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Corporate Information

DIRECTORS

Executive Directors

Mr. Rashid Bin Maidin *(Chief Executive Officer)*
Mr. Ng Xinwei *(Chief Operation Officer)*
Ms. Lim Beng Kim, Lulu
Mr. Shiu Shu Ming
Ms. Elly Ong
Mr. Li Man Ching
Ms. Li Mei Lin

Non-executive Director

Mrs. Chen Chou Mei Mei

Independent Non-executive Directors

Mr. Chong Lee Chang
Mr. Chan Cheong Yee
Mr. Siu Kin Wai

COMPANY SECRETARY

Chan Chi Fai, David

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 1705, 17/F
Harcourt House
39 Gloucester Road
Wanchai
Hong Kong

AUDITOR

BDO Limited
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

SOLICITORS

Michael Li & Co.
14/F, Printing House
6 Duddell Street, Central
Hong Kong

PRINCIPAL SHARE REGISTRAR

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudianna Road
Pembroke HM 08 Bermuda

HONG KONG BRANCH SHARE REGISTRAR

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

PRINCIPAL BANKERS

Wing Hang Bank Limited
Banco Weng Hang, S.A.
Malayan Banking Berhad
PT. Bank Central Asia

WEBSITE

www.agritraderesources.com

CEO's Statement

Dear Shareholders,

On behalf of Agritrade Resources Limited (the "**Company**") and its subsidiaries (the "**Group**"), I am very happy to take this opportunity to extend my warmest greetings and best wishes to you.

Year 2010 marks the successful entry of the Group into the global energy industry with the completion of our acquisition of a coal mine and a shipping company. The theme for our corporate is "Making our Mark". It signifies our determination to work towards a vision of being a world-class energy operator and Asia's leading energy producer, in this ever growing industry whilst working towards a sustainable environment.

Being the first ever Indonesian coal mine listed in the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") has its perks. Since then, we have greatly enhanced our position in the industry offering a unique product that promotes cleaner burning as well as providing to the region's rising coal demand, especially China. The close proximity to our customer base has proven to be a powerful edge for us. Together with our strategic partners and shareholders, we have further strengthened our network in sourcing, marketing, trading and risk management to provide reliable, dependable and effective energy products and solutions.

I take pride in assuring you that we have the vast experience, specialised expertise and great business acumen to supply quality products to meet the specific needs of our clients worldwide. Our keen awareness in community development and safe practices in environmental issues further augment our stakeholders' confidence in us.

The Group is well positioned and set to make our mark. I look forward to your support, cooperation and good wishes for our company to progress and emerge as a prominent energy operator and producer.

With Warm Regards,

Rashid Bin Maidin
Chief Executive Officer

Biographical Details of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Rashid Bin Maidin, aged 38, Singaporean, is the Chief Executive Officer of the Company. He is the founder and the Group Executive Chairman of the WSJ International Group ("**WSJ Group**"), a Malaysia based group mainly focus in the trading of commodities and logistics support since 1991. For the past 20 years, he actively oversee and manage the operations of the WSJ Group and gains intensive professional experience and hands-on knowledge on coal mine and other commodities operation in Singapore, Malaysia and Indonesia. Mr. Rashid is a commissioner of PT. Rimau Indonesia ("**PTRI**"), an indirect non-wholly owned subsidiary of the Company.

Mr. Ng Xinwei, aged 25, Singaporean, is the Chief Operating Officer of the Company. He was studied in the National University of Singapore. He is the son of Mr. Ng Say Pek, founder and managing director of Agritrade International Pte Limited ("**AIPL**"), a substantial shareholder of the Company, and a global trading house provides supply chain solutions in international markets for the last 30 years. He joined AIPL in 2004 and focuses in the trading operation of palm oil and coal, shipping logistic management and commodities related investments. He is a director of Rimau Shipping Pte Limited ("**Rimau Shipping**"), a wholly-owned subsidiary of the Company, and a commissioner of PTRI.

Ms. Lim Beng Kim, Lulu, aged 51, is the general manager of AIPL. She graduated with a Bachelor Degree in Business Administration from the National University of Singapore and has over 30 years' experience in accounting and financial management

Mr. Shiu Shu Ming, aged 41, is the Chief Financial Officer of the Company. He holds a Bachelor Degree in Accountancy and is a fellow member of the Association of Chartered Certified Accountants. He has more than 15 years' experience in corporate finance, mergers & acquisitions, investment, Initial Public Offering ("**IPO**") and fund raising exercises in various ventures and projects with a deal portfolio covered private entities, China state owned enterprises ("**SOE**") and public listed companies in Hong Kong, The People's Republic of China (the "**PRC**"), Malaysia, Singapore and Indonesia. Mr. Shiu is a licensed person registered under the Securities and Futures Ordinance (the "**SFO**") to carry on regulated activities on corporate finance advisory and he is the responsible officer of Grand Vinco Capital Limited, a wholly owned subsidiary of Vinco Financial Group Limited, a company listed on the Growth Enterprise Market ("**GEM**") of the Stock Exchange. From 2008 to August 2010, he was also the head of corporate finance and the responsible officer of South China Financial Holdings Limited, a company listed on the Stock Exchange.

Ms. Elly Ong, aged 37, Indonesian, graduated with a Bachelor of Arts Degree in Accounting & Taxation from the Tarumanagara University of Indonesia. She joined Rimau Group in 1999 as the Group Director, and focuses on coal mining, trading operations and shipping logistics management. She has more than 12 years of professional experience in coal and shipping industry operations in Indonesia. Ms. Ong is a director of PT. Rimau Resources, which is a substantial shareholder of PTRI.

Mr. Li Man Ching, aged 52, a co-founder of the Group. He is responsible for the business development and policy making of textile division of the Group, with primary focus on overseas marketing and sales promotion. He has over 20 years' experience in the textile industry in the areas of sales and production.

Ms. Li Mei Lin, aged 51, a co-founder of the Group. She is responsible for the administration and management of textile division of the Group. She has over ten years' experience in the textiles industry. Ms. Li Mei Lin is the younger sister of Mr. Li Man Ching

Non-Executive Director

Mrs. Chen Chou Mei Mei, aged 62, graduated with a Bachelor of Arts Degree from the University of Colorado in the United States of America and has over 30 years' experience in investments, in particular, property related investments. Mrs. Chen also holds directorship in (i) Winsor Properties Holdings Limited, a company listed on the Stock Exchange as an executive director; and (ii) Bingo Group Holdings Limited, a company listed on the GEM of the Stock Exchange as an independent non-executive director.

Independent Non-Executive Directors

Mr. Chong Lee Chang, aged 52, Malaysian, graduated with a BA (Honours) Degree in Law from the Manchester Metropolitan University (formerly known as Manchester Polytechnic) in 1982. He was admitted to the Honourable Society of Lincoln's Inn, London, in 1982 and was enrolled as a barrister at law in 1983. In 1984, he was admitted as an advocate and solicitor of the High Court of Malaya and is currently holding a legal practicing certificate to practice law in Malaysia. Mr. Chong has more than 25 years of experience in legal practice in Malaysia and is a senior partner of a Kuala Lumpur based law firm, Messrs. LC Chong & Co. His legal experience has included advising various companies from Asia and United Kingdom, including steel millers from China. He has served as an executive director of Antah Holdings Berhad, a public company listed on the main board of Bursa Malaysia and also held directorship in Permanis Sdn. Bhd., the Malaysian franchise holder and bottler of Pepsi-Cola and Seven-up and he was the executive director of Seven Eleven Convenience stores in Malaysia from 2000 to 2002. From May 2005 to February 2009, Mr. Chong has also served as a non-executive director of Midwest Corporation Limited, a public company that was previously listed on the Australian Stock Exchange, and is engaged in mining, exploring and processing iron ore. Mr. Chong currently holds directorship in (i) CVM Minerals Limited as an independent non-executive director, a company listed on the Stock Exchange and (ii) Bingo Group Holdings Limited as a non-executive director, a company listed on GEM of the Stock Exchange. Mr. Chong is also the managing director of Guangxi Xin Wei Hotel Management Co., Ltd.(廣西鑫偉酒店管理有限公司), a private foreign investment company in the PRC which owns the Naning Marriott Hotel(南寧鑫偉萬豪酒店).

Biographical Details of Directors and Senior Management

Mr. Chan Cheong Yee, aged 47, holds a Bachelor Degree of Science majoring in finance and he is a registered and licensed person under the SFO to carry on regulated activities in dealing in securities, advising on securities, dealing in futures contracts and undertaking asset management. Mr. Chan is currently the sales director and the responsible officer of China Everbright Securities (HK) Limited and has been in the financial and investment field for 20 years. He is directly involved in identifying investment opportunities, conducting due diligence, performing valuation, monitoring performance of investment portfolios and providing investment and divestment recommendations. Mr. Chan also holds directorship in (i) China Innovation Investment Limited, a listed investment company under Chapter 21 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as an executive director; and (ii) Bingo Group Holdings Limited, a company listed on GEM as an executive director.

Mr. Siu Kin Wai, aged 42, graduated from the City University of Hong Kong with a Bachelor's Degree in Accountancy and is a fellow member of the Association of Chartered Certified Accountants and member of the Hong Kong Institute of Certified Public Accountants and Institute of Chartered Accountants in England and Wales. He has extensive experience in financial management and corporate advisory and assurance. Mr. Siu is an executive director of Beijing Properties (Holdings) Limited, a company listed on the Stock Exchange and was previously an executive director, chief financial officer and company secretary of China Technology Development Group Corporation, a company listed on the NASDAQ.

SENIOR MANAGEMENT

Financial Controller and Company Secretary

Mr. Chan Chi Fai, David, aged 46, joined the Group in February 2010. He is the financial controller and company secretary of the Company and held directorship in a number of subsidiaries of the Company. Mr. Chan obtained a Master of Business Administration degree from the University of Manchester and is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Chan has over twenty years' experience in financial management, corporate advisory and assurance.

General Manager

Steve Luo, aged 33, holds a Banking and Finance degree from the University of London. He has over 6 years of experience in organizing and managing logistics operations on a large scale basis. As a former Army Captain in the Singapore Armed Forces (SAF), Mr. Luo is equipped with excellent leadership and management skills, and is proven to be effective in working with people from different walks of life and nationality. Mr. Luo works closely with the Board of Directors, where he executes logistics operations and management decisions to the highest of standard.

BUSINESS REVIEW

Mining business

Following the completion of the acquisition of 60% interests in PTRI and its 95%-owned subsidiary, PT Senamas Energindo Mineral ("**SEM**") (the "**Mine Acquisition**") on 4 June 2010, the Group has since then started its coal mining business. SEM owns 2,000 hectares of concession rights with a 30 years term (20 years + 10 years) located at the town of Tamiang Layang in Central Kalimantan, Indonesia. The mine is about 10 km from the town and about 41 km to the loading port. 600 hectares out of 2,000 hectares of the concession area had been reviewed under the requirements of the reporting guidelines of the 2004 Joint Ore Reserves committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (the "**JORC standard**") by an international mining consultant, Minarco-MineConsult ("**MMC**"), and disclosed in the technical report that was set out in the Company's circular dated 26 March 2010 (the "**Circular**"). The 600 hectares reviewed under the JORC standard in the mine concession shows the probable resources of 79 million tonnes and basing on the estimated long term coal price of US$26.6 per tonne in the technical report, it resulted with a probable reserve of 30 million tonnes. In addition, an updated Statement of Open Cut Coal Resources and Reserves as at 31 October 2010 (the "**Statement**") which was prepared by PT Runge Indonesia (the "**Runge Indonesia**") under the JORC standard, was set out in the Company's announcement dated 6 May 2011. The Statement shows that a significant increase of total open cut coal reserve of the mine from 30 million tonnes to 41 million tonnes based on the estimated long term coal price of US$32 per tonne in the Statement. The coal produced in SEM coal mine is classified as environmental thermal coal with a low ash, low nitrogen and low sulphur characteristic.

Set out in the table below are the highlights of the Statement:-

		Coal Resources and Reserves report			
		as at 31 December 2009	as at 31 October 2010	Change in %	Reason of change
Coal Resources (in million tonnes)	Measured	26.8	26.7	Decreased 0.4%	Exclude coal mined to date and to incorporate the revised subcrop limit in the initial pit area
	Indicated	35.8	35.6	Decreased 0.6%	
	Inferred	16	16	0%	
	Total	78.6	78.3	Decreased 0.4%	

		Coal Resources and Reserves report as at 31 December 2009	as at 31 October 2010	Change in %	Reason of change
Total Open Cut Coal Reserves (in million tonnes)	Proved	0	0	0%	Changes in the economic parameters used in the estimation process, predominantly the coal price
	Probable	30	41	Increase 36.7%	
	Total	30	41	Increase 36.7%	

(*Note:* For the Resources million tonne totals have been extended to one decimal place in this table to demonstrate the change in the estimates, total reported resources are total 78 million tonnes (Mt), of which 27 Mt are classed as Measured, 36 Mt as Indicated with the balance of 16 Mt as Inferred).

The Mine Acquisition formed the basis of the mining business segment which principally engaged in the mining, processing, trading and marketing of thermal coal. During the ten months since completion of the acquisition, the segment contributed approximately HK$72.7 million in turnover and HK$79.1 million in profit during the current period.

Approximately HK$405,000 exploration expenditures had been incurred in the mine during the year and capitalised in mining rights.

Shipping business

On 4 February 2010, Rimau Shipping entered into a charter party agreement with Integral Marine Services Pte Ltd ("**Integral Marine**"). This arrangement enables the Group to derive a steady flow of income at a reasonable level of expense. The segment recorded a turnover of approximately HK$18.6 million and generated profit HK$5.7 million during the current period.

Textile business

The Group recorded a turnover of approximately HK$144 million from its textile business representing a moderate decrease of 9.4% as compared to last year. Due to surge in price of dyed material, coal and electricity, and salary and wages in China, the segment generated loss of approximately HK$15 million representing an increase of 466.8% as compared to last year.

PROSPECTS

External factors

The international demand in Indonesia thermal coal showed a strong growth in 2010 and such growth continues in 2011. The growth is mainly driven by the fuel demands from the power plants in various Asian by the countries such as the PRC, India, Korea, Philippines and Taiwan. Amongst these countries, PRC is currently the largest importer of Indonesian thermal coal and the Group believes that PRC's robust economic growth will further support the long-term growth in Indonesia's coal mining sector.

The Group's growth strategy

The Group will continue focus its efforts on development and further exploration of coal mine and on sales and distribution of our Indonesia thermal coal products in Indonesia as well as international market primarily for the Asia region. In order to deliver and fulfil the above goals, the Group shall carry out the following measures:

Increase production efficiency

The Company's mining executives will work closely with external mine consultants regularly to rationalise mine plan and mining model on the direction to maximise the mine's production efficiency and capacity. We will also optimise our logistics efficiency to cope with the coal's production operation. The Group believes in "Good Mining Practice" which will enhance production and ensure cost efficiency thus maintain SEM's coal competitiveness.

Matching our thermal coal resources consumers internationally

The Company is making progress with its sales and marketing efforts internationally and will focus on efficiency and prudent financial management, the Company will able to manage production levels to meet anticipated demand for the Company's products in the growing energy market. The Group believes that it is in good position to take advantage of any potential price increase in coal prices in the local and export markets.

To develop regional infrastructure

The Company's immediate priority centers on improving the logistics by upgrading the existing 41 km hauling road of SEM Mine and improving the loading facilities and stockpiles at the loading port. With this upgraded infrastructure, logistics efficiency increases with transportation time and cost reduced. Transportation downtime caused by adverse weather around the mining region during the raining season will also be cut down significantly.

Advancing the SEM deposit

The Group intends to further explore and evaluate the coal deposit with continuous exploration work whilst also substantially advancing the feasibility, mine planning of the remaining 1,400 hectares of concession area that not underwent JORC review. The long term coal price has shown a substantial change during the year and the Group have underwent an update JORC review on the existing 600 hectare that is currently under operations. The Statement prepared by Runge Indonesia under the JORC standard was set out in the Company's announcement dated 6 May 2011. The Statement shows that a significant increase of total open cut coal reserve of the mine from 30 million tonnes to 41 million tonnes based on the estimated long term coal price of US$32 per tonne.

Value-adding/upgrading coal

To maintain the competitiveness of SEM coal, the Company has commenced a study on GEO-COAL technology, a coal upgrading technology to enhance and improve SEM's coal quality by reducing the total moisture, improving the energy release content whilst retaining the environmental characteristics of the coal. The Group aim to commission the GEO-COAL technology commercially to enhance the profit margin of SEM's coal.

MAJOR EVENTS

Change of company name

To better reflect the business operations of the Group, which now including shipping and mining, the name of the Company was changed from Kwong Hing International Holdings (Bermuda) Limited to Agritrade Resources Limited which took effect on 25 August 2010.

Material acquisitions and disposals of subsidiaries

On 4 June 2010, the Group acquired 60% equity interest in PTRI for a total consideration, at its nominal value, of HK$1,154,250,000 by way of issuance of convertible bonds, promissory notes and convertible preference shares. On the same date, the Group acquired 100% equity interest in Rimau Shipping from Mr. Ng Say Pek and Mr. Ng Xinwei for a cash consideration of HK$160,000,000.

Details of the above acquisitions were disclosed in the Circular and in the Company's annual report for the year ended 31 March 2010 respectively.

Save as disclosed above, there were no material acquisitions and disposals during the year.

FINANCIAL REVIEW

For the year ended 31 March 2011, the Group recorded a revenue of approximately HK$235 million (2010: HK$159 million), representing an increase of approximately 47.8% as compared to same period last year. Gross profit increased from HK$9 million to HK$30.6 million. The increase in revenue and gross profit were mainly due to the contribution in revenue and margin from the newly acquired mining and shipping businesses.

The Group recorded a consolidated profit attributable to owners of the Company of approximately HK$44,125,000 as compared to the consolidated loss of HK$4,573,000 recorded in corresponding period in 2010. The substantial increase in profit of the Group is mainly due to the combined effect resulting from acquisition of mining and shipping businesses including:

(i) Higher gross margin;

(ii) Gain from bargain purchase of HK$88,131,000 (2010: HK$Nil);

(iii) Higher finance costs including imputed interest expenses on financial instruments issued during the year of HK$18,513,000 (2010: HK$Nil);

(iv) Higher administrative cost arising from increase in headcount and share-based payment of HK$6,094,000 (2010: HK$Nil).

Capital structure, liquidity and financial resources

On 4 June 2010, pursuant to the agreement for the Mine Acquisition, the Company issued to the Mine Vendors, (i) unsecured promissory notes in the aggregate principal sum of HK$120,000,000 due in 2012 bearing interest of 2.5% per annum, (ii) convertible bonds in the principal amount of HK$674,250,000 at a conversion price of HK$1.50 per conversion share and (iii) an aggregate of 240,000,000 convertible preference shares ("**CPS**") at a conversion price of HK$1.50 per CPS. During the year, principal amounting to HK$261,000,000 of the said convertible bonds were exercised, and were converted into 174,000,000 ordinary shares of the Company.

As at 31 March 2011, the Group's shareholders' equity amounted to HK$1,945,808,000, while total bank indebtedness amounted to approximately HK$12,924,000 and cash on hand amounted to approximately HK$57,316,000. The Group's bank indebtedness to equity ratio is only 0.0066. Current ratio is 1.7. The board of directors (the "**Board**") believes that the Group's sound and healthy financial position will enable it to finance its operation and explore other business development opportunities.

Exposure to fluctuations in exchange rates and related hedge

The Group conducted most of its business in United States dollars ("**USD**"), Indonesian Rupiah ("**IDR**"), Renminbi and Hong Kong dollars ("**HK$**"). The HK$ is pegged to the USD and therefore there is a minimal exposure to the Group. The Group is exposed to foreign currency risk denominated in IDR and Renminbi. The Group currently does not have a hedging policy against IDR and Renminbi. However, management monitors the Group's foreign currency exposure and will consider hedging against significant foreign exchange rate exposure should the need arise.

Pledge of assets

As at 31 March 2011, building with a net carrying value of approximately HK$6,884,000 (2010: HK$Nil), bank deposit of HK$Nil (2010: HK$4,000,000) and restricted bank deposit of HK$Nil (2010: HK$22,891,000) were pledged to banks as securities for general banking facilities granted to the Group and as collateral for a secured bank loan, respectively.

The net carrying amounts of the Group's vessels, motor vehicles and plant and machinery held under finance leases amounted to HK$29,265,000 (2010: HK$Nil), HK$1,753,000 (2010: HK$Nil) and HK$40,039,000 (2010: HK$Nil), respectively.

STAFF AND REMUNERATION POLICIES

As at 31 March 2011, the Group had approximately 769 employees. The Group mainly determines staff remuneration in accordance with market terms and individual qualifications.

The emoluments of the directors of the Company are reviewed and recommended by the remuneration committee, and decided by the Board as authorised by the shareholders at the annual general meeting, having regard to the Group's operating results, individual performance and comparable market statistics.

The Company maintains a share option scheme, pursuant to which, share options are granted to selected eligible participants, with a view to provide incentive to the option holders to participate and contribute the growth of the Group.

The Board of directors (the "**Director(s)**") present their annual report and the audited consolidated financial statements of the Company and the Group for the year ended 31 March 2011.

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed on 24 August 2010 and with the approval of the Registrar of Companies in Bermuda and Hong Kong on 25 August 2010 and 16 September 2010 respectively, the name of the Company was changed from Kwong Hing International Holdings (Bermuda) Limited to Agritrade Resources Limited.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Group are mining, exploration and sale of coal and chartering of vessels, manufacture and sale of knitted fabrics and dyed yarns, with the provision of dyeing, bleaching, setting and finishing services.

RESULTS

The results of the Group for the year ended 31 March 2011 and the state of the Company's and the Group's affairs as at the date are set out in the financial statements on pages 30 to 101 of the annual report.

The Board does not recommend the payment of dividend for the year ended 31 March 2011 (2010: HK$Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 17 to the financial statements.

SHARE CAPITAL, CONVERTIBLE PREFERENCE SHARES AND CONVERTIBLE BONDS

Details of movements during the year in the share capital, CPS and convertible bonds of the Company are set out in note 29, 30 and 27 to the financial statements respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to members at 31 March 2011 amounted to HK$85,468,000 (2010: HK$113,240,000) comprised contributed surplus of HK$153,400,000 (2010: HK$153,400,000) and deficit of HK$67,932,000 (2010: deficit of HK$40,160,000).

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend or make a distribution out of contributed surplus if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

DIRECTORS

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

Executive Directors:

Mr. Rashid Bin Maidin *(Chief Executive Officer)*	(appointed on 24 August 2010)
Mr. Ng Xinwei *(Chief Operating Officer)*	(appointed on 24 August 2010)
Ms. Lim Beng Kim, Lulu	(appointed on 4 June 2010)
Mr. Shiu Shu Ming	(appointed on 4 November 2010)
Ms. Elly Ong	(appointed on 24 August 2010)
Mr. Li Man Ching	
Ms. Li Mei Lin	
Mr. Li Man Shun	(retired on 24 August 2010)
Mr. Fung Chi Ki	(retired on 24 August 2010)

Non-executive Director:

Mrs. Chen Chou Mei Mei	(appointed on 25 June 2010)

Independent non-executive Directors:

Mr. Chong Lee Chang	(appointed on 25 June 2010)
Mr. Chan Cheong Yee	(appointed on 25 June 2010)
Mr. Siu Kin Wai	(appointed on 24 August 2010)
Mr. Tsui Wing Yin	(retired on 24 August 2010)
Mr. So Kin Wah	(retired on 24 August 2010)
Mr. Lee Pui Shing	(retired on 24 August 2010)

In accordance with Articles 101 and 110(A) of the Company's Bye-laws, Mr. Rashid Bin Maidin, Mr. Ng Xinwei, Mr. Shiu Siu Ming, Ms. Elly Ong, Mr. Li Man Ching, Ms. Li Mei Lin and Mr. Siu Kin Wai shall retire at the forthcoming annual general meeting. Mr. Rashid Bin Maidin, Mr. Ng Xinwei, Mr. Shiu Siu Ming, Mr. Li Man Ching, Ms. Li Mei Lin and Mr. Siu Kin Wai shall offer themselves for re-election and Ms. Elly Ong decided not to offer herself for re-election.

The term of office for independent non-executive Director is three years or the period up to his retirement by rotation in accordance with the Company's Bye-laws.

DIRECTORS' SERVICE CONTRACTS

Mrs. Chen Chou Mei Mei, Mr. Chong Lee Chang and Mr. Chan Cheong Yee have entered into service contracts with the Company for a period of three years commencing from 25 June 2010. Mr. Siu Kin Wai has entered into a service contract with the Company for a period of three years commencing from 24 August 2010. All their appointments are subject to the retire requirement according to the Company's Bye-laws and shall continue thereafter, subject to termination by either party giving at least one months' prior notice to the other party.

Other than as disclosed above, no director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES

At 31 March 2011, the interests of the directors, the chief executive and their associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers (the "**Model Code**") in Appendix 10 of the Listing Rules, were as follows:

Long position

Name of Director	CPS Personal interest	Ordinary shares Personal interest	Ordinary shares Corporate interest	Interest in underlying shares Personal interest	Aggregated Interest	Percentage of the issued share capital of the Company
Mr. Ng Xinwei	–	–	–	2,750,000 *(Note 1)*	2,750,000	0.47%
Ms Lim Beng Kim, Lulu ("Ms. Lulu Lim")	16,000,000	–	–	31,466,667 *(Note 2)*	47,466,667	8.13%
Mr. Shiu Shu Ming	–	–	–	2,750,000 *(Note 3)*	2,750,000	0.47%
Ms. Elly Ong	–	–	–	2,750,000 *(Note 4)*	2,750,000	0.47%
Mrs. Chen Chou Mei Mei ("Mrs. Chen")	–	6,210,000	1,500,000 *(Note 5)*	–	7,710,000	1.32%
Mr. Chong Lee Chang ("Mr. Chong")	–	–	3,760,000 *(Note 6)*	–	3,760,000	0.64%
Mr. Li Man Ching	–	3,830,000	–	–	3,830,000	0.66%
Ms. Li Mei Lin	–	3,100,000	–	–	3,100,000	0.53%

Note:

(1) This represents the number of share option granted to Mr. Ng Xinwei.

(2) This represents HK$44.95 million convertible bonds, which can be converted to 29,966,667 ordinary shares held by Ms. Lulu Lim and 1,500,000 share option granted to Ms. Lulu Lim.

(3) This represents the number of share option granted to Mr. Shiu Shu Ming.

(4) This represents the number of share option granted to Ms. Elly Ong.

(5) This represents 1,500,000 shares of the Company held by Mrs. Chen through controlled corporations of Avec Inc. It is wholly owned by Mrs. Chen.

(6) This represents 3,760,000 shares of the Company held by Mr. Chong through controlled corporations of Shieldman Limited. It is wholly owned by Mr. Chong.

Save as disclosed above, as at 31 March 2011, none of the directors, the chief executives and their associates had any personal, family, corporate or other interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been entered in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

None of the Company or its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Other than the share option holdings described in note 34 to the financial statements, at no time during the year was the Company, its holding company, or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

On 4 February 2010, the Group entered into (i) the Tenancy Agreement with Mr. Ng Say Pek; and (ii) the Ship Management Agreement and the Charter Party Agreement with Integral Marine.

As (i) Mr. Ng Say Pek, being a director of Rimau Shipping, beneficial owner of AIPL and also father of Mr. Ng Xinwei, Director; and (ii) Integral Marine is beneficially owned as to 50% by Mr. Ng Xinwei, being a director of Rimau Shipping and Director; and as to 50% by Mr. Rashid Bin Maidin, Director, the transactions constituted continuing connected transactions under Rule 14A.35 of the Listing Rules, which are subject to the reporting and announcement requirements and independent shareholders' approval requirement. An announcement was made by the Company on 4 February 2010 in this respect.

On 24 March 2011, the Group entered into a sale and purchase agreement with Mr. Li Man Shun, an ex-Director, who is the younger brother of Mr. Li Man Ching and Ms. Li Mei Lin, Directors, to sell a parcel of land with various structures including the fabric knitting plant and dormitory at a consideration of HK$12,970,000 in cash. An announcement was made by the Company on 24 March 2011 in this respect.

Save as disclosed above, as at 31 March 2011, no contract of significance in relation to the Company's business, to which the Company, its subsidiaries or any of its fellow subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2011 and so far as is known to the Board and according to the register of interests in shares and short positions of substantial shareholders maintained by the Company under Section 336 of the SFO, the following persons or corporations (other than the Directors of the Company) has interest of 5% or more of the nominal value of the issued share capital that carry a right to vote in all circumstances at general meetings of the Company:

Name	Capacity	Number of shares/underlying shares held	Approximate percentage of shareholding
AIPL *(Note 1)*	Beneficial owner	367,733,333	63.00%
Mr. Ng Say Pek *(Note 2)*	Corporate interests/ deemed interest	370,733,333	63.51%
WSJ International Sdn. Bhd. ("**WSJ**") *(Note 3)*	Beneficial owner	275,800,000	47.25%

Note:

(1) This represents 128,000,000 CPS, 174,000,000 ordinary shares and HK$98.6 million convertible bonds ("CB"), which can be converted to 65,733,333 ordinary shares held by AIPL.

(2) Mr. Ng Say Pek held 80% equity interest of AIPL. By virtue of SFO, Mr. Ng Say Pek is deemed to be interested in 367,733,333 shares/underlying shares of the Company. In addition, he is also deemed to be interested in 3,000,000 underlying shares for 3,000,000 share option granted to his spouse, Ms. Lim Chek Hwee.

(3) This represents 96,000,000 CPS and HK$269.7 million CB, which can be converted to 179,800,000 ordinary shares held by WSJ.

Save as disclosed above, no other party was recorded in the register of interests in shares and short positions of substantial shareholders kept pursuant to section 336 of SFO as having an interest in 5% or more of the nominal value of the issued share capital that carry a right to vote in all circumstances at general meetings of the Company.

SHARE OPTION SCHEME

Details of the Company's share option scheme are set out in note 34 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws although there are no restrictions against such rights under the laws in Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31 March 2011 with the Code on Corporate Governance Practices (the "**CG Code**") as set out in Appendix 14 of the Listing Rules.

The Company has adopted the Model Code as the code of conduct regarding securities transactions by Directors. Having made specific enquiry of all Directors, all Directors confirmed they have complied with the required standard set out in the Model Code.

The Company has formed an audit committee whose terms of reference are formulated in accordance with the requirements of the Stock Exchange. Its current members comprise of three independent non-executive Directors. The primary responsibilities of the audit committee include reviewing the financial reporting and other information of shareholders, systems of internal controls, risk management and the effectiveness and objectivity of the audit process.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of its independent non-executive Directors are independent.

These audited financial results have been reviewed by the audit committee of the Company and were approved by the Board on 28 June 2011.

CONNECTED TRANSACTIONS

On 4 February 2010, the Group entered into (i) the Tenancy Agreement with Ng Say Pek; and (ii) the Ship Management Agreement and the Charter Party Agreement with Integral Marine.

The transactions constituted continuing connected transactions under Rule 14A.35 of the Listing Rules, which are subject to the reporting and announcement requirements and independent shareholders' approval requirement. An announcement was made by the Company on 4 February 2010 in this respect.

The Board confirms that the Company's independent non-executive Directors have reviewed the above continuing connected transactions and confirm that (i) the disclosed continuing connected transactions have been entered into in the ordinary and usual course of business of the Company; (ii) the disclosed continuing connected transactions have been entered into on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, or on terms no less favourable to the Company than terms available to or from independent third parties; and (iii) the terms of the relevant agreement governing each of the disclosed continuing connected transactions are fair and reasonable and in the interests of the shareholders of the Company as a whole.

On 24 March 2011, the Group entered into a sale and purchase agreement with Mr. Li Man Shun, an ex-Director, who is the younger brother of Mr. Li Man Ching and Ms. Li Mei Lin, Directors, to sell a parcel of land with various structures including the fabric knitting plant and dormitory at a consideration of HK$12,970,000 in cash.

The independent non-executive Directors consider the disposal is on normal commercial terms, fair and reasonable and in the interests of the Group and the shareholders as a whole.

The Company's auditor were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor have issued the unqualified letter containing the findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with main board Listing Rule 14A.38. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

The Company confirms that it has complied with the disclosure requirements as set out in chapter 14A of the Listing Rules in respect of the above connected and continuing connected transactions.

EMOLUMENT POLICY

As at 31 March 2011, the Group had approximately 769 employees. The Group mainly determines staff remuneration in accordance with market terms and individual qualifications.

The emoluments of the Directors of the Company are reviewed and recommended by the remuneration committee, and decided by the Board, as authorised by the shareholders at the annual general meeting, having regard to the Group's operating results, individual performance and comparable market statistics.

The Company maintains a share option scheme, pursuant to which, share options are granted to selected eligible participants, with a view to provide incentive to the option holders to participate and contribute the growth of the Group, details of the scheme is set out in note 34 to the financial statements.

COMPETING INTERESTS

During the year, and up to the date of this report, the following Directors were considered to have an interest in a business which competes or likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules, details of which are set out below:

Mr. Rashid Bin Maidin, an executive Director and Chief Executive Officer of the Company, has majority control of the board of directors and controlling interest of WSJ together with his associates.

WSJ is principally engaged in trading of commodities and logistics support services. WSJ holds certain equity interest and Mr. Rashid is a director of the following ship owning, management and operation companies: (i) WS Shipping Sdn. Bhd.; (ii) WS Coastal Marine Sdn. Bhd.; (iii) WS Towage Sdn. Bhd.; (iv) WS Navigators Sdn. Bhd. and (v) WS Maritime Sdn. Bhd.. These companies may be in competition with the Group.

Mr. Ng Xinwei, an executive Director and Chief Operating Officer of the Company, is also a director of WS Armada Sdn. Bhd., owned by AIPL and WSJ, which is engaged in ship management and operation. This company may be in competition with the Group.

Save as disclosed above, as at 31 March 2011, none of the Directors or the management shareholders of the Company had any interest in a business which competes or may compete with the business of the Group.

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 year is as follows:

	Percentage of the Group's total	
	Sales	**Purchases**
The largest customer	22%	
Five largest customers in aggregate	44%	
The largest supplier		13%
Five largest suppliers in aggregate		25%

At no time during the year have the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in these major customers and suppliers.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 March 2011.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 40 to the financial statements.

AUDITOR

During the year, Deloitte Touche Tohmatsu resigned as auditor of the Company on 27 April 2011. BDO Limited was appointed as auditor of the Company by the Board on 3 May 2011 to fill the casual vacancy.

The financial statements of the Company for the year ended 31 March 2011 were audited by BDO Limited, who will retire and a resolution to re-appoint BDO Limited as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Director and Chief Executive Officer
Hong Kong, 28 June 2011

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31 March 2011 with the CG Code as set out in Appendix 14 of the Listing Rules.

DIRECTORS' SECURITIES TRANSACTION

The Company has adopted the Model Code in Appendix 10 of the Listing Rules on the Stock Exchange as the code of conduct regarding securities transactions by Directors. Having made specific enquiry of all Directors, all Directors confirmed they have complied with the required standard set out in the Model Code.

THE BOARD OF DIRECTORS

The Board of Directors of the Company assumes responsibility for the management of the Group's affairs, and concentrates on matters affecting the Group's overall strategic policies, finances, shareholder interests and corporate governance. The Board acknowledges its responsibility for the preparation of the accounts of the Group.

During the year, the Board comprises eleven Directors including seven executive Directors, one non-executive Director and three independent non-executive Directors.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of its independent non-executive Directors are independent. Each of the independent non-executive Directors has professional, financial or accounting qualifications.

The Directors of the Group during the year and up to the date of this report were:

Executive directors:

Mr. Rashid Bin Maidin *(Chief Executive Officer)*	(appointed on 24 August 2010)
Mr. Ng Xinwei *(Chief Operating Officer)*	(appointed on 24 August 2010)
Ms. Lim Beng Kim, Lulu	(appointed on 4 June 2010)
Mr. Shiu Shu Ming	(appointed on 4 November 2010)
Ms. Elly Ong	(appointed on 24 August 2010)
Mr. Li Man Ching	
Ms. Li Mei Lin	
Mr. Li Man Shun	(retired on 24 August 2010)
Mr. Fung Chi Ki	(retired on 24 August 2010)

Non-executive director:

Mrs. Chen Chou Mei Mei	(appointed on 25 June 2010)

Independent non-executive directors:

Mr. Chong Lee Chang	(appointed on 25 June 2010)
Mr. Chan Cheong Yee	(appointed on 25 June 2010)
Mr. Siu Kin Wai	(appointed on 24 August 2010)
Mr. Tsui Wing Yin	(retired on 24 August 2010)
Mr. So Kin Wah	(retired on 24 August 2010)
Mr. Lee Pui Shing	(retired on 24 August 2010)

The biographical details of the Directors are set out on pages 4 to 6 of this annual report.

The Board had met 12 times this year to review the financial performance of the Group, major issues and also on the other occasions when the Board decision were required. The views of Directors were actively solicited if they were unable to attend the meeting of the Board, and the table below sets out the attendance record of each Director:

Name of Directors	Attendance
Executive directors:	
Mr. Rashid Bin Maidin *(Chief Executive Officer)* (appointed on 24 August 2010)	4/6
Mr. Ng Xinwei *(Chief Operating Officer)* (appointed on 24 August 2010)	6/6
Ms. Lim Beng Kim, Lulu (appointed on 4 June 2010)	8/9
Mr. Shiu Shu Ming (appointed on 4 November 2010)	4/4
Ms. Elly Ong (appointed on 24 August 2010)	0/6
Mr. Li Man Ching	7/12
Ms. Li Mei Lin	9/12
Mr. Li Man Shun (retired on 24 August 2010)	5/5
Mr. Fung Chi Ki (retired on 24 August 2010)	5/5
Non-executive director:	
Mrs. Chen Chou Mei Mei (appointed on 25 June 2010)	5/8
Independent non-executive directors:	
Mr. Chong Lee Chang (appointed on 25 June 2010)	5/8
Mr. Chan Cheong Yee (appointed on 25 June 2010)	2/8
Mr. Siu Kin Wai (appointed on 24 August 2010)	2/6
Mr. Tsui Wing Yin (retired on 24 August 2010)	3/5
Mr. So Kin Wah (retired on 24 August 2010)	5/5
Mr. Lee Pui Shing (retired on 24 August 2010)	3/5

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under the CG Code, the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

The Board has not appointed individual to the post of Chairman after the resignation of Mr. Li Man Ching, ex-Chairman of the Company, on 7 October 2010. The Board is in the process of identifying suitable candidates to fill in the vacancy for Chairman in compliance with the requirement of the CG Code. Further announcement will be made by the Company with regard to the new appointment of Chairman of the Company in due course.

Mr. Rashid Bin Maidin is the Chief Executive Officer of the Group and responsible for the day-to-day management of the Group's business and operations.

The Company will continue to review the effectiveness of the Group's corporate governance structure and consider the appointment of a Chairman of the Board if candidates with suitable leadership, knowledge, skills and experience can be identified within or outside the Group.

AUDIT COMMITTEE

The Company has established an audit committee whose terms of reference were formulated in accordance with the requirements of the Stock Exchange and its current members comprise of:

Siu Kin Wai *(Chairman)*
Chong Lee Chang
Chan Cheong Yee

All the members of the audit committee are independent non-executive Directors. The composition and members of the audit committee complies with the requirements of the Listing Rule 3.21.

The audit committee's primary responsibilities include reviewing the reporting of financial and other information to shareholders, the system of the internal controls, risk management and the effectiveness and objectivity of the audit process. The audit committee had met three times this year, the table below sets out the attendance record of each Director:

Name of Directors	Attendance
Mr. Siu Kin Wai *(Chairman)* (appointed on 24 August 2010)	1/1
Mr. Chong Lee Chang (appointed on 25 June 2010)	1/1
Mr. Chan Cheong Yee (appointed on 25 June 2010)	1/1
Mr. Tsui Wing Yin (retired on 24 August 2010)	0/2
Mr. So Kin Wah (retired on 24 August 2010)	0/2
Mr. Lee Pui Shing (retired on 24 August 2010)	2/2

REMUNERATION COMMITTEE

The remuneration committee was established in 2005 with specific terms of reference which deal clearly with its authority and duties, the current members include Mr. Chan Cheong Yee (the Chairman), Mr. Siu Kin Wai and Mr. Shiu Shu Ming. The remuneration committee had met one time this year to review the directors' remuneration and give us its recommendation to the Board for consideration, the table below sets out the attendance record of each Director:

Name of Directors	Attendance
Executive directors:	
Mr. Shiu Shu Ming (appointed on 4 November 2010)	1/1
Independent non-executive directors:	
Mr. Chan Cheong Yee *(Chairman)* (appointed on 25 June 2010)	1/1
Mr. Siu Kin Wai (appointed on 24 August 2010)	0/1

NOMINATION OF DIRECTORS

The Board has not set up a nomination committee. The nomination of new Directors has been delegated to other executive Directors. They reviewed regularly the need to appoint additional Directors with appropriate professional knowledge and industry experience. The Board is authorised by the shareholders at annual general meeting to fix the remuneration of the Directors whereas a Director shall abstain from voting in respect of any remuneration and fees paid to his interest.

AUDITORS' REMUNERATION

During the year, the audit fees charge to the accounts is HK$1,170,000. The auditor of the Company also provide non-audit services with fee of HK$583,000 for the year.

RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the accounts which were prepared in accordance with statutory requirements and applicable accounting standards.

There are no material uncertainties relating of events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 28 to 29 of this annual report.

During the year, the Board has reviewed the effectiveness of the internal control system of the Group. The review covers all materials controls, including financial, operational and compliance controls and risk management functions of the Group. No material internal control aspects of any significant problems were noted. The Board was satisfied that the internal system of the Group has been functioned effectively during the review year.

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TO THE SHAREHOLDERS OF **AGRITRADE RESOURCES LIMITED**
(Formerly known as **Kwong Hing International Holdings (Bermuda) Limited**)
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Agritrade Resources Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 30 to 101, which comprise the consolidated and company statements of financial position as at 31 March 2011, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view 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, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, 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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 consolidated 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 consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2011, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants

Lam Siu Fung
Practising Certificate Number: P05308

Hong Kong, 28 June 2011

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Revenue	7	235,241	159,036
Cost of sales and services		(204,616)	(150,007)
Gross profit		30,625	9,029
Other income		1,509	1,982
Other gains and losses	8	3,748	16,084
Gain from bargain purchase	36	88,131	–
Distribution and selling expenses		(3,311)	(3,635)
Administrative expenses		(60,656)	(26,075)
Finance costs	13	(21,386)	(50)
Profit/(loss) before income tax expense	9	38,660	(2,665)
Income tax credit/(expense)	14	3,474	(1,908)
Profit/(loss) for the year		42,134	(4,573)
Other comprehensive income:			
Exchange differences arising on translation of foreign operations		131,494	1,232
Total comprehensive income for the year		173,628	(3,341)
Profit/(loss) for the year attributable to:			
– Owners of the Company	15	44,125	(4,573)
– Non-controlling interests		(1,991)	–
		42,134	(4,573)
Total comprehensive income attributable to:			
– Owners of the Company		124,416	(3,341)
– Non-controlling interests		49,212	–
		173,628	(3,341)
Earnings/(loss) per share attributable to owners of the Company	16		
– Basic		HK8.1 cents	HK(1.2) cents
– Diluted		HK7.5 cents	HK(1.2) cents

Consolidated Statement of Financial Position

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment	17	178,515	76,707
Intangible assets	18	2,619,231	–
Prepaid lease payments	19(a)	1,999	1,868
Prepayment for land use rights	19(b)	567	–
		2,800,312	78,575
Current assets			
Inventories	20	70,759	54,670
Trade and other receivables	21	19,622	40,246
Bills receivable	21	530	332
Prepaid lease payments	19(a)	–	58
Amounts due from related parties	37(b)	13,561	–
Financial assets at fair value through profit or loss	23	1,162	20,910
Restricted bank deposit	22	–	22,891
Pledged bank deposit	22	–	4,000
Bank balances and cash	22	57,316	132,224
		162,950	275,331
Non-current asset held for sale	40(a)	6,713	–
		169,663	275,331
Current liabilities			
Trade and other payables and accruals	24	40,659	20,184
Provision for close down, restoration and environmental costs	24	1,440	–
Bills payable	24	12,924	10,244
Secured bank borrowing	25	–	19,925
Amounts due to related parties	37(b)	18,200	–
Tax payable		5,694	5,337
Obligation under finance leases	32	18,225	–
		97,142	55,690
Net current assets		72,521	219,641
Total assets less current liabilities		2,872,833	298,216
Non-current liabilities			
Deferred tax	26	647,605	–
Convertible bonds	27	140,326	–
Promissory notes	28	110,211	–
Obligation under finance leases	32	28,883	–
		927,025	–
Net assets		1,945,808	298,216

Consolidated Statement of Financial Position

As at 31 March 2011

	Note	2011 HK$'000	2010 HK$'000
Capital and reserves attributable to owners of the Company			
Share capital	29	58,371	38,763
Reserves		1,033,135	259,453
Equity attributable to owners of the Company		1,091,506	298,216
Non-controlling interests		854,302	–
Total equity		1,945,808	298,216

The financial statements were approved and authorised for issue by the Board of Directors on 28 June 2011.

Rashid Bin Maidin
Director

Ng Xinwei
Director

Statement of Financial Position

	Notes	2011 *HK$'000*	2010 *HK$'000*
Non-current assets			
Investments in subsidiaries	*35*	**39,021**	39,963
Current assets			
Amounts due from subsidiaries	*35*	**1,144,410**	247,301
Other receivables		**–**	925
Financial assets at fair value through profit or loss	*23*	**–**	948
Bank balances and cash		**137**	695
		1,144,547	249,869
Current liabilities			
Accruals and other payables		**3,300**	2,822
Amount due to a subsidiary	*35*	**1,619**	–
		4,919	2,822
Net current assets		**1,139,628**	247,047
Total assets less current liabilities		**1,178,649**	287,010
Non-current liabilities			
Convertible bonds	*27*	**140,326**	–
Promissory notes	*28*	**110,211**	–
		250,537	–
Net assets		**928,112**	287,010
Capital and reserves			
Share capital	*29*	**58,371**	38,763
Reserves	*31*	**869,741**	248,247
		928,112	287,010

The financial statements were approved and authorised for issue by the Board of Directors on 28 June 2011.

Rashid Bin Maidin
Director

Ng Xinwei
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2011

	Share capital HK$'000 (Note 29)	Share premium HK$'000 (Note (i))	Contributed surplus HK$'000 (Note (ii))	Convertible preference shares reserve HK$'000 (Note (iii))	Convertible bonds equity reserve HK$'000 (Note (iii))	Warrant reserve HK$'000 (Note (iv))	Translation reserve HK$'000 (Note (v))	Share option reserve HK$'000 (Note (iv))	(Accumulated losses)/ retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2009	38,376	129,781	122,652	–	–	1,804	13,741	3,641	(10,410)	299,585	–	299,585
Loss for the year	–	–	–	–	–	–	–	–	(4,573)	(4,573)	–	(4,573)
Other comprehensive income for the year: Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	1,232	–	–	1,232	–	1,232
Total comprehensive income for the year	–	–	–	–	–	–	1,232	–	(4,573)	(3,341)	–	(3,341)
Expiration of warrants	–	–	–	–	–	(1,804)	–	–	1,804	–	–	–
Issue of shares	387	1,585	–	–	–	–	–	–	–	1,972	–	1,972
At 31 March 2010	38,763	131,366	122,652	–	–	–	14,973	3,641	(13,179)	298,216	–	298,216
Profit for the year	–	–	–	–	–	–	–	–	44,125	44,125	(1,991)	42,134
Other comprehensive income for the year: Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	80,291	–	–	80,291	51,203	131,494
Total comprehensive income for the year	–	–	–	–	–	–	80,291	–	44,125	124,416	49,212	173,628
Business combination *(Note 36)*	–	–	–	–	–	–	–	–	–	–	805,090	805,090
Issue of convertible bonds *(Note 27)*	–	–	–	–	317,737	–	–	–	–	317,737	–	317,737
Issue of shares upon partial conversion of convertible bonds *(Note 27)*	17,400	186,147	–	–	(123,245)	–	–	–	–	80,302	–	80,302
Issue of convertible preference shares *(Note 30)*	–	–	–	248,579	–	–	–	–	–	248,579	–	248,579
Share-based payment *(Note 34)*	–	–	–	–	–	–	–	6,094	–	6,094	–	6,094
Issue of shares on exercise of share options	2,208	17,595	–	–	–	–	–	(3,641)	–	16,162	–	16,162
At 31 March 2011	58,371	335,108	122,652	248,579	194,492	–	95,264	6,094	30,946	1,091,506	854,302	1,945,808

Notes:

(i) Share premium

The balance represents the premium arising from the issue of shares at a price in excess of their par value per share.

(ii) Contributed surplus

The Group's balance represents the credit arising from a previous capital reduction exercise.

(iii) Convertible preference shares reserve and convertible bonds equity reserve

The balance represents the equity component of outstanding convertible preference shares and outstanding convertible bonds issued by the Company recognised in accordance with the accounting policy adopted for convertible preference shares and convertible bonds in Note 4(i)(vi) and Note 4(i)(iv), respectively.

(iv) Warrant reserve and share option reserve

The warrant reserve and share option reserve represents (i) the net premium received in respect of the outstanding warrants issued by the Company; and (ii) the fair value of the share options granted by the Company which are yet to be exercised, net of issuing expenses, respectively, in accordance with the accounting policies set out in Notes 4(i)(vii) and 4(o).

(v) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in Note 4(m).

Consolidated Statement of Cash Flows

For the year ended 31 March 2011

	2011 HK$'000	2010 HK$'000
Operating activities		
Profit/(loss) before income tax expense	38,660	(2,665)
Adjustments for:		
Depreciation of property, plant and equipment	18,699	13,783
Amortisation of intangible assets	22,112	–
Finance costs	21,386	50
Gain on fair value changes on investments held-for-trading	–	(18,948)
Gain on fair value changes on financial assets at fair value through profit or loss	(591)	(1,815)
Gain on fair value changes on derivative financial instruments	–	(71)
(Write-back of impairment loss)/impairment loss on trade receivables	(3,067)	3,824
Impairment loss on property, plant and equipment	4,844	2,571
Impairment loss on intangible assets	235	–
Write-down of inventories	–	1,919
Interest income	(546)	(597)
Dividend income from investments held for trading	(93)	–
Gain on disposal of property, plant and equipment	(5,004)	(1,645)
Gain on disposal of prepaid lease payments	(165)	–
Gain from bargain purchase	(88,131)	–
Share-based payment expenses	6,094	–
Release of prepaid lease payments	69	58
Provision for close down, restoration and environmental costs	1,440	–
Operating cash flows before movements in working capital	15,942	(3,536)
(Increase)/decrease in inventories	(15,863)	1,268
Decrease/(increase) in trade and other receivables	39,878	(3,391)
(Increase)/decrease in bills receivable	(198)	1,522
Increase in amounts due from related parties	(13,561)	–
Decrease in investments held-for-trading	–	26,875
Decrease in financial assets at fair value through profit or loss	19,485	4,339
Increase in derivative financial instruments	–	(2,525)
Increase/(decrease) in trade and other payables and accruals	8,210	(1,309)
Increase in bills payable	2,680	8,781
Increase in amounts due to related parties	6,994	–
Cash generated from operations	63,567	32,024
Income taxes paid	(1,334)	–
Interest paid	(2,873)	(50)
Net cash generated from operating activities	59,360	31,974

Consolidated Statement of Cash Flows

	2011 HK$'000	2010 HK$'000
Investing activities		
Proceeds from held-to-maturity investments	–	15,600
Proceeds on disposal of property, plant and equipment	19,673	1,688
Proceeds on disposal of prepaid lease payments	2,038	–
Interest received	546	597
Dividend income from investments held for trading	93	–
Decrease in pledged bank deposit	4,000	–
Decrease/(increase) in restricted bank deposit	22,891	(20,995)
Purchase of property, plant and equipment	(50,092)	(492)
Purchase of intangible assets	(405)	–
Purchase of prepaid lease payments	(1,227)	–
Issue costs of convertible bonds and convertible preference shares	(1,595)	–
Acquisition of businesses	(157,684)	–
Net cash used in investing activities	(161,762)	(3,602)
Financing activities		
(Repayment of bank borrowing)/new bank borrowing raised	(19,925)	19,925
Proceeds from issue of shares upon exercise of share options	16,162	1,972
Additions of obligation under financial leases	29,843	–
Net cash from financing activities	26,080	21,897
Net (decrease)/increase in cash and cash equivalents	(76,322)	50,269
Cash and cash equivalents at beginning of the year	132,224	81,169
Effect of foreign exchange rate changes	1,414	786
Cash and cash equivalents at end of the year, representing bank balances and cash	57,316	132,224

1. GENERAL

Agritrade Resources Limited (the "Company") is incorporated as an exempted company with limited liability in Bermuda under The Companies Act 1981 of Bermuda (as amended) and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section in the annual report. The Company is an investment holding company. The principal activities of the Company's subsidiaries are described in Note 35. The Company and its subsidiaries are collectively referred to as the Group.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs

HKFRSs (Amendments)	Improvements to HKFRSs
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HKAS 39	Eligible Hedged Items
Amendments to HKFRS 2	Share-based Payment – Group Cash-settled Share-based Payment Transactions
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Interpretation 17	Distributions of Non-cash Assets to Owners
HK Interpretation 5	Presentation of Financial Statements – Classification by Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as explained below, the adoption of these new/revised standards and interpretations has no significant impact on the Group's financial statements.

HKFRS 3 (Revised) – Business Combinations and HKAS 27 (Revised) – Consolidated and Separate Financial Statements

The revised accounting policies are described in Note 4, which are effective prospectively for business combinations effected in financial periods beginning on or after 1 July 2009. Changes in HKFRS 3 include the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes impact the amount of goodwill and the results in the period that an acquisition occurs and future results. During the year, the Group has accounted for the business combination transactions as set out in Note 36 in accordance with the revised standard. The change in accounting policy has resulted approximately HK$1,045,000 acquisition-related costs being recognised in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition. The effect on earnings per share is immaterial.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

(a) Adoption of new/revised HKFRSs (continued)

HKFRS 3 (Revised) – Business Combinations and HKAS 27 (Revised) – Consolidated and Separate Financial Statements (continued)

The revised HKAS 27 requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners, and accordingly, such transactions are recognised within equity. When control is lost and any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The adoption of revised HKAS 27 has had no impact on the current year.

HKAS 17 (Amendments) – Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the statement of financial position. The amendment to HKAS 17 has removed such a requirement and requires that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee. The Group has reassessed its leases upon the adoption of the amendments and concluded that the classification of such leases as operating leases continues to be appropriate.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1&2]
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments[1]
HKAS 24 (Revised)	Related party Disclosures[2]
Amendments to HKFRS 7	Disclosure – Transfers of Financial Assets[3]
HKFRS 9	Financial Instruments[4]

[1] *Effective for annual periods beginning on or after 1 July 2010*

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

[3] *Effective for annual periods beginning on or after 1 July 2011*

[4] *Effective for annual periods beginning on or after 1 January 2013*

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (continued)

HKAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government.

The amendments to HKFRS 7 improve the derecognition disclosure requirements for transfer transactions of financial assets and allow users of financial statements to better understand the possible effects of any risks that may remain with the entity on transferred assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors so far concluded that the application of these new/revised HKFRSs will have no material impact on the Group's financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis, except for certain financial instruments, which are measured at fair values as explained in the accounting policies set out below.

(c) Functional and presentation currency

The financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Business combination and basis of consolidation (continued)

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interest either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Gain from bargain purchase

Where the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the fair value of consideration transferred in a business combination, after reassessment, the excess is recognised in profit or loss as gain from bargain purchase.

(c) Subsidiaries

A subsidiary is an entity over which the Company is able to exercise control. Control is achieved where the Company, directly or indirectly, has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account.

In the Company's statement of financial position, interests in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for "Non-current assets and disposal group held for sale" in Note 4(r).

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The principal annual rates/useful lives used for this purpose are as follows:

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment (continued)

Land and buildings	Over the shorter of the leases, or the estimated useful life of the buildings of 50 years
Plant and machinery	6 – 25%
Mining related plant and machinery	12.5 – 25%
Furniture, fixtures and equipment	20 – 25%
Motor vehicles	12.5 – 30%
Vessels	5%

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

(e) Payments for leasehold land held for own use under operating leases

Payments for leasehold land held for own use under operating leases represent up-front payments to acquire long-term interests in lessee-occupied properties. These payments are stated at cost and are amortised over the period of the lease on a straight-line basis as an expense.

(f) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are initially recognised as assets at their fair value or, if lower, the present value of the minimum lease payments. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Intangible assets

Acquired intangible assets

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses.

Customer base

Customer base has a contract life of 2 years is stated at cost less any impairment losses and amortised on the straight-line basis over its contract life.

Mining right

Mining right is stated at cost less accumulated amortisation and any impairment losses and is amortised on the units of production method utilising only proven and probable coal reserves in the depletion base.

(h) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, intangible assets, prepaid lease payments and investments in subsidiaries to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased. If the recoverable amount (i.e. the greater of the fair value less costs to sell and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial instruments

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Financial assets at fair value through profit or loss

These assets include financial assets held for trading and financial assets designated at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term, including derivatives.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses, except where the effect of discounting would be immaterial, in which case, the loans and receivables are stated at cost less impairment losses.

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired 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 and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial instruments (continued)

(ii) Impairment loss on financial assets (continued)

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty; or
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

For Loans and receivables

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. All of the Group's financial liabilities are financial liabilities at amortised costs which are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost, including trade and other payables, borrowings, and the liability component of convertible bonds issued by the Group, are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case, they are carried at cost. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial instruments (continued)

(iv) Compound Instruments

The component parts of compound instruments, comprising convertible bonds issued by the Group, are classified separately as financial liability and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

Issue costs were apportioned between the liability and equity components of the compound instruments based on their relative carrying amounts at the date of issue. The portion relating to the equity component was charged directly to equity. The portion relating to the liability component is included in the carrying amount of the liability portion and amortised over the period of the convertible instruments using the effective interest method.

In subsequent periods, the equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds equity reserve until the embedded option is exercised in which case the balance stated in convertible bonds equity reserve will be transferred to share premium. Where the option remains unexercised at the expiry dates, the balance stated in convertible bonds equity reserve will be released to the retained profits. No gain or loss is recognised in upon conversion or expiration of the option.

(v) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial instruments (continued)

(vi) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vii) Warrants

Warrants issued by the Company that will be settled by a fixed amount of cash for a fixed number of the Company's own equity instruments are equity instruments. The net proceeds received from the issue of warrants are recognised in equity (warrant reserve). The warrant reserve will be transferred to share capital and share premium accounts upon the exercise of the warrants. When the warrants are still not exercised at the expiry date, the amount previously recognised in warrant reserve will be transferred to retained profits.

(viii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of: (i) the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets;* and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*.

(ix) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Inventories

Coal inventories are calculated using the weight average method and other inventories are calculated using the first-in-first-out method. Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(k) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Revenue from sales of goods is recognised when goods are delivered and title has passed.

Revenue from time charter, which is of operating lease in nature, is recognised on a straight-line basis over the period of each charter.

Interest income from a financial asset including financial assets at fair value through profit or loss is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that assets' net carrying amount on initial recognition.

Dividend income from investments including financial assets at fair value through profit or loss is recognised when the shareholders' rights to receive payment have been established.

(l) Income tax

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Income tax (continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on interests in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income.

(m) Foreign currency

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Foreign currency (continued)

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as translation reserve (attributed to non-controlling interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as translation reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the translation reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in the translation reserve.

(n) Employee benefits

(i) Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

(ii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Equity-settled share-based payment transactions

Where share options are awarded to employees and others providing similar services, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period with a corresponding increase in the share option reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees and others providing similar services, the fair value of goods or services received is recognised in profit or loss unless the goods or services qualify for recognition as assets. A corresponding increase in equity is recognised. For cash-settled share based payments, a liability is recognised at the fair value of the goods or services received.

(p) Capitalisation of borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Provisions for close down, restoration and environmental costs

One consequence of coal mining is land subsidence caused by the resettlement of the land at the mining sites. Depending on the circumstances, the Group may relocate inhabitants from the mining sites prior to conducting mining activities or the Group may compensate the inhabitants for losses or damage from close down and land subsidence after the sites have been mined. The Group may also be required to make payments for restoration, rehabilitation or environmental protection of the land after the sites have been mined.

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Close down and restoration costs are provided in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during mine development or during the production phase, based on the net present value of estimated future costs. The cost is capitalised where it gives rise to future benefits, whether the rehabilitation activity is expected to occur over the life of the operation or at the time of close down. The capitalised cost is amortised over the life of the operation and the increase in the net present value of the provision is included in borrowing costs. Where there is a change in the expected decommissioning and restoration costs, an adjustment is recorded against the carrying amount of the provision and related assets, and the effect is then recognised in profit or loss on a prospective basis over the remaining life of the operation. Provision for close down and restoration costs does not include any additional obligations which are expected to arise from future disturbance. The cost estimates are reviewed and revised at end of each reporting period to reflect changes in conditions.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable.

Non-current assets and disposal group (other than investment properties and financial assets) classified as held for sale are measured at the lower of (i) their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy; and (ii) fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ may from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Provision for close down, restoration and environmental costs

The provision for close down, restoration and environmental costs is determined by management based on their past experience and best estimation of future expenditures, after taking into account existing relevant regulations in Indonesia. However, in so far as the effect on the land and the environment from current mining activities becomes apparent in future years, the estimate of the associated costs may be subject to revision from time to time. Details of the Group's provision for close down, restoration and environmental costs are set out in Note 24.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

(b) Reserve estimates

Reserves are estimates of the amount of products that can be economically and legally extracted from the Group's properties. In order to calculate reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transportation costs, commodity demand and commodity prices.

Estimating the quantity and/or grade of reserves requires the size, shape and depth of ore bodies or fields to be determined by analysing geological data such as drilling samples. This process may require complex and difficult geological judgments and calculations to interpret the data.

Because the economic assumptions used to estimate reserves change from period to period, and because additional geological data is generated during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including the followings:

i) Asset carrying values may be affected due to changes in estimated future cash flows.

ii) Depreciation, depletion and amortisation charges in profit or loss may change where such charges are determined to by the units of production basis, or where the useful economic lives of assets change.

iii) Decommissioning, site restoration and environmental provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities.

iv) The carrying value of deferred tax may change as a result of changes in the asset carrying values as discussed above.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

(c) Carrying value of non-current assets and impairment of assets

Non-current assets, including property, plant and equipment, prepaid lease payments and intangible assets are carried as cost less accumulated depreciation and amortisation, where appropriate and impairment losses. These carrying amounts are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In estimating the recoverable amounts of assets, various assumptions, including future cash flows to be associated with the non-current assets and discount rates, are made. If future events do not correspond to such assumptions, the recoverable amounts will need to be revised, and this may have an impact on the Group's results of operations or financial position. In addition, the Company also assessed the impairment on its interests in subsidiaries, details of which are set out in Note 35.

(d) Management judgement on recognition of assets in relation to finance leases

Management exercised judgement to recognise certain assets in relation to finance leases that the actual and economic interests of the assets have been transferred to the Group under the finance lease arrangements as the risks and rewards of the ownership of assets have been substantially transferred to the Group.

6. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

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

(i) Mining segment comprised the mining, exploration and sale of coal.

(ii) Shipping segment comprised the time chartering of vessels.

6. SEGMENT REPORTING (continued)

(iii) Textile segment comprised the manufacture and sale of knitted fabrics and dyed yarns, with the provision of dyeing, bleaching, setting and finishing services.

Inter-segment transactions are priced with reference to prices charged to external parties for similar order. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the chief operation decision-makers for assessment of segment performance.

(a) Reportable segments

	Textile *HK$'000*	Mining *HK$'000*	Shipping *HK$'000*	Total *HK$'000*
For the year ended 31 March 2011				
Reportable segment revenue	**143,958**	**72,681**	**18,602**	**235,241**
Reportable segment (loss)/profit	**(15,107)**	**79,134**	**5,669**	**69,696**
Gain from bargain purchase	**–**	**88,131**	**–**	**88,131**
Interest income	**543**	**3**	**–**	**546**
Finance costs	**(192)**	**(1,828)**	**(853)**	**(2,873)**
Depreciation and amortisation	**(9,729)**	**(27,390)**	**(3,685)**	**(40,804)**
Income tax credit	**–**	**3,474**	**–**	**3,474**
Reportable segment assets	**180,912**	**2,703,268**	**84,374**	**2,968,554**
Additions to non-current assets	**397**	**2,553,912**	**66,261**	**2,620,570**
Non-current asset held for sale	**–**	**–**	**6,713**	**6,713**
Reportable segment liabilities	**40,220**	**714,184**	**15,100**	**769,504**
For the year ended 31 March 2010				
Reportable segment revenue	159,036	–	–	159,036
Reportable segment loss	(2,665)	–	–	(2,665)
Interest income	434	–	–	434
Finance costs	(50)	–	–	(50)
Depreciation and amortisation	(13,783)	–	–	(13,783)
Income tax expense	(1,908)	–	–	(1,908)
Reportable segment assets	353,906	–	–	353,906
Additions to non-current assets	492	–	–	492
Reportable segment liabilities	55,690	–	–	55,690

6. SEGMENT REPORTING (continued)

(b) Geographical Information

The Group's revenue from external customers and its non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets ("specified non-current assets") are divided into the following geographical areas:

	Revenue from external customers		Specified non-current assets	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The People's Republic of China (the "PRC") and Hong Kong	**143,958**	159,036	**52,905**	78,575
Singapore	**18,602**	–	**59,785**	–
Indonesia	**72,681**	–	**2,687,622**	–
	235,241	159,036	**2,800,312**	78,575

Information about major customers

Revenue from one customer of the Group's mining segment amounted to HK$51,599,000 which represented 10% or more of the Group's revenue for the current year. Revenue from two customers of the Group's textile segment amounted to HK$22,288,000 and HK$21,040,000 respectively which represented 10% or more of the Group's revenue for the prior year.

6. SEGMENT REPORTING (continued)

(c) Reconciliation of reportable segment profit or loss, and assets and liabilities

	2011 HK$'000	2010 HK$'000
Profit/(loss) before income tax expense:		
Reportable segment profit/(loss)	69,696	(2,665)
Unallocated corporate expenses	(12,523)	–
Unallocated finance costs	(18,513)	–
Consolidated profit/(loss) before income tax expense	38,660	(2,665)
Assets:		
Reportable segment assets	2,968,554	353,906
Unallocated corporate assets	1,421	–
Consolidated total assets	2,969,975	353,906
Liabilities:		
Reportable segment liabilities	769,504	55,690
Unallocated convertible bonds	140,326	–
Unallocated promissory notes and interest payable	112,711	–
Unallocated corporate liabilities	1,626	–
Consolidated total liabilities	1,024,167	55,690

7. REVENUE

Revenue represents the aggregate of net amounts received and receivable for goods sold and services provided, less returns and allowances to outside customers during the year.

	2011	2010
	HK$'000	*HK$'000*
Sale of coals	**72,681**	–
Sale of other goods	**143,958**	159,036
Time charter income	**18,602**	–
Total revenue	**235,241**	159,036

8. OTHER GAINS AND LOSSES

	2011	2010
	HK$'000	*HK$'000*
Gain on disposal of property, plant and equipment	**5,004**	1,645
Write-back of impairment loss/(impairment loss) on trade receivables *(Note 21)*	**3,067**	(3,824)
Gain on fair value changes on investments held-for-trading	**–**	18,948
Gain on disposal of prepaid lease payments	**165**	–
Impairment loss on intangible assets *(Note 18)*	**(235)**	–
Impairment loss on property, plant and equipment *(Note 17)*	**(4,844)**	(2,571)
Gain on fair value changes on financial assets at fair value through profit or loss	**591**	1,815
Gain on fair value changes on derivative financial instruments	**–**	71
	3,748	16,084

9. PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE

This is arrived at after charging/(crediting):

	2011 HK$'000	2010 HK$'000
Cost of services	4,620	–
Cost of inventories	199,996	148,088
Write down of inventories	–	1,919
	204,616	150,007
Staff costs *(Note 10)*	58,491	31,224
Depreciation of property, plant and equipment	18,699	13,783
Release of prepaid lease payments	69	58
Amortisation on intangible assets	22,112	–
Auditors' remuneration	1,170	800
Interest income from banks	(546)	(434)
Interest income from held-to-maturity investments	–	(163)
Dividend income from investments held-for-trading	(93)	(1,000)
Provision for close down, restoration and environmental costs *(Note 24)*	1,440	–

10. STAFF COSTS

	2011 HK$'000	2010 HK$'000
Staff costs (including directors) comprises:		
Salaries and other benefits	50,884	29,533
Retirement benefit scheme contributions	1,513	1,691
Share-based payment expenses *(Note 34)*	6,094	–
	58,491	31,224

11. DIRECTORS' REMUNERATION

The remuneration paid or payable to each of the directors was as follows:

	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefit scheme contributions HK$'000	Share-based payments HK$'000	Total HK$'000
2011:					
Executive directors:					
Mr. Rashid Bin Maidin	54	–	–	–	54
Mr. Ng Xinwei	54	593	12	540	1,199
Ms. Lim Beng Kim, Lulu	74	–	–	295	369
Mr. Shiu Shu Ming	37	742	12	–	791
Ms. Elly Ong	54	–	–	540	594
Mr. Li Man Ching	–	4,575	12	–	4,587
Ms. Li Mei Lin	–	4,500	48	–	4,548
Mr. Li Man Shun	–	478	–	–	478
Mr. Fung Chi Ki	–	315	5	–	320
Non-executive director:					
Mrs. Chen Chou Mei Mei	69	–	–	–	69
Independent non-executive directors:					
Mr. Chong Lee Chang	69	–	–	–	69
Mr. Chan Cheong Yee	69	–	–	–	69
Mr. Siu Kin Wai	54	–	–	–	54
Mr. Tsui Wing Yin	54	–	–	–	54
Mr. So Kin Wah	54	–	–	–	54
Mr. Lee Pui Shing	54	–	–	–	54
	696	11,203	89	1,375	13,363

11. DIRECTORS' REMUNERATION (continued)

	Fees *HK$'000*	Salaries and other benefits *HK$'000*	Retirement benefit scheme contributions *HK$'000*	Share-based payments *HK$'000*	Total *HK$'000*
2010:					
Executive directors:					
Mr. Li Man Ching	–	1,575	12	–	1,587
Ms. Li Mei Lin	–	1,500	16	–	1,516
Mr. Li Man Shun	–	1,500	–	–	1,500
Mr. Fung Chi Ki	–	932	12	–	944
Independent non-executive directors:					
Mr. Tsui Wing Yin	130	–	–	–	130
Mr. So Kin Wah	130	–	–	–	130
Mr. Lee Pui Shing	130	–	–	–	130
	390	5,507	40	–	5,937

None of the directors has waived or agreed to waive any emolument paid or payable by the Group during the year ended 31 March 2011 (2010: HK$Nil).

12. FIVE HIGHEST PAID EMPLOYEES' REMUNERATION

Of the five individuals with highest emoluments in the Group, five (2010: four) were directors of the Company, whose emoluments are included in the disclosures in Note 11 above. The emoluments of the remaining one individual for the prior year were as follows:

	2011 ***HK$'000***	2010 *HK$'000*
Salaries and other benefits	–	1,500
Retirement benefit scheme contributions	–	12
	–	1,512

13. FINANCE COSTS

	2011 HK$'000	2010 HK$'000
Imputed interest on convertible bonds *(Note 27)*	13,625	–
Imputed interest on promissory notes *(Note 28)*	4,888	–
Interest charged under finance leases*	2,063	–
Interest on amount due to non-controlling interest shareholder	618	–
Interest on secured bank borrowing wholly repayable within five years	192	50
	21,386	50

* *Included in the above is interest of HK$985,000 charged under finance lease arrangements entered into between (i) the Group; and (ii) the non-controlling shareholder and its related company.*

14. INCOME TAX (CREDIT)/EXPENSE

The amount of income tax (credit)/expense in the consolidated statement of comprehensive income represents:

	2011 HK$'000	2010 HK$'000
Current tax – overseas		
– tax for the year	1,691	–
Current tax – Hong Kong		
– under-provision in prior years	–	1,908
	1,691	1,908
Deferred tax *(Note 26)*		
– tax for the year	(5,165)	–
Income tax (credit)/expense	(3,474)	1,908

14. INCOME TAX (CREDIT)/EXPENSE (continued)

Hong Kong profits tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profit. No provision for Hong Kong profits tax had been made for the year ended 31 March 2011 and 2010 as the Company and its respective subsidiaries in Hong Kong had incurred tax loss for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Income tax (credit)/expense for the year can be reconciled to the profit/(loss) before income tax expense per the consolidated statement of comprehensive income as follows:

	2011	2010
	HK$'000	*HK$'000*
Profit/(loss) before income tax expense	**38,660**	(2,665)
Tax calculated at the domestic income tax rate of 16.5% (2010: 16.5%)	**6,379**	(440)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**1,262**	–
Tax effect of expenses not deductible for tax purpose	**6,164**	2,600
Tax effect of income not taxable for tax purpose	**(17,698)**	(99)
Utilisation of tax losses previously not recognised	**(2,400)**	(2,061)
Tax effect of tax losses not recognised	**2,416**	–
Tax effect of deductible temporary differences not recognised	**403**	–
Under-provision in prior years	**–**	1,908
Income tax (credit)/expense for the year	**(3,474)**	1,908

In March 2009, the Inland Revenue Department of Hong Kong (the "IRD") issued a letter to a subsidiary of the Company to demand for information in respect of the prescribed fixed assets expenditure claims for certain of its plant and machineries (the "PFA Claims") for the years of assessment from 1998/1999 to 2006/2007. In April 2010, the IRD issued an assessment demanding final tax charging approximately HK$1.2 million for the year of assessment of 2003/2004 on the basis that the above mentioned claims were disallowed.

During the prior year, the management estimated the total under-provision of Hong Kong profits tax using the same basis to disallow the PFA Claims. Except for the years of assessment 2003/2004 and 2004/2005, the assessable profits for the prior years were wholly absorbed by the tax losses brought forward. The under-provision for the years of assessment 2003/2004 and 2004/2005 were estimated to be HK$1.2 million and HK$0.7 million, respectively, and were recognised during the prior year.

15. PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit/(loss) for the year attributable to owners of the Company includes loss of approximately HK$26,830,000 (2010: approximately HK$2,429,000) which has been dealt with in the financial statements of the Company.

16. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to the owners of the Company is based on the following data:

	2011	2010
	HK$'000	*HK$'000*
Earnings/(loss)		
Earnings/(loss) for the purposes of basic earnings/(loss) per share	**44,125**	(4,573)
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds	**13,625**	–
Earnings/(loss) for the purposes of diluted earnings/(loss) per share	**57,750**	(4,573)

	2011	2010
Number of shares	***'000***	*'000*
Weighted average number of ordinary shares for the purposes of basic earnings/(loss) per share	**547,580**	385,500
Effect of dilutive potential ordinary shares:		
– Convertible bonds	**226,438**	–
– Share options	**712**	–
Weighted average number of ordinary shares for the purposes of diluted earnings/(loss) per share	**774,730**	385,500

16. EARNINGS/(LOSS) PER SHARE (continued)

The computation of diluted loss per share for the year ended 31 March 2010 does not assume the exercise of the Company's share options and warrants as it would result in a decrease in loss per share.

As the exercise price of the Company's convertible preference shares was higher than the average market price for current year, the conversion of such potential dilutive shares is not assumed in the computation of diluted earnings per share for the current year.

17. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings	Plant and machinery	Mining related plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Vessels	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost							
At 1 April 2009	24,451	266,796	–	39,225	13,916	–	344,388
Exchange adjustments	–	1,159	–	32	31	–	1,222
Additions	–	–	–	3	489	–	492
Disposals	–	(15,499)	–	–	(989)	–	(16,488)
At 31 March 2010	24,451	252,456	–	39,260	13,447	–	329,614
Exchange adjustments	14	7,520	960	263	262	7,567	16,586
Additions	431	34,208	11,180	1,645	1,665	963	50,092
Business combination *(Note 36)*	3	11,505	9,437	367	758	62,845	84,915
Transfer to non-current asset held for sale *(Note 40(a))*	–	–	–	–	–	(10,830)	(10,830)
Disposals	(14,572)	(56,799)	–	–	(5,240)	–	(76,611)
At 31 March 2011	10,327	248,890	21,577	41,535	10,892	60,545	393,766

17. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Land and buildings HK$'000	Plant and machinery HK$'000	Mining related plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Vessels HK$'000	Total HK$'000
Accumulated depreciation and impairment							
At 1 April 2009	5,088	199,048	–	36,478	11,608	–	252,222
Exchange adjustments	–	714	–	32	30	–	776
Provided for the year	489	10,182	–	1,802	1,310	–	13,783
Impairment loss *(Note 8)*	–	2,571	–	–	–	–	2,571
Eliminated on disposals	–	(15,456)	–	–	(989)	–	(16,445)
At 31 March 2010	5,577	197,059	–	38,312	11,959	–	252,907
Exchange adjustments	1	4,126	66	199	163	305	4,860
Provided for the year	496	12,168	2,111	485	930	2,509	18,699
Impairment loss *(Note 8)*	–	1,544	–	–	–	3,300	4,844
Transfer to non-current asset held for sale *(Note 40(a))*	–	–	–	–	–	(4,117)	(4,117)
Eliminated on disposals	(4,446)	(52,808)	–	–	(4,688)	–	(61,942)
At 31 March 2011	1,628	162,089	2,177	38,996	8,364	1,997	215,251
Net carrying amount							
At 31 March 2011	8,699	86,801	19,400	2,539	2,528	58,548	178,515
At 31 March 2010	18,874	55,397	–	948	1,488	–	76,707

The net carrying amounts of the Group's vessels, motor vehicles and plant and machinery held under finance leases amounted to HK$29,265,000 (2010: HK$Nil), HK$1,753,000 (2010: HK$Nil) and HK$40,039,000 (2010: HK$Nil) respectively.

17. PROPERTY, PLANT AND EQUIPMENT (continued)

During the year, certain items were specifically identified to be impaired. Impairment loss of HK$4,844,000 (2010: HK$2,571,000) (calculated by comparing net carrying value of the assets with the recoverable amount using fair value less cost to sell) has been recognised in respect of these assets. In addition, the directors conducted a review of the Group's other property, plant and equipment (the recoverable amounts of which have been determined based on value in use) and no further impairment loss is considered necessary.

The Group has pledged buildings with an aggregate net carrying amount of approximately HK$6,884,000 to secure general banking facilities to the Group.

18. INTANGIBLE ASSETS

Group	**Mining right** *HK$'000*	**Customer base** *HK$'000*	**Total** *HK$'000*
Cost			
At 31 March 2009 and 1 April 2010	–	–	–
Business combinations *(Note 36)*	2,480,178	2,453	2,482,631
Additions	405	–	405
Exchange adjustments	159,006	269	159,275
At 31 March 2011	2,639,589	2,722	2,642,311
Accumulated amortisation and impairment			
At 31 March 2009 and 1 April 2010	–	–	–
Amortisation for the year	20,936	1,176	22,112
Impairment loss *(Note 8)*	–	235	235
Exchange adjustments	659	74	733
At 31 March 2011	21,595	1,485	23,080
Net carrying amount			
At 31 March 2011	2,617,994	1,237	2,619,231
At 31 March 2010	–	–	–

18. INTANGIBLE ASSETS (continued)

The mining right relating to the cash generating unit of coal mining (the "Coal Mining CGU") which was acquired as part of the acquisition of the 60% equity interests in PT Rimau Indonesia ("PTRI") during the current year is initially recognised at its fair value on acquisition with reference to professional valuations performed by Greater China Appraisal Limited, an independent firm of professionally qualified valuers. At subsequent reporting periods, mining right is measured using the cost model. Details of the business combination are set out in Note 36.

Amortisation is provided to write off the cost of the mining right using the units of production method based on the proven and probable mineral reserves under the assumption that the Group can renew the mining right till all proven and probable mineral reserves have been mined.

The amortisation charge for mining right for the year is included in the Group's "cost of sales and services" in the consolidated statement of comprehensive income.

Details of the mining right of the Group at end of reporting period are as follows:

Mining right	Location	Expiry date
Open Cut Coal Resources and Reserves	Close to the town of Tamiang Layang, in the Barito Timur Regency, Central Kalimantan, Indonesia	December 2029

19. PREPAID LEASE PAYMENTS AND PREPAYMENT FOR LAND USE RIGHTS

(a) The Group's prepaid lease payments as at 31 March 2010 represented leasehold land held in the PRC under medium-term land use rights which were disposed of during the year ended 31 March 2011. As at 31 March 2011, the Group's prepaid lease payments represent leasehold land held in Indonesia under medium-term land use rights and are analysed for reporting purpose as follows:

Group	**2011**	2010
	HK$'000	*HK$'000*
Non-current assets	**1,999**	1,868
Current assets	**–**	58
	1,999	1,926

(b) The balance represented prepayment made for acquisition of the rights to use pieces of land located in Indonesia, which is stated at cost less amortisation and any impairment losses.

20. INVENTORIES

Group	**2011**	2010
	HK$'000	*HK$'000*
Coal	**6,192**	–
Ancillary materials, spare parts and small tools	**913**	–
Raw materials	**57,887**	40,844
Work in progress	**5,767**	13,826
	70,759	54,670

21. TRADE AND OTHER RECEIVABLES AND BILLS RECEIVABLE

Included in trade and other receivables of the Group are net trade receivables of HK$8,497,000 (2010: HK$24,745,000).

The Group generally allows credit period of up to 120 days to its trade customers. The following is an aged analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date at the end of reporting period:

Group	**2011** *HK$'000*	2010 *HK$'000*
0 – 60 days	**7,203**	19,448
61 – 90 days	**649**	3,129
91 – 120 days	**15**	913
Over 120 days	**630**	1,255
	8,497	24,745

Before accepting any new customer, the Group will assess credit worthiness by customer. The customers are mostly the renowned companies, based on the past history, no significant recoverability problem is expected. Trade receivables that were neither past due nor impaired are customers who have a good repayment record with the Group. Based on past experience, the directors of the Company are of the opinion that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Included in the Group's trade receivables are debtors with aggregate carrying amount of HK$1,957,000 (2010: HK$2,168,000) which are past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The average age of these receivables is 120 days for both years.

As at 31 March 2011, other receivables mainly included trading deposits paid (2010: receivable from an investment broker on disposal of investments).

21. TRADE AND OTHER RECEIVABLES AND BILLS RECEIVABLE (continued)

Ageing of trade receivables which are past due but not impaired

	2011 HK$'000	2010 HK$'000
1 – 30 days	1,312	–
91 – 120 days	15	913
Over 120 days	630	1,255
	1,957	2,168

Bills receivable are aged within one month (2010: three months).

Movement in impairment loss recognised

Group	2011 HK$'000	2010 HK$'000
Balance at the beginning of year	5,118	1,630
Impairment loss on trade receivables *(Note 8)*	–	3,824
Write-back of impairment loss *(Note 8)*	(3,067)	–
Amount written off as uncollectible	(340)	(336)
Balance at the end of the year	1,711	5,118

22. RESTRICTED BANK DEPOSIT, PLEDGED BANK DEPOSIT, AND BANK BALANCES AND CASH

Restricted bank deposit represented deposit placed in financial institution as collateral for entering into a secured bank borrowing granted to a subsidiary.

Pledged bank deposit represented deposit pledged to a bank to secure general short-term banking facilities granted to the subsidiaries. The pledged deposit carried fixed interest rate of 0.1% per annum in prior year.

Bank balances mainly represent fixed bank deposits with maturity less than three months. They carry interests at fixed rates which range from 0.01% to 3% (2010: 0.01% to 0.3%) per annum.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Group	2011	2010
	HK$'000	*HK$'000*
Listed equity securities held for trading in:		
– Hong Kong	**36**	16,046
– PRC	**1,126**	4,864
	1,162	20,910

Company

The balance as at 31 March 2010 represented listed equity securities held for trading in Hong Kong.

At the end of the reporting period, all financial assets at fair value through profit or loss were stated at fair value. The fair values of listed securities are determined based on the bid prices quoted in active markets.

24. TRADE AND OTHER PAYABLES AND ACCRUALS AND BILLS PAYABLE AND PROVISION FOR CLOSE DOWN, RESTORATION AND ENVIRONMENTAL COSTS

Included in trade and other payables and accruals of the Group are trade payables of HK$8,214,000 (2010: HK$12,120,000).

The following is an aged analysis of trade payables presented based on invoice date at the end of the reporting period:

Group	2011	2010
	HK$'000	*HK$'000*
0-60 days	**5,935**	8,846
61-90 days	**853**	1,346
Over 90 days	**1,426**	1,928
	8,214	12,120

24. TRADE AND OTHER PAYABLES AND ACCRUALS AND BILLS PAYABLE AND PROVISION FOR CLOSE DOWN, RESTORATION AND ENVIRONMENTAL COSTS (continued)

The average credit period on purchases of goods is up to 90 days and certain suppliers grant longer credit period to the Group up to 120 days on case-by-case basis. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

Bills payable are aged within four months (2010: three months).

Other payables and accruals mainly included accruals for the Group's operating expenses, interest payable and advance payments from customers.

The provision for close down, restoration and environmental costs of HK$1,440,000 (2010: HK$Nil) (Note 9) in relation to the Group's mining right has been determined by the management and charged to profit or loss during the current year. Mining activities may result in land subsidence, which could lead to losses to the residents of the mining areas. Pursuant to the relevant Indonesia regulations, the Group was required to make compensation payments to the residents for their losses resulting from land subsidence, or to restore the mining areas back to certain acceptable conditions.

The provision for close down, restoration and environmental clean-up costs has been determined by management based on their past experience and best estimate of expenditure. However, in so far as the effect of the land and the environment from current mining activities becomes apparent in future periods, the estimate of the associated costs may be subject to revision in the future. The amounts provided in relation to close down, restoration and environmental clean-up costs are reviewed at least annually based upon the facts and circumstances available at the time and the provisions were updated accordingly. In the opinion of the Group, the above amounts might be requested to pay within twelve months from the end of the reporting period and therefore, the amounts have been classified under current liabilities.

25. SECURED BANK BORROWING

Group	**2011**	2010
	HK$'000	*HK$'000*
Secured bank borrowing repayable within one year	–	19,925

The amount represented fixed-rate bank borrowing at 0.6787% per annum.

During the year, the Company has given a corporate guarantee to a bank to secure general banking facilities granted to its subsidiary.

26. DEFERRED TAX

The following are the major deferred tax (liabilities)/assets recognised and movements thereon during the current and prior years:

Group

	Intangible assets	Accelerated tax depreciation	Tax losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2009	–	(872)	872	–
(Charge)/credit to profit or loss	–	(100)	100	–
At 31 March 2010	–	(972)	972	–
Business combination *(Note 36)*	(613,355)	–	–	(613,355)
Credit/(charge) to profit or loss *(Note 14)*	5,165	(693)	693	5,165
Exchange adjustments	(39,415)	–	–	(39,415)
At 31 March 2011	(647,605)	(1,665)	1,665	(647,605)

At 31 March 2011, the Group has unused tax losses of HK$49,111,000 (2010: HK$40,803,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$10,090,000 (2010: HK$5,891,000) of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses of HK$39,021,000 (2010: HK$34,912,000) due to the unpredictability of future profit streams. At 31 March 2010, the unused tax losses brought forward from previous years decreased by HK$21,601,000 on the basis that the prescribed fixed assets expenditure claims for certain of the Group's plant and machineries for the years of assessment from 1998/99 to 2002/03 and 2005/06 to 2006/07 was disallowed. The tax losses may be carried forward indefinitely.

27. CONVERTIBLE BONDS

On 4 June 2010, the Company issued zero-coupon convertible bonds (the "Convertible Bonds") at a total nominal value of HK$674,250,000 as part of the consideration of the business combination (Note 36). The Convertible Bonds have a maturity period of ten years from the date of issue and can be converted into ordinary shares of the Company at HK$1.5 each at the holders' option. If the Convertible Bonds have not been converted, they will be redeemed at the tenth anniversary of the date of issue of the Convertible Bonds at par.

27. CONVERTIBLE BONDS (continued)

During the year, the Convertible Bonds in total nominal value of HK$261,000,000 had been converted into 174,000,000 ordinary shares of the Company.

The carrying amount of the Convertible Bonds in issue was split into the equity and liability components. The fair value of the liability component was calculated using a market borrowing rate of 12.51% at the date of issue. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity in the convertible bonds equity reserve.

The fair value of the Convertible Bonds was valued by Greater China Appraisal Limited on the date of issue. The valuers have adopted the binomial model in measuring the fair value of the conversion option. The major inputs into the binomial option pricing model were as follows:

	At 4 June 2010 (date of issue)
Expected volatility	58.79%
Risk-free rate	2.48%
Expected dividend yield	0%

As the Company has new businesses of coal industry and shipping industry in addition to the existing garment manufacturing industry during the year, the expected volatility was estimated by the average annualised standard deviations of the continuously compounded rates of return on the share prices of comparable companies which have similar business nature.

The fair value of the Convertible Bonds, at the initial recognition, was HK$525,830,000 (Note 36), comprising equity portion of HK$318,382,000 and liability component of HK$207,448,000. Balances of HK$317,737,000 (net of expenses of HK$645,000) and HK$207,003,000 (net of expenses of HK$445,000) were credited to convertible bonds equity reserve and liability component of the Convertible Bonds, respectively.

27. CONVERTIBLE BONDS (continued)

The movements on the liability component of the Convertible Bonds are as follows:

Group and Company	*HK$'000*
Fair value at inception, net of issue costs	207,003
Imputed interest expense *(Note 13)*	13,625
Conversion of shares of the Company	(80,302)
At 31 March 2011	140,326

28. PROMISSORY NOTES

Group and Company	*HK$'000*
Fair value at inception *(Note 36)*	107,823
Imputed Interest expense *(Note 13)*	4,888
	112,711
Less: interest payable included in other payables under current liabilities	(2,500)
Non-current portion	110,211

On 4 June 2010, promissory notes in the principal amount of HK$120,000,000 were issued by the Company as part of consideration for the business combination (Note 36). The coupon interest rate of promissory notes is 2.5% per annum and the maturity period is two years from the date of issue, i.e. 3 June 2012. Interest is payable in arrears on the date falling upon each anniversary of this promissory note. The Company may repay any part of the principal amount of the promissory notes (in amounts of not less than HK$500,000 or should the outstanding principal amount be less than HK$500,000, the whole (but not part of it) thereof) at any time from the date of issue to the date immediately prior to the maturity date.

The fair value of the promissory notes at the issue date was HK$107,823,000. The effective interest rate of the promissory notes is determined to be 8.21% per annum.

29. SHARE CAPITAL

	Number of shares	Amount *HK$'000*
Authorised:		
Ordinary shares of HK$0.10 each:		
At 1 April 2009 and 31 March 2010	5,000,000,000	500,000
Re-classification and re-designation into convertible preference share capital *(Note (a))*	(500,000,000)	(50,000)
At 31 March 2011	4,500,000,000	450,000
Convertible preference shares of HK$0.10 each (the "CPS"):		
At 1 April 2009 and 31 March 2010	–	–
Re-classification and re-designation from ordinary share capital *(Note (a))*	500,000,000	50,000
At 31 March 2011	500,000,000	50,000
Issued and fully paid:		
At 1 April 2009	383,763,200	38,376
Exercise of share options *(Note (c))*	3,866,400	387
At 31 March 2010	387,629,600	38,763
Issue of conversion shares *(Note (b))*	174,000,000	17,400
Exercise of share options *(Note (c))*	22,076,000	2,208
At 31 March 2011	583,705,600	58,371

29. SHARE CAPITAL (continued)

Notes:

(a) During the year, the shareholders passed a special resolution to approve the re-classification and re-designation of the then existing authorised share capital of the Company of HK$500,000,000 divided into 5,000,000,000 ordinary shares into (i) 4,500,000,000 ordinary shares and (ii) 500,000,000 CPSs.

(b) During the year, there is a partial conversion of the Convertible Bonds in the principal amount of HK$261,000,000 with the corresponding equity component of HK$123,245,000 and liability component of HK$80,302,000. The Company has allotted and issued a total of 174,000,000 conversion shares to bondholder at the conversion price of HK$1.50 per conversion share (Note 27).

(c) During the year, as a result of the exercise of share options under the Company's share option scheme, the Company allotted and issued 22,076,000 (2010: 3,866,400) ordinary shares of HK$0.10 each for cash at the exercise price of HK$0.73 (2010: HK$0.51) each per share.

30. CONVERTIBLE PREFERENCE SHARES

On 4 June 2010, the Company issued 240,000,000 CPS at a total nominal value of HK$360,000,000 as part of the consideration for the business combination (Note 36). The conversion price of the CPS is fixed at HK$1.5 per ordinary share and can be converted into ordinary shares without a maturity date. Neither the Company nor the holder of the CPS shall have any right to redeem the CPS, other than for the purpose of conversion of the CPS pursuant to the terms thereof. The CPS shall at all times rank (a) in priority to the ordinary shares of the Company and any other shares of the Company as to return of capital; and (b) pari passu with ordinary shares of the Company in issue as to dividends. The fair value of the CPS, at the initial recognition, was HK$249,084,000. An amount of HK$248,579,000, net of professional expenses of HK$505,000, was credited to the convertible preference shares reserve.

31. RESERVES OF THE COMPANY

	Share premium HK$'000	Contributed surplus HK$'000	Convertible preference shares reserve HK$'000	Convertible bonds equity reserves HK$'000	Warrant reserve HK$'000	Share option reserve HK$'000	Accumu-lated losses HK$'000	Total HK$'000
At 1 April 2009	129,781	153,400	–	–	1,804	3,641	(39,535)	249,091
Loss and comprehensive income for the year	–	–	–	–	–	–	(2,429)	(2,429)
Expiration of warrants	–	–	–	–	(1,804)	–	1,804	–
Issue of shares	1,585	–	–	–	–	–	–	1,585
At 31 March 2010	131,366	153,400	–	–	–	3,641	(40,160)	248,247
Loss and comprehensive income for the year	–	–	–	–	–	–	(27,772)	(27,772)
Issue of convertible bonds	–	–	–	317,737	–	–	–	317,737
Issue of shares upon partial conversion of convertible bonds	186,147	–	–	(123,245)	–	–	–	62,902
Issue of convertible preference shares	–	–	248,579	–	–	–	–	248,579
Share-based payment	–	–	–	–	–	6,094	–	6,094
Issue of shares on exercise of share options	17,595	–	–	–	–	(3,641)	–	13,954
At 31 March 2011	335,108	153,400	248,579	194,492	–	6,094	(67,932)	869,741

The contributed surplus of the Company represents the difference between the consolidated shareholders' funds of the subsidiaries acquired and the nominal value of the Company's shares issued for the acquisition at the time of a previous group reorganisation less amounts utilised on bonus issue of shares plus the credit arising from the capital reduction in 2001.

32. LEASES

Finance leases

Future lease payments are due as follows:

Group	Minimum lease payments 2011 HK$'000	Future interest 2011 HK$'000	Present value 2011 HK$'000
Not later than one year	22,221	3,996	18,225
Later than one year and not later than five years	31,905	3,022	28,883
	54,126	7,018	47,108

The present value of future lease payments are analysed as:

Group	2011 HK$'000	2010 HK$'000
Current liabilities	18,225	–
Non-current liabilities	28,883	–
	47,108	–

Included in the obligation under finance lease is an aggregate amount of HK$25,768,000 which arises from the finance lease arrangements entered into between (i) the Group; and (ii) the non-controlling shareholder and its related company.

Operating lease – lessee

The Group paid minimum lease payments of HK$3,680,000 (2010: HK$2,295,000) under operating leases in respect of rented premises.

At the end of the reporting period, the Group has commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which will fall due as follows:

32. LEASES (continued)

Group	2011 HK$'000	2010 HK$'000
Within one year	4,009	1,768
In the second to fifth year inclusive	9,688	6,372
Over five years	9,380	10,545
	23,077	18,685

Operating lease payments represent rentals payable by the Group for certain of its office premises and factory premises. Leases of office premises are negotiated for an average term of 1 to 2 years with fixed rentals. Leases of factory premises are negotiated for an average term of 20 years. The yearly rentals are fixed for first 10-year period and will be escalated by 10% for every 10-year period thereafter and the leases are terminable with three-month to four-month notice.

Operating leases – lessor

The Group entered into time charter agreement with a customer to charter the Group's vessels in return for time charter income. The minimum time charter receivables under non-cancellable time charter agreement are as follows:

	Group	
	2011 HK$'000	2010 HK$'000
Not later than one year	22,399	–

33. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

	2011	2010
	HK$'000	*HK$'000*
Financial assets		
Loans and receivables (including cash and cash equivalents), at amortised cost	**91,029**	184,192
Financial assets at fair value through profit or loss, at fair value	**1,162**	20,910
Financial liabilities		
Financial liabilities, amortised cost	**369,428**	42,289

34. SHARE-BASED PAYMENT TRANSACTIONS

On 28 August 2002, the Company adopted the existing share option scheme (the "Scheme") for the primary purpose to attract, retain and motivate talented employees, executive and non-executive directors and consultants of the Company or any subsidiaries or associated companies or such persons who from time to time are determined by the board of directors (the "Board") at its discretion as having contributed to the Group based on his/her performance and/or years of services, or it regarded as valuable resources and other relevant factors (the "Participants"), to strive for future developments and expansion of the Group. The Scheme will be ending on 27 August 2012.

Under the Scheme, the Board of the Company may grant options to the Participants to subscribe for shares in the Company at a price equal to the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the offer date, which must be a trading day; (ii) a price being the average of the closing prices of shares as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding the date of the offer date; and (iii) the nominal value of a share, subject to a maximum of 38,376,320 shares, representing approximately 10% of the issued share capital of the Company, as at the date of the approval of the refreshment of Scheme mandate limit.

The total number of shares which may be issued and to be issued upon exercise of all exercised and/or outstanding options granted to each of the Participants shall not in aggregate exceed 1% of the relevant class of securities of the Company in issue in any 12-month periods.

34. SHARE-BASED PAYMENT TRANSACTIONS (continued)

All options granted shall be accepted within 21 days and have taken effect when the duplicate letter comprising acceptance of the options signed by the grantee together with a remittance in favour of the Company of HK$1.00 by way of consideration for the grant thereof is received by the Company.

The following table discloses movements during both years in the Scheme:

Category	Date of grant	Exercisable period	Exercise price per share HK$	Number of share options At 1/4/2009	Granted	Exercised	At 31/3/2010	Granted	Exercised	At 31/3/2011
1. Directors										
Ms. Li Mei Lin	17/9/2007	17/9/2007 to 16/9/2010	0.77	3,100,000	–	–	3,100,000	–	(3,100,000)	–
Mr. Li Man Ching	26/7/2007	26/7/2007 to 25/7/2010	1.04	3,830,000	–	–	3,830,000	–	(3,830,000)	–
Mr. Li Man Shun	26/7/2007	26/7/2007 to 25/7/2011	1.04	2,380,000	–	–	2,380,000	–	(2,380,000)	–
Mr. Fung Chi Ki	2/11/2002	2/11/2002 to 1/11/2012	0.51	1,933,200	–	–	1,933,200	–	(1,933,200)	–
Mr. Ng Xinwei	30/8/2010	30/8/2010 to 29/8/2020	1.12	–	–	–	–	2,750,000	–	2,750,000
Ms. Lim Beng Kim, Lulu	30/8/2010	30/8/2010 to 29/8/2020	1.12	–	–	–	–	1,500,000	–	1,500,000
Ms. Elly Ong	30/8/2010	30/8/2010 to 29/8/2020	1.12	–	–	–	–	2,750,000	–	2,750,000
Mr. Shiu Shu Ming	30/8/2010	30/8/2010 to 29/8/2020	1.12	–	–	–	–	2,750,000*	–	2,750,000
				11,243,200	–	–	11,243,200	9,750,000	(11,243,200)	9,750,000
2. Associate of shareholder										
Ms. Lim Chek Hwee	30/8/2010	30/8/2010 to 29/8/2020	1.12	–	–	–	–	3,000,000	–	3,000,000

34. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Category	Date of grant	Exercisable period	Exercise price per share HK$	Number of share options At 1/4/2009	Granted	Exercised	At 31/3/2010	Granted	Exercised	At 31/3/2011
3. Employees in aggregate	2/11/2002	2/11/2002 to 1/11/2012	0.51	11,599,200	–	(3,866,400)	7,732,800	–	(7,732,800)	–
	2/4/2008	2/4/2008 to 1/4/2011	0.77	3,100,000	–	–	3,100,000	–	(3,100,000)	–
	30/8/2010	30/8/2010 to 29/8/2020	1.12	–	–	–	–	1,500,000	–	1,500,000
				14,699,200	–	(3,866,400)	10,832,800	1,500,000	(10,832,800)	1,500,000
4. Consultants in aggregate	30/8/2010	30/8/2010 to 29/8/2020	1.12	–	–	–	–	15,750,000	–	15,750,000
	18/3/2011	18/3/2011 to 17/3/2021	1.122	–	–	–	–	1,000,000	–	1,000,000
				–	–	–	–	16,750,000	–	16,750,000
				25,942,400	–	(3,866,400)	22,076,000	31,000,000	(22,076,000)	31,000,000

* *The share options were granted to the grantee as an employee instead of a director at the date of grant.*

The fair value was calculated using the binomial option pricing model. The inputs into the model were as follows:

The fair value of equity-settled share options granted during the year was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options was granted.

34. SHARE-BASED PAYMENT TRANSACTIONS (continued)

The inputs into the model for those share options granted during the year were as follows:

Expected volatility (%)	39.64 to 44.12
Risk-free interest rate (%)	0.37 to 0.45
Expected life of option (year)	1.50
Closing share price (HK$)	1.09 to 1.10
Expected dividend yield (%)	0

Expected volatility was determined by using the historical volatility of the Company's share price over the previous trading days which equivalent to the assumed life of the share option. The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. No other feature of the options granted was incorporated into the measurement of fair value.

The Binomial Option Pricing model had been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options were based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The Group recognised a share-based payment expense of HK$6,094,000 (2010: HK$Nil) during the year ended 31 March 2011.

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise was HK$1.31.

35. INTERESTS IN SUBSIDIARIES

	The Company	
	2011	2010
	HK$'000	*HK$'000*
Unlisted shares, at cost	**84,948**	84,948
Less: Impairment loss	**(45,927)**	(44,985)
	39,021	39,963

35. INTERESTS IN SUBSIDIARIES (continued)

An aggregate accumulated allowance for investments in subsidiaries of HK$45,927,000 (2010: HK$44,985,000) was recognised as at 31 March 2011 because the related recoverable amounts of the investment costs in subsidiaries with reference to the values of the respective subsidiaries were estimated to be less than their carrying amounts. Accordingly, the carrying amounts of the related amounts are reduced to their recoverable amounts as at 31 March 2010 and 2011.

The amounts due from/(to) subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

The following is a list of subsidiaries of the Company:

Name of subsidiary	Place of incorporation or registration/ operations	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued share capital held by the Group 2011	2010	Principal activities
Directly held by the Company					
Sinoplex Limited ("Sinoplex")	British Virgin Islands ("BVI")	US$75	100%	100%	Investment holding
Tiger Courage Limited	BVI	US$1	100%	100%	Investment holding
Fair Cypress Limited	BVI	US$1	100%	100%	Investment holding
Agritrade Resources Global Limited	BVI	US$100	100%	–	Inactive
Newtone Management Limited	Hong Kong	HK$1	100%	–	Provision of administrative services
Indirectly held by the Company					
Dongguan Winscope Garment Manufacturing Co., Ltd. ("DG Winscope")	PRC	HK$15,000,000 *(Note (a))*	100%	100%	Inactive

35. INTERESTS IN SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation or registration/ operations	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued share capital held by the Group 2011	2010	Principal activities
Gold Sleeve Limited	BVI/Hong Kong	US$50,000	100%	100%	Sale of textile products
Kwong Hing Knitting Fabric Trading Co. Limited	Hong Kong	HK$1,000,000	100%	100%	Sale of textile products
Kwong Tai Dyeing Co. Limited	Hong Kong	HK$3,000,000	100%	100%	Inactive
Nanhai Hengxing Dyeing Co., Ltd. ("Hengxing")	PRC	HK$139,764,000 *(Note (a))*	100%	100%	Provision of dyeing, bleaching, setting and finishing services
Real Connection Limited	BVI	US$50,000	100%	100%	Investment holding
Unite Might Investment Limited	Hong Kong	US$500,000	100%	100%	Provision of administrative services
Sano Macao Commercial Offshore Company Limited	Macau	MOP1,000,000	100%	100%	Sale of textile products
Sano Trading Limited	BVI	US$100	100%	100%	Investment holding
Wincast Ltd.	BVI	US$1	100%	100%	Investment holding
Winscope Limited	BVI	US$1	100%	100%	Investment holding

35. INTERESTS IN SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation or registration/ operations	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued share capital held by the Group 2011	2010	Principal activities
KHI Trading Limited	USA	US$1,000	100%	100%	Sale of textile products
Allwealth Pacific Limited	BVI/PRC	US$100	100%	100%	Provision of dyeing, bleaching, setting and finishing services
(HK) Kwong Hing Knitting Fabric Trading Co. Limited	Hong Kong	HK$100	100%	100%	Sale of knitted fabric and dyed yarns
Rimau Shipping Pte. Ltd.	Singapore	SGD3,600,000	100%	–	Time chartering of vessels
PT Rimau Indonesia	Indonesia	IDR15,725,000,000	60%	–	Investment holding and coal trading
PT Senamas Energindo Mineral	Indonesia	IDR1,250,000,000	57%	–	Coal trading

Note:

(a) Other than Hengxing and DG Winscope, which are wholly-foreign-owned enterprises established in the PRC, all other companies are limited liability companies incorporated in the respective jurisdictions.

36. BUSINESS COMBINATIONS

On 4 June 2010, the Group acquired 60% equity interest in PTRI and its 95%-owned subsidiary (collectively referred to as the "PTRI Group") and 100% equity interest in Rimau Shipping Pte Ltd. ("Rimau Shipping') for an aggregate consideration with fair value of HK$1,042,737,000. Details of the fair value of net assets acquired in respect of the acquisition of the PTRI Group and Rimau Shipping are as follows:

	The PTRI Group	**Rimau Shipping**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Property, plant and equipment *(Note 17)*	22,070	62,845	84,915
Intangible assets *(Note 18)*	2,480,178	2,453	2,482,631
Prepaid lease payments	590	–	590
Prepayment for land use rights	684	–	684
Inventories	226	–	226
Trade and other receivables	786	15,401	16,187
Bank balances and cash	2,115	201	2,316
Trade and other payables	(9,215)	(550)	(9,765)
Amounts due to related parties	(11,206)	–	(11,206)
Obligation under finance leases	(239)	(17,026)	(17,265)
Deferred tax *(Note 26)*	(613,355)	–	(613,355)
Net assets	1,872,634	63,324	1,935,958
Less: Non-controlling interests	(805,090)	–	(805,090)
	1,067,544	63,324	1,130,868
Gain from bargain purchase			(88,131)
			1,042,737

36. BUSINESS COMBINATIONS (continued)

	Total
	HK$'000
Consideration satisfied by:	
Cash	160,000
Issuance of Convertible Bonds *(Note 27)*	525,830
Issuance of CPS *(Note 30)*	249,084
Issuance of promissory notes *(Note 28)*	107,823
	1,042,737
Net cash outflow arising from acquisition:	
Cash and cash equivalent balances acquired	157,684

Notes:

(i) Details of the acquisition of the PTRI Group and Rimau Shipping were set out in the Company's circular dated 26 March 2010.

(ii) The Group has elected to measure the non-controlