASIS OF PREPARATION *(continued)*

Change of financial year end date

The financial year end date of the Company was changed from 31 March to 31 December with effect from 1 April 2009. The reason for the change is to align with the statutory year end date of the Company's principal subsidiaries in Indonesia. Following this change, these consolidated financial statements cover a period of nine months from 1 April 2009 to 31 December 2009, which is different from the twelve months period shown as comparative figures in the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, consolidated statement of cash flows and related notes.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
HKFRS 8	*Operating Segments*
HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 18 Amendment	Amendment to Appendix to HKAS 18 *Revenue – Determining whether an entity is acting as a principal or as an agent*
HKAS 23 (Revised)	*Borrowing Costs*
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement – Embedded Derivatives*
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate*
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*
HK(IFRIC)-Int 18	*Transfers of Assets from Customers* (adopted from 1 July 2009)
Improvements to HKFRSs (October 2008)	Amendments to a number of HKFRSs

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES *(continued)*

Other than as further explained below regarding the impact of HKAS 1 (Revised) and HKFRS 8, the principal effects of adopting these new and revised HKFRSs which has had no significant financial effect on these financial statements are as follows:

(a) HKFRS 8 *Operating Segments*

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

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

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

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

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

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2009* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 are effective for annual periods beginning on or after 1 July 2009 while amendments to HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 38 and HKAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation.

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

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that 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

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

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

An assessment is made at the end of each reporting period 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 certain financial assets 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties

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

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

(b) the party is an associate;

(c) the party is a member of the key management personnel of the Group or its parent;

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

(e) 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 (c) or (d).

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

Depreciation is calculated on the straight-line basis to write off the cost 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 improvements	20%
Plant and machinery	12.5%
Furniture and fixtures	20%
Computer and office equipment	20% to 33%
Motor vehicles	25%

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment and depreciation *(continued)*

Where parts of an item of property, plant and equipment have different useful lives, the cost 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 financial year end.

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

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

Intangible assets

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

Research and development costs

All research costs are charged to the income statement as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five years, commencing from the date when the products are put into commercial production.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets *(continued)*

Forest concessions

Forest concessions are stated at cost less accumulated amortisation and impairment losses and are amortised from the date they are available for use. Amortisation is charged to the income statement using the units of production method based on actual forestry area exploited as a percentage of total concession areas.

Operating leases

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

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, and loans and receivables, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

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

The Group's financial assets include cash and bank balances, trade and other receivables.

Subsequent measurement

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

Loans and receivables

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets

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

Financial assets carried at amortised cost

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

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Derecognition of financial assets

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

* the rights to receive cash flows from the asset have expired;

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

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

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

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as financial liabilities at fair value through profit or loss, and loans and borrowings, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

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

The Group's financial liabilities include trade and other payables and convertible bonds.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities *(continued)*

Convertible bonds

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and other valuation models.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

For the purpose of the statement of financial position, cash and bank balances comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Income tax

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

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

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

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

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

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

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

Revenue recognition

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

(i) from the sale of goods, when the significant risks and rewards of ownership have been transformed 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;

(ii) e-commerce service income, when the services have been rendered; and

(iii) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payment transactions

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

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes option pricing model, further details of which are given in note 27 to the financial statements.

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance 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 a percentage of their 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.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. 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 subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period and their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in the other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

For the purpose of the consolidated statement of cash flows, the cash flows of subsidiaries established in Mainland China 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 end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgement

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

Impairment of assets

The Group has to exercise judgement in determining whether an asset is impaired or the event previously causing the asset impairment no longer exists, particularly in assessing: (i) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (ii) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments during the period under review as follows:

(a) the trading business segment which is the trading of products, components and accessories;

(b) the forestry business segment which represents logging of trees, the operations of sawmills and the processing, production and export of sawn timber, other timber and wood products; and

(c) the provision of e-commerce services (the "B2B Business") segment which comprises the provision of on-line and off-line integrated marketing solutions services, application service provider services and technical consultancy services (discontinued during the year ended 31 March 2009).

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment loss, which is a measure of adjusted loss before tax from continuing operations. The adjusted loss before tax from continuing operations is measured consistently with the Group's loss before tax from continuing operations except that interest income, finance costs, equity-settled share option expenses, share of profits and losses of an associate, as well as head office and corporate expenses are excluded from such measurement.

4. OPERATING SEGMENT INFORMATION *(continued)*

Segment assets exclude unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude convertible bonds, tax payable and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

For the period from 1 April 2009 to 31 December 2009	Continuing operations				
HK$'000	Trading business	Forestry business	Total	Reconciliations	Group Total
Segment revenue:					
Revenue from external customers	6,970	–	6,970	–	6,970
Operating loss	(161)	(17,899)	(18,060)	–	(18,060)
Interest income	–	52	52	–	52
Finance costs	–	(28,630)	(28,630)	–	(28,630)
Reconciled items:					
Unallocated expenses					
– equity-settled share option expenses	–	–	–	(11,984)	(11,984)
Loss before tax	(161)	(46,477)	(46,638)	(11,984)	(58,622)
Expenditure for non-current assets	–	14,150	14,150	–	14,150
Depreciation and amortisation	–	(2,732)	(2,732)	–	(2,732)
Other material non-cash items:					
Finance costs	–	(28,630)	(28,630)	–	(28,630)
Equity-settled share option expenses	–	–	–	(11,984)	(11,984)

4. OPERATING SEGMENT INFORMATION *(continued)*

For the year ended 31 March 2009	Continuing operations			Discontinued operations		
HK$'000	Trading business	Forestry business	Total	B2B Business	Reconciliations	Group Total
Segment revenue:						
Revenue from external customers	7,370	–	7,370	15,302	–	22,672
Operating loss	(160)	(12,518)	(12,678)	(3,713)	–	(16,391)
Interest income	–	407	407	–	–	407
Finance costs	–	(29,902)	(29,902)	–	–	(29,902)
Share of profits and losses of associate	–	–	–	141	–	141
Reconciled items:						
Unallocated expenses	–	–	–	–	(1,658)	(1,658)
Loss before tax	(160)	(42,013)	(42,173)	(3,572)	(1,658)	(47,403)
Expenditure for non-current assets	–	24,652	24,652	1,275	–	25,927
Depreciation and amortisation	–	(581)	(581)	(905)	–	(1,486)
Impairment of deferred development expenditure	–	–	–	(5,531)	–	(5,531)
Other material non-cash items:						
Finance costs	–	(29,902)	(29,902)	–	–	(29,902)
Other non-cash expenses	–	–	–	(3,206)	–	(3,206)

As at 31 December 2009	**Continuing operations**				
HK$'000	**Trading business**	**Forestry business**	**Total**	**Reconciliations**	**Group Total**
Segment assets	**4,925**	**887,525**	**892,450**	**–**	**892,450**
Reconciled items:					
Unallocated corporate assets	**–**	**–**	**–**	**98,220**	**98,220**
Total assets	**4,925**	**887,525**	**892,450**	**98,220**	**990,670**
Total liabilities	**3,637**	**501,645**	**505,282**	**150**	**505,432**

4. OPERATING SEGMENT INFORMATION *(continued)*

As at 31 March 2009	Continuing operations				
HK$'000	Trading business	Forestry business	Total	Reconciliations	Group Total
Segment assets	1,878	955,550	957,428	–	957,428
Reconciled items:					
Unallocated corporate assets	–	–	–	49,891	49,891
Total assets	1,878	955,550	957,428	49,891	1,007,319
Segment liabilities	1,086	530,078	531,164	–	531,164
Reconciled items:					
Unallocated corporate liabilities	–	–	–	200	200
Total liabilities	1,086	530,078	531,164	200	531,364

The accounting policies of the reportable segments are the same as the Group's accounting policies. Central corporate office income and expenses, assets and liabilities that are not directly related to reportable segments have not been allocated to the operating segments. Performance is evaluated on the basis of profit or loss from operations before taxation. Taxation charge/(credit) is not allocated to reportable segments.

Additional disclosures on segments information by geographical location for the period ended 31 December 2009 and for the year ended 31 March 2009 are shown below:

(a) Revenue from external customers

	Period from 1 April 2009 to 31 December 2009 HK$'000	Year ended 31 March 2009 HK$'000
Mainland China	**6,970**	7,370

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

4. OPERATING SEGMENT INFORMATION *(continued)*

(b) Non-current assets

	31 December 2009 HK$'000	31 March 2009 HK$'000
Indonesia	**860,656**	856,690
Hong Kong	**8,605**	1,166
	869,261	857,856

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

Information about a major customer

Revenue from continuing operations of HK$6,641,000 for the period ended 31 December 2009 (year ended 31 March 2009: HK$6,503,000) was derived from sales by the trading business segment to one major customer.

5. REVENUE AND OTHER INCOME

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

An analysis of revenue and other income is as follows:

	Note	Period from 1 April 2009 to 31 December 2009 HK$'000	Year ended 31 March 2009 HK$'000
Revenue			
Sale of goods attributable to the continuing trading business		**6,970**	7,370
Rendering of services attributable to the discontinued B2B Business	11	**–**	15,302
		6,970	22,672
Other income			
Interest income		**52**	407
Others		**659**	987
		711	1,394

6. LOSS BEFORE TAX

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

	Notes	Period from 1 April 2009 to 31 December 2009 HK$'000	Year ended 31 March 2009 HK$'000
Staff costs (including directors' remuneration (note 8)):			
Salaries and related staff costs		**7,945**	20,550
Equity-settled share option expenses		**11,984**	704
Pension scheme contributions		**77**	1,099
		20,006	22,353
Less: Amounts capitalised in deferred development expenditure	16	**–**	(837)
		20,006	21,516
Auditors' remuneration		**600**	650
Depreciation	15	**2,732**	1,251
Amortisation of deferred development expenditure*	16	**–**	235
Impairment of deferred development expenditure**	16	**–**	5,531
Minimum lease payments under operating leases:			
Land and buildings		**1,655**	1,619
Loss on disposal and write-off of items of property, plant and equipment***		**–**	3,191
Impairment of other receivables****		**–**	15
Foreign exchange (gain)/loss, net		**(570)**	6

The disclosures presented in this note included those amounts charged/(credited) in respect of discontinued operations.

* Included in "Cost of sales" on the face of the consolidated income statement.

** Included in "Loss for the year from discontinued operations" on the face of the consolidated income statement.

*** Comprising amounts included in "Other expenses" and "Loss for the year from discontinued operations" on the face of the consolidated income statement.

**** Included in "Other expenses" on the face of the consolidated income statement.

7. FINANCE COSTS

	Period from 1 April 2009 to 31 December 2009 HK$'000	Year ended 31 March 2009 HK$'000
Interest charge on convertible bonds	**28,630**	29,902

The charge represents the imputed interest on the liability component of the convertible bonds for the period/year.

8. DIRECTORS' REMUNERATION

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

	Group	
	Period from 1 April 2009 to 31 December 2009 HK$'000	Year ended 31 March 2009 HK$'000
Executive directors:		
Fees	**–**	–
Other emoluments:		
Salaries, housing allowances, other allowances and benefits in kind	**2,525**	1,742
Other remuneration	**–**	1,690
Pension scheme contributions	**16**	11
Equity-settled share option expenses	**5,646**	704
	8,187	4,147
Independent non-executive directors:		
Fees	**135**	180
Equity-settled share option expenses	**618**	–
	753	180
	8,940	4,327

8. DIRECTORS' REMUNERATION *(continued)*

During the period from 1 April 2009 to 31 December 2009, 100,500,000 share options were granted to certain directors, in respect of their services to the Group under the Company's share option scheme, further details of which are set out in note 27 to the financial statements. The share options have been vested upon the date of grant. The fair value of such share options which has been recognised in the income statement, was determined as at the date of grant and the amount included in the financial statements for the period is included in the above directors' remuneration disclosures.

During the year ended 31 March 2009, 18,000,000 share options were granted to certain directors, in respect of their services to the Group under the Company's share option scheme, further details of which are set out in note 27 to the financial statements. The fair value of such share options which has been recognised in the income statement over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the prior year is included in the above directors' remuneration disclosures.

(a) Independent non-executive directors

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

	Fees HK$'000	Equity-settled share option expenses HK$'000	Total HK$'000
Period from 1 April 2009 to 31 December 2009:			
Lam Kin Kau, Mark	**45**	**206**	**251**
Fung Hoi Wing, Henry	**45**	**206**	**251**
Lau Ho Wai, Lucas	**45**	**206**	**251**
	135	**618**	**753**
Year ended 31 March 2009:			
Lam Kin Kau, Mark	60	–	60
Fung Hoi Wing, Henry	60	–	60
Lau Ho Wai, Lucas	60	–	60
	180	–	180

There were no other emoluments payable to the independent non-executive directors during the period (year ended 31 March 2009: Nil).

8. DIRECTORS' REMUNERATION *(continued)*

(b) Executive directors

	Salaries, housing allowances, other allowances and benefits in kind Hk$'000	Other remuneration HK$'000	Pension scheme contributions HK$'000	Equity-settled share option expenses HK$'000	Total remuneration HK$'000
Period from 1 April 2009 to 31 December 2009:					
Mak Shiu Tong, Clement	**–**	**–**	**–**	**–**	**–**
Tam Ngai Hung, Terry	**–**	**–**	**–**	**2,383**	**2,383**
Cheng Yuk Ching, Flora	**–**	**–**	**–**	**2,707**	**2,707**
William Donald Putt	**–**	**–**	**–**	**206**	**206**
Ma Hang Kon, Louis (note 1)	**1,650**	**–**	**9**	**206**	**1,865**
Chan Hoi Tung, Tony (note 1)	**875**	**–**	**7**	**144**	**1,026**
	2,525	**–**	**16**	**5,646**	**8,187**
Year ended 31 March 2009:					
Mak Shiu Tong, Clement	–	700	–	–	700
Tam Ngai Hung, Terry	–	590	–	–	590
Cheng Yuk Ching, Flora	–	400	–	–	400
William Donald Putt	–	–	–	–	–
Ma Hang Kon, Louis	1,100	–	6	520	1,626
Chan Hoi Tung, Tony	642	–	5	184	831
	1,742	1,690	11	704	4,147

Note 1: Mr. Ma Hang Kon, Louis and Mr. Chan Hoi Tung, Tony resigned as directors of the Company on 15 January 2010 and 31 October 2009, respectively.

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

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the period/year included four (year ended 31 March 2009: three) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining one (year ended 31 March 2009: two) non-director, highest paid employee for the period/year are as follows:

	Group	
	Period from 1 April 2009 to 31 December 2009 HK$'000	Year ended 31 March 2009 HK$'000
Salaries, allowances and benefits in kind	**–**	1,426
Pension scheme contributions	**–**	12
Equity-settled share option expenses	**5,296**	–
	5,296	1,438

The remuneration of the highest paid employee who is not a director of the Company for the period from 1 April 2009 to 31 December 2009 fell within the range from HK$5,000,001 to HK$5,500,000. The remuneration of each of the highest paid employees who are not directors of the Company for the year ended 31 March 2009 fell within the range from nil to HK$1,000,000.

10. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (year ended 31 March 2009: Nil). Overseas profits tax has not been provided as the overseas subsidiaries had no taxable income for the period/year.

A reconciliation of the tax expense applicable to loss before tax at the statutory rates for the jurisdictions in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

10. INCOME TAX EXPENSE *(continued)*

Group – Period from 1 April 2009 to 31 December 2009:

	Indonesia		Hong Kong		Total	
	HK$'000	%	HK$'000	%	HK$'000	%
Loss before tax	(8,273)		(50,349)		(58,622)	
Tax at the applicable tax rate	(2,317)	28.0	(8,308)	16.5	(10,625)	18.1
Income not subject to tax	(10)	0.1	(2)	–	(12)	–
Expenses not deductible for tax	–	–	6,701	(13.3)	6,701	(11.4)
Tax losses not recognised	2,327	(28.1)	1,609	(3.2)	3,936	(6.7)
Tax charge at the Group's effective rate	–	–	–	–	–	–

Group – Year ended 31 March 2009:

	Indonesia		Hong Kong		Mainland China		Total	
	HK$'000	%	HK$'000	%	HK$'000	%	HK$'000	%
Loss before tax (including loss from discontinued operations)	(5,895)		(35,947)		(5,561)		(47,403)	
Tax at the applicable tax rate	(1,651)	28.0	(5,931)	16.5	(1,390)	25.0	(8,972)	18.9
Income not subject to tax	(47)	0.8	(41)	0.1	–	–	(88)	0.2
Expenses not deductible for tax	–	–	5,050	(14.0)	–	–	5,050	(10.7)
Tax losses not recognised	1,698	(28.8)	922	(2.6)	1,390	(25.0)	4,010	(8.4)
Tax charge at the Group's effective rate	–	–	–	–	–	–	–	–

11. DISCONTINUED OPERATIONS

On 8 August 2008, the Company entered into a conditional sale and purchase agreement with an independent third party for the sale of the B2B Business at a total consideration of approximately HK$12,000,000 (the "Disposal"). The consideration was satisfied by way of cash.

The Disposal was completed on 23 September 2008. Thereafter, the Group discontinued its B2B Business.

The results of the B2B Business for the year ended 31 March 2009 are presented below:

	Year ended 31 March 2009 HK$'000
Revenue	15,302
Cost of sales	(10,687)
Gross profit	4,615
Other income and gains	243
Selling and distribution costs	(1,443)
General and administrative expenses	(8,096)
Advertising and promotion expenses	(1,708)
Other expenses	(686)
Share of profits and losses of an associate	141
Loss before tax from the discontinued operations	(6,934)
Tax	–
Loss for the year from the discontinued operations	(6,934)
Gain on disposal of the discontinued operations	3,362
	(3,572)

11. DISCONTINUED OPERATIONS *(continued)*

The net cash flows incurred by the discontinued operations are as follows:

	Year ended 31 March 2009 HK$'000
Operating activities	(7,993)
Investing activities	(37)
Financing activities	7,999
Net cash outflow	(31)
Loss per share:	
Basic, from the discontinued operations	(HK0.18 cents)
Diluted, from the discontinued operations	(HK0.18 cents)

The calculation of basic loss per share from the discontinued operations is based on:

	Year ended 31 March 2009 HK$'000
Loss	
Loss attributable to owners of the parent from the discontinued operations	(3,572)

	Number of shares
Shares	
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	2,037,203,795

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

12. LOSS ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated loss attributable to owners of the parent for the period from 1 April 2009 to 31 December 2009 includes a loss of HK$41,857,000 (year ended 31 March 2009: HK$31,578,000) which has been dealt with in the financial statements of the Company (note 28(b)).

13. DIVIDEND

No dividend has been paid or declared by the Company during the period ended 31 December 2009 (year ended 31 March 2009: Nil).

14. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the period/year.

The calculation of basic and diluted loss per share is based on:

	Period from 1 April 2009 to 31 December 2009 HK$'000	Year ended 31 March 2009 HK$'000
Loss		
Loss attributable to ordinary equity holders of the parent:		
From continuing operations	**(57,436)**	(43,750)
From discontinued operations	**–**	(3,572)
	(57,436)	(47,322)

	Number of shares	
Shares		
Weighted average number of ordinary shares in issue during the period/year	4,347,003,545	2,037,203,795

No adjustment has been made to the basic loss per share amounts presented for the period from 1 April 2009 to 31 December 2009 and the year ended 31 March 2009 in respect of a dilution as the impact of the convertible bonds and share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

15. PROPERTY, PLANT AND EQUIPMENT

Group

	Construction in progress HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Computer and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 December 2009						
At 31 March 2009 and at 1 April 2009:						
Cost	1,547	1,020	20,687	497	885	24,636
Accumulated depreciation	–	(195)	(194)	(94)	(98)	(581)
Net carrying amount	1,547	825	20,493	403	787	24,055
At 1 April 2009, net of accumulated depreciation	1,547	825	20,493	403	787	24,055
Additions	2,686	–	11,266	190	8	14,150
Disposals and write-off	–	–	–	(7)	(6)	(13)
Depreciation provided during the period	–	(309)	(2,124)	(117)	(182)	(2,732)
At 31 December 2009, net of accumulated depreciation	4,233	516	29,635	469	607	35,460
At 31 December 2009:						
Cost	4,233	1,020	31,953	676	885	38,767
Accumulated depreciation	–	(504)	(2,318)	(207)	(278)	(3,307)
Net carrying amount	4,233	516	29,635	469	607	35,460

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

Group

	Construction in progress HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Computer and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 March 2009							
At 1 April 2008:							
Cost	–	2,571	–	1,344	16,705	–	20,620
Accumulated depreciation	–	(1,085)	–	(1,042)	(15,126)	–	(17,253)
Net carrying amount	–	1,486	–	302	1,579	–	3,367
At 1 April 2008, net of accumulated depreciation	–	1,486	–	302	1,579	–	3,367
Additions	1,547	1,370	20,687	25	576	885	25,090
Disposals and write-off	–	(1,627)	–	(284)	(1,280)	–	(3,191)
Depreciation provided during the year	–	(423)	(194)	(49)	(487)	(98)	(1,251)
Exchange realignment	–	19	–	6	15	–	40
At 31 March 2009, net of accumulated depreciation	1,547	825	20,493	–	403	787	24,055
At 31 March 2009:							
Cost	1,547	1,020	20,687	–	497	885	24,636
Accumulated depreciation	–	(195)	(194)	–	(94)	(98)	(581)
Net carrying amount	1,547	825	20,493	–	403	787	24,055

16. DEFERRED DEVELOPMENT EXPENDITURE

	Group
	HK$'000
Cost at 1 April 2008, net of accumulated amortisation and impairment	4,929
Additions – internal development	837
Amortisation provided during the year ended 31 March 2009	(235)
Impairment during the year ended 31 March 2009	(5,531)
At 31 March 2009 and 31 December 2009	–
At 31 March 2009 and 31 December 2009	
Cost	–
Accumulated amortisation and impairment	–
Net carrying amount	–

During the prior year ended 31 March 2009, in view of the discontinuance of the B2B Business, the Company's directors considered that the carrying values of the deferred development expenditure are irrecoverable and therefore impairment losses of approximately HK$5,531,000 were recognised.

17. FOREST CONCESSIONS

During the year ended 31 March 2009, the Group acquired certain forest concessions in the Papua Province of Indonesia through acquisition of subsidiaries, which provides the Group with the right to exploit and harvest trees in 313,500 hectares of forest area and to carry out plantation activities in the concession areas.

The Group commenced harvesting of trees in certain concession areas in the later part of 2009. In the opinion of the Company's directors, as amortisation of the forest concessions for the period from 1 April 2009 to 31 December 2009 was insignificant to the Group's results and financial position, no amortisation of the forest concessions was recognised in the consolidated income statement for the period from 1 April 2009 to 31 December 2009.

18. INTERESTS IN AND BALANCES WITH SUBSIDIARIES

An analysis of interests in subsidiaries is as follows:

	Company	
	31 December 2009 HK$'000	31 March 2009 HK$'000
Unlisted shares, at cost	**938,602**	938,602
Due from subsidiaries	**25,062**	24,607
	963,664	963,209
Impairment	**(43,737)**	(43,737)
	919,927	919,472

The balances with the subsidiaries included in the interests in subsidiaries above as at 31 December 2009 and 31 March 2009 and the amount due to a subsidiary of HK$50,077,000 as at 31 December 2009 are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of these amounts due from/(to) subsidiaries approximate to their fair values.

An impairment was recognised for certain unlisted investments and balances due from subsidiaries, with a carrying amount of HK$43,737,000 (31 March 2009: HK$43,737,000) because the recoverable amount determined based on the value in use of these subsidiaries, which were loss-making in prior years, is less than the carrying amount.

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Merdeka Timber Trading Limited (formerly known as Datawin Limited)	Hong Kong	HK$100,000 Ordinary	–	100	Timber Trading
Source Easy Limited	Hong Kong	HK$10,000 Ordinary	–	100	Trading business

18. INTERESTS IN AND BALANCES WITH SUBSIDIARIES *(continued)*

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Merdeka Timber Group Ltd. ("MTG")	British Virgin Islands/ Hong Kong	USD12,000	100	–	Investment holding
PT. Merdeka Tapare Timber ("PTMTT")	Indonesia	USD500,000	–	65	Timber and forestry business
PT. Merdeka Plantation Indonesia ("PTMPI")	Indonesia	USD5,000,000	–	95	Timber and forestry business

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the period 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.

19. TRADE RECEIVABLES

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

	31 December 2009 HK$'000	31 March 2009 HK$'000
Current to 30 days	**1,710**	834
31 to 60 days	**1,769**	–
	3,479	834

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 two months, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

19. TRADE RECEIVABLES *(continued)*

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

	Group			
	31 December 2009		31 March 2009	
	Balance HK$'000	**Percentage**	Balance HK$'000	Percentage
Current to 30 days	**1,710**	**49**	834	100
31 to 60 days	**1,769**	**51**	–	–
	3,479	**100**	834	100

The movement in the provision for impairment of trade receivables is as follows:

	Group	
	31 December 2009 HK$'000	31 March 2009 HK$'000
At beginning of year	**–**	2,853
Amount written off	**–**	(2,853)
At end of period/year	**–**	–

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	Group	
	31 December 2009 HK$'000	31 March 2009 HK$'000
Neither past due nor impaired	**3,479**	834

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

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	31 December 2009 HK$'000	31 March 2009 HK$'000	**31 December 2009 HK$'000**	31 March 2009 HK$'000
Prepayments	**6,589**	229	**150**	113
Deposits and other receivables	**5,664**	3,051	**26**	25
	12,253	3,280	**176**	138

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

21. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Group		Company	
	31 December 2009 HK$'000	31 March 2009 HK$'000	**31 December 2009 HK$'000**	31 March 2009 HK$'000
Cash and bank balances	**105,677**	32,135	**98,044**	6,745
Time deposits	**–**	113,214	**–**	43,008
	105,677	145,349	**98,044**	49,753
Less: Pledged deposits	**(4,238)**	–	**–**	–
	101,439	145,349	**98,044**	49,753

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$65,000 (31 March 2009: HK$522,000). 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 earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one and two weeks depending on the immediate cash requirements of the Group and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

22. TRADE PAYABLES

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

	Group			
	31 December 2009		31 March 2009	
	Balance HK$'000	**Percentage**	Balance HK$'000	Percentage
Current to 30 days	**1,684**	**49**	817	100
31 to 60 days	**1,743**	**51**	–	–
	3,427	**100**	817	100

The trade payables are non-interest-bearing and are normally settled on credit terms of 60 days.

23. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	31 December 2009 HK$'000	31 March 2009 HK$'000	**31 December 2009 HK$'000**	31 March 2009 HK$'000
Other payables	**3,346**	5,848	**–**	–
Accruals	**1,355**	1,142	**150**	200
	4,701	6,990	**150**	200

Other payables are non-interest-bearing and have an average term of three months.

24. CONVERTIBLE BONDS

(a) On 12 August 2008, the Company issued convertible bonds to Merdeka Commodities Limited ("MCL") with an aggregate nominal value of approximately HK$776,880,000 (the "MCL Convertible Bonds") as part of the consideration for the acquisition of forest concessions in Papua, Indonesia.

Subject to the restrictions specified below, the MCL Convertible Bonds are convertible at the option of the bondholders into ordinary shares in the Company at the initial conversion price of HK$0.1 per share (subject to adjustment as provided in the terms and conditions of the MCL Convertible Bonds) at any time from the date of issue and ending on the fifth business day before the third anniversary of the date of issue:

- The bondholders do not have the right to convert any principal amount of the MCL Convertible Bonds into new shares of the Company thereof, if upon such conversion, MCL and the parties acting in concert with it will be interested in 30% (or such amount as may from time to time be specified in the Codes on Takeovers and Mergers and Share Repurchases as being the level for triggering a mandatory general offer) or more of the enlarged issued share capital of the Company at the date of relevant conversion.

- The conversion of the MCL Convertible Bonds shall not cause the Company to be in breach of the minimum public float requirement as stipulated under Rule 11.23 of the GEM Listing Rules; and

- The bondholders do not have the right to convert any MCL Convertible Bonds with the principal amount falling between the range of HK$350,000,000 to HK$776,880,000 at any time during the period from the issue date up to and inclusive of the date that falls on the first anniversary of the issue date.

The MCL Convertible Bonds are unsecured, interest-free and have a maturity date of 12 August 2011. Unless converted into the shares of the Company or early repaid by the Company, the outstanding balance of the MCL Convertible Bonds would be redeemed in full on maturity.

During the year ended 31 March 2009, the MCL Convertible Bonds with an aggregate principal amount of approximately HK$160,000,000 were converted into 1,600,000,000 shares in the Company of HK$0.01 each (note 26). During the period from 1 April 2009 to 31 December 2009, the MCL Convertible Bonds with an aggregate principal amount of approximately HK$62,000,000 were converted into 620,000,000 shares in the Company of HK$0.01 each (note 26). The outstanding principal amount of the MCL Convertible Bonds as at 31 December 2009 was HK$554,880,000.

Subsequent to the end of the reporting period, in March 2010, the MCL Convertible Bonds with a nominal value of HK$50,000,000 were converted into 500,000,000 shares in the Company of HK$0.01 each. The outstanding principal amount after the conversion of the MCL Convertible Bonds in March 2010 was HK$504,880,000.

24. CONVERTIBLE BONDS *(continued)*

(b) On 12 August 2008, the Company issued convertible bonds with an aggregate nominal value of approximately HK$138,840,000 (the "Manistar Convertible Bonds") for cash to provide funds for the development and operations of the forestry business.

The Manistar Convertible Bonds were convertible at the option of the bondholders into ordinary shares in the Company at the initial conversion price of HK$0.1 per share (subject to adjustment as provided in the terms and conditions of the Manistar Convertible Bonds) at any time from the date of issue and ending on the fifth business day before the third anniversary of the date of issue. The Manistar Convertible Bonds were unsecured, interest-free and had a maturity date of 12 August 2011. Unless converted into the shares of the Company or early repaid by the Company, the outstanding balance of the Manistar Convertible Bonds would be redeemed in full on maturity.

During the year ended 31 March 2009, the Manistar Convertible Bonds with an aggregate principal amount of approximately HK$138,840,000 were fully converted into 1,388,400,000 shares in the Company of HK$0.01 each (note 26). There was no Manistar Convertible Bonds outstanding as at 31 December 2009 and 31 March 2009.

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.

25. DEFERRED TAX

The Group has tax losses arising in Hong Kong of HK$54,793,000 (31 March 2009: HK$45,926,000) that are available indefinitely for offsetting against future taxable profits of the 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.

26. SHARE CAPITAL

Shares

	31 December 2009 HK$'000	31 March 2009 HK$'000
Authorised:		
20,000,000,000 ordinary shares of HK$0.01 each	**200,000**	200,000
Issued and fully paid:		
4,823,149,000 (31 March 2009: 4,203,149,000) ordinary shares of HK$0.01 each	**48,231**	42,031

26. SHARE CAPITAL *(continued)*

During the period from 1 April 2009 to 31 December 2009, the MCL Convertible Bonds with a nominal value of HK$62,000,000 were converted into 620,000,000 shares in the Company of HK$0.01 each at a conversion price of HK$0.1 per share. Further details relating to the MCL Convertible Bonds and the Manistar Convertible Bonds were set out in note 24 to the financial statements.

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

	Number of shares in issue	Issued capital HK$'000	Share premium account HK$'000	Total HK$'000
At 1 April 2008	1,180,349,000	11,803	75,006	86,809
Issue of new shares upon conversion of convertible bonds (note 24)	2,988,400,000	29,884	275,306	305,190
Share options exercised	34,400,000	344	1,613	1,957
	3,022,800,000	30,228	276,919	307,147
At 31 March 2009 and 1 April 2009	4,203,149,000	42,031	351,925	393,956
Issue of new shares upon conversion of convertible bonds (note 24)	620,000,000	6,200	60,475	66,675
At 31 December 2009	4,823,149,000	48,231	412,400	460,631

Share options

Details of the Company's share option scheme are included in note 27 to the financial statements.

27. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants for their contribution to the Group. The Share Option Scheme was approved by the then sole shareholder of the Company on 20 February 2002 by way of a written resolution. The board of directors of the Company (the "Board") may, at their discretion, offer options to any full-time or part-time employee or director of any member of the Group, and any consultant of or adviser to any member of the Group (the "Participants") to subscribe for shares of the Company (the "Shares"). The Share Option Scheme became effective on 7 March 2002 and shall be valid and effective for a period of 10 years from that date, subject to early termination by the Company in a general meeting or by the Board.

The maximum number of Shares which may be issued upon the exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme must not exceed 30% of the Shares in issue from time to time.

The maximum number of Shares available for issue under share options which may be granted under the Share Option Scheme adopted by the Company must not in aggregate exceed 10% of the Shares in issue. The maximum number of Shares issued and to be issued upon exercise of the share options granted and to be granted to each Participant (including both exercised and outstanding share options) in any 12-month period up to the date of grant must not exceed 1% of the Shares in issue at the date of grant. Any further grant of share options in excess of the above limit must be subject to shareholders' approval with such Participant and his associates (as defined in the GEM Listing Rules) abstaining from voting.

If share options are granted to a connected person (as defined in the GEM Listing Rules) or his associates, the granting of such share options will be subject to approval of all independent non-executive directors ("INEDs") (excluding INED who is a grantee); where options are proposed to be granted to a connected person who is also a substantial shareholder or an INED of the Company or any of their respective associates which will result in the total number of Shares issued and to be issued upon exercise of the share options granted or to be granted (including share options exercised, cancelled and outstanding) to such person under the Share Option Scheme in the past 12-month period up to and including the date of such grant: (1) exceeding 0.1% of the total issued Shares for the time being; and (2) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5,000,000, the granting of such options will be subject to approval of the independent shareholders of the Company. All connected persons will abstain from voting (except any connected person that may vote against the resolution).

Upon acceptance of the share option, the grantee shall pay HK$1 to the Company as consideration for the grant. The share option will be offered for acceptance for a period of 28 days (or such shorter period as the Board may from time to time determine) from the date on which the share option is granted. The exercise period of the share options granted is determinable by the directors and commences after a certain vesting period, if any, as determined by the directors and ends on a date which is not later than 10 years from the date of the offer of the share options or the expiry date of the Share Option Scheme, if earlier.

27. SHARE OPTION SCHEME *(continued)*

The subscription price of the Share in respect of any particular share option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price shall be the highest of: (i) the closing price of the Shares as stated in The Stock Exchange of Hong Kong Limited's (the "Stock Exchange") daily quotation sheet on the date of the grant of the share option, which must be a business day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets on the five business days immediately preceding the date of the grant of the share option; and (iii) the nominal value of the Share.

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

The following share options were outstanding under the Share Option Scheme during the period/year:

	Period from 1 April 2009 to 31 December 2009		Year ended 31 March 2009	
	Weighted average exercise price (HK$ per share)	**Number of options ('000)**	Weighted average exercise price (HK$ per share)	Number of options ('000)
At beginning of period/year	**0.070**	**68,500**	0.038	104,900
Granted during the period/year	**0.160**	**200,000**	0.160	18,000
Forfeited/expired during the period/year	**–**	**–**	0.037	(20,000)
Exercised during the period/year	**–**	**–**	0.038	(34,400)
At end of period/year	**0.137**	**268,500**	0.070	68,500

No share option was exercised during the period from 1 April 2009 to 31 December 2009. The weighted average share price at the date of exercise for share options exercised during the year ended 31 March 2009 was HK$0.28.

27. SHARE OPTION SCHEME *(continued)*

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

31 December 2009 Number of options ('000)	**Exercise price* (HK$ per share)**	**Exercise period**
50,500	**0.038**	**14 Aug 2006 to 13 Aug 2011**
5,000	**0.195**	**6 Apr 2009 to 13 Aug 2011**
5,000	**0.195**	**6 Oct 2009 to 13 Aug 2011**
4,000	**0.116**	**14 May 2009 to 13 Aug 2011**
4,000	**0.116**	**14 Nov 2009 to 13 Aug 2011**
9,500	**0.160**	**7 Jul 2009 to 6 Mar 2012**
190,500	**0.160**	**11 Aug 2009 to 6 Mar 2012**
268,500		

31 March 2009 Number of options '000	Exercise price* HK$ per share	Exercise period
50,500	0.038	14 Aug 2006 to 13 Aug 2011
5,000	0.195	6 Apr 2009 to 13 Aug 2011
5,000	0.195	6 Oct 2009 to 13 Aug 2011
4,000	0.116	14 May 2009 to 13 Aug 2011
4,000	0.116	14 Nov 2009 to 13 Aug 2011
68,500		

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

The fair value of the share options granted during the period was HK$11,634,000 (year ended 31 March 2009: HK$1,054,000) of which the Group recognised a share option expense of HK$11,634,000 (year ended 31 March 2009: HK$704,000) during the period.

27. SHARE OPTION SCHEME *(continued)*

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

	Period ended 31 December 2009	Year ended 31 March 2009
Dividend yield (%)	**–**	–
Expected volatility (%)	**54 – 56**	75 – 78
Historical volatility (%)	**54 – 56**	75 – 78
Risk-free interest rate (%)	**0.2 – 1.0**	0.7 – 1.4
Expected life of options (year)	**1.3 – 2.7**	1.6 – 1.9
Closing share price at grant date (HK$)	**0.15 – 0.191**	0.109 – 0.188

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

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

At the end of the reporting period, the Company had 268,500,000 share options outstanding under the Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 268,500,000 additional ordinary shares in the Company and additional share capital of HK$2,685,000 and share premium of approximately HK$34,112,000 (before issue expenses).

At the date of approval of these financial statements, 5,000,000 share options were exercised subsequent to the end of the reporting period. The number of share options outstanding under the Share Option Scheme as at the date of approval of these audited financial statements was 263,500,000, which represented approximately 4.95% of the Company's shares in issue as at that date.

28. 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 48 of the financial statements.

The Group's contributed surplus represents the difference between the nominal value of the shares and the share premium accounts of the subsidiaries acquired in prior years, over the nominal value of the Company's shares issued in exchange therefore.

(b) Company

	Share premium account HK$'000	Contributed surplus HK$'000	Equity component of convertible bonds HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2008	75,006	18,203	–	1,605	(53,509)	41,305
Issue of convertible bonds	–	–	173,435	–	–	173,435
Issue of new shares upon exercise of share options	1,613	–	–	(650)	–	963
Issue of new shares upon conversion of convertible bonds	275,306	–	(56,560)	–	–	218,746
Equity-settled share option arrangements	–	–	–	704	–	704
Total comprehensive loss for the year	–	–	–	–	(31,578)	(31,578)
At 31 March 2009	351,925	18,203	116,875	1,659	(85,087)	403,575
At 31 March 2009 and 1 April 2009	351,925	18,203	116,875	1,659	(85,087)	403,575
Issue of new shares upon conversion of convertible bonds	60,475	–	(11,792)	–	–	48,683
Equity-settled share option arrangements	–	–	–	11,984	–	11,984
Total comprehensive loss for the period	–	–	–	–	(41,857)	(41,857)
At 31 December 2009	412,400	18,203	105,083	13,643	(126,944)	422,385

28. RESERVES *(continued)*

(b) Company *(continued)*

The Company's contributed surplus represents the excess of the fair value of the shares of a subsidiary acquired in prior years, over the nominal value of the Company's shares issued in exchange therefor.

Under the Companies Law (Revised) of the Cayman Islands, the share premium account is distributable to the shareholders of the Company, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payment transactions in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits/(accumulated losses) should the related options expire or be forfeited.

29. BUSINESS COMBINATION

On 12 August 2008, the Group acquired a 100% equity interest in MTG and its subsidiaries ("the MTG Group"). The MTG Group is principally engaged in upstream and downstream forestry operations in natural forest concession. The purchase consideration for the acquisition was satisfied by cash of HK$7,800,000 paid at the acquisition date and the remaining of HK$776,880,000 by issuance of the MCL Convertible Bonds.

	Fair value recognised on acquisition HK$'000	**Previous carrying amount** HK$'000
Intangible assets	833,801	–
Other payables and accruals	(3,440)	(3,440)
	830,361	(3,440)
Minority interests	(42,172)	
	788,189	
Satisfied by:		
Cash	7,800	
Incidental costs	3,509	
MCL Convertible Bonds	776,880	
	788,189	

29. BUSINESS COMBINATION *(continued)*

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries is as follows:

	HK$'000
Cash paid	(11,309)
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	(11,309)

Since its acquisition, the MTG Group contributed loss of HK$12,518,000 to the consolidated loss for the year ended 31 March 2009.

Had the combination taken place at 1 April 2008, the consolidated loss of the Group for the prior year would have been approximately HK$51,345,000 and there would be no impact to the revenue from continuing operations of the Group for the prior year of HK$7,370,000.

30. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

An analysis of the net cash flows in respect of the disposal of the discontinued operations is as follows:

	Year ended 31 March 2009 HK$'000
Net assets disposed of/written off:	
Property, plant and equipment	3,173
Interest in an associate	551
Deferred development costs	5,531
Deferred service fees received in advance	(3,731)
	5,524
Gain on disposal of the discontinued operations	3,362
	8,886
Represented by:	
Cash consideration received	12,000
Expenses incurred in connection with the Disposal	(3,114)
Net inflow of cash and cash equivalents in respect of the Disposal	8,886

31. CONTINGENT LIABILITIES

As at 31 March 2009, a guarantee of HK$5,000,000 was given by the Company to a bank in connection with banking facilities granted to a subsidiary. As at 31 March 2009, the banking facilities guaranteed by the Company remained unutilised.

As at 31 December 2009, the Company had no significant contingent liabilities.

32. OPERATING LEASE COMMITMENTS

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to two years.

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

	Group	
	31 December 2009 HK$'000	31 March 2009 HK$'000
Within one year	**1,849**	1,849
In the second to fifth years, inclusive	**154**	1,772
	2,003	3,621

33. COMMITMENTS

In addition to operating lease commitments detailed in note 32 above, the Group had the following capital commitments at the end of the reporting period:

	Group	
	31 December 2009 HK$'000	31 March 2009 HK$'000
Authorised, but not contracted for plant and machinery	**5,239**	19,562
Contracted, but not provided for plant and machinery	**173**	–
	5,412	19,562

34. RELATED PARTY TRANSACTIONS

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

	Group	
	Period from 1 April 2009 to 31 December 2009 HK$'000	Year ended 31 March 2009 HK$'000
Service charges paid to an associate	**–**	842

The service charges were determined at rates mutually agreed between the Group and the associate.

(b) Compensation of key management personnel of the Group

	Period from 1 April 2009 to 31 December 2009 HK$'000	Year ended 31 March 2009 HK$'000
Short term employee benefits	**2,525**	3,435
Post-employment benefits	**16**	11
Equity-settled share option expense	**5,646**	704
Total compensation paid to key management personnel	**8,187**	4,150

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

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise convertible bonds, cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade 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 and liquidity risk. The Board reviews and agrees policies for managing this risk and they are summarised below.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales, purchases or expenditure by operating units in currencies other than the units' functional currencies. The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rates of the US dollar ("USD"), RMB and Rupiahs ("Rp"), with all other variables held constant, of the Group's loss before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in exchange rate	**Increase/ (decrease) in loss before tax**
	%	HK$'000
Period from 1 April 2009 to 31 December 2009		
If USD weakens against Rp	**10**	**851**
If USD strengthens against Rp	**(10)**	**(851)**
If Hong Kong dollar weakens against RMB	**10**	**9**
If Hong Kong dollar strengthens against RMB	**(10)**	**(9)**
Year ended 31 March 2009		
If USD weakens against Rp	10	188
If USD strengthens against Rp	(10)	(188)
If Hong Kong dollar weakens against RMB	10	70
If Hong Kong dollar strengthens against RMB	(10)	(70)

35. 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 convertible bonds. In addition, banking facilities have been put in place for contingency purposes.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

As at 31 December 2009

	Group		
	Within one year or on demand HK$'000	**In the second year HK$'000**	**Total HK$'000**
Trade payables	**3,427**	**–**	**3,427**
Other payables	**3,346**	**–**	**3,346**
Convertible bonds	**–**	**554,880**	**554,880**
	6,773	**554,880**	**561,653**

As at 31 March 2009

	Group			
	Within one year or on demand HK$'000	In the second year HK$'000	In the third to fifth years, inclusive HK$'000	Total HK$'000
Trade payables	817	–	–	817
Other payables	5,848	–	–	5,848
Convertible bonds	–	–	616,880	616,880
	6,665	–	616,880	623,545

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

As at 31 December 2009

	Company
	In the second year HK$'000
Convertible bonds	**554,880**

As at 31 March 2009

	Company
	In the third to fifth years, inclusive HK$'000
Convertible bonds	616,880

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 and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objective policies or processes for managing capital during the period ended 31 December 2009 and the year ended 31 March 2009.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

The Group monitors capital using a gearing ratio, which is total borrowings divided by total capital plus total borrowings. The Group's total borrowings represent convertible bonds. The Group's capital represents the equity attributable to owners of the parent.

	Group	
	31 December 2009 HK$'000	31 March 2009 HK$'000
Convertible bonds	**497,304**	523,557
Total borrowings	**497,304**	523,557
Total capital	**444,337**	433,868
Total capital and borrowings	**941,641**	957,425
Gearing ratio	**52.8%**	54.7%

36. FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets and liabilities of the Company and the Group as at 31 December 2009 and 31 March 2009 are loans and receivables and financial liabilities stated at amortised cost, respectively.

37. EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the MCL Convertible Bonds with a nominal value of HK$50,000,000 were converted into 500,000,000 shares in the Company of HK$0.01 each. The outstanding principal amount immediately after the conversion of the MCL Convertible Bonds was HK$504,880,000.

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board on 22 March 2010.

summary of financial information

A summary of the results and of the assets, liabilities and minority interests of the Group for the last five financial years/period, as extracted from the published audited financial statements, is set out below:

RESULTS

	Year ended 31 March				Period from 1 April 2009 to 31 December
	2006	2007	2008	2009	**2009**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Revenue	39,595	46,099	41,214	22,672	**6,970**
LOSS BEFORE TAX	(1,554)	(10,326)	(9,377)	(47,403)	**(58,622)**
Tax	(149)	–	–	–	**–**
LOSS FOR THE YEAR/PERIOD	(1,703)	(10,326)	(9,377)	(47,403)	**(58,622)**
Attributable to:					
Owners of the parent	(1,703)	(10,222)	(9,103)	(47,322)	**(57,436)**
Minority interests	–	(104)	(274)	(81)	**(1,186)**
	(1,703)	(10,326)	(9,377)	(47,403)	**(58,622)**

ASSETS, LIABILITIES AND MINORITY INTERESTS

	As at 31 March				As at 31 December
	2006	2007	2008	2009	**2009**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
TOTAL ASSETS	18,485	32,620	67,591	1,007,319	**990,670**
TOTAL LIABILITIES	(8,291)	(9,380)	(9,752)	(531,364)	**(505,432)**
	10,194	23,240	57,839	475,955	**485,238**
EQUITY:					
Equity attributable to owners of the parent	10,194	23,291	57,843	433,868	**444,337**
Minority interests	–	(51)	(4)	42,087	**40,901**
	10,194	23,240	57,839	475,955	**485,238**

glossary of terms

GENERAL TERMS

AGM	Annual general meeting
Audit Committee	The audit committee of the Company
B2B Business	e-commerce business
Board	The board of Directors
CCT Tech	CCT Tech International Limited, a company listed on the Main Board of the Stock Exchange and an associated corporation of the Company
CCT Telecom	CCT Telecom Holdings Limited, a company listed on the Main Board of the Stock Exchange and a substantial shareholder of the Company
CEO	The chief executive officer of the Company
Chairman	The chairman of the Company
Code	The Code on Corporate Governance Practices under the GEM Listing Rules
Company	CCT Resources Holdings Limited
Director(s)	The director(s) of the Company
GEM	The Growth Enterprise Market of the Stock Exchange
GEM Listing Rules	The Rules Governing the Listing of Securities on the GEM
Group	The Company and its subsidiaries
HK or Hong Kong	The Hong Kong Special Administrative Region of PRC
HK$	Hong Kong dollar(s), the lawful currency of Hong Kong
Rp	Rupiah, the lawful currency of Indonesia
INED(s)	Independent non-executive director(s)

Manistar	Manistar Enterprises Limited, a substantial shareholder of the Company and a wholly-owned subsidiary of CCT Telecom
MCL	Merdeka Commodities Limited, a substantial shareholder of the Company
MCL Convertible Bonds	The convertible bonds issued by the Company to MCL on 12 August 2008 as part of consideration to acquire the forestry business. The convertible bonds, due on 12 August 2011, are interest-free and convertible into the Shares at the initial conversion price of HK$0.1 per Share (subject to adjustment according to the terms of the convertible bonds)
Manistar Convertible Bonds	The convertible bonds issued by the Company to Manistar on 12 August 2008 to provide funds for the development and operations of the forestry business. The convertible bonds, due on 12 August 2011, are interest-free and convertible into the Shares at the initial conversion price of HK$0.1 per Share (subject to adjustment according to the terms of the convertible bonds)
MTG	Merdeka Timber Group Ltd., a principal subsidiary of the Company
MTG Group	MTG and its subsidiaries
N/A	Not applicable
PRC	The People's Republic of China
Remuneration Committee	The remuneration committee of the Company
RMB	Renminbi, the lawful currency of PRC
SFO	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Share(s)	The ordinary share(s) of HK$0.01 each in the share capital of the Company
Shareholder(s)	Holder(s) of the Share(s)
Share Option Scheme	A share option scheme adopted by the Company on 20 February 2002 and became effective on 7 March 2002
Stock Exchange	The Stock Exchange of Hong Kong Limited
US	The United States of America
USD	United States dollar(s), the lawful currency of US
%	Per cent.

FINANCIAL TERMS

Gearing Ratio	Total borrowings (representing bank & other borrowings, convertible notes and finance lease payable) divided by total capital employed (i.e. total Shareholders' fund plus total borrowings)
Loss Per Share	Loss attributable to the Shareholders divided by weighted average number of Shares in issue during the period/year
Current Ratio	Current assets divided by current liabilities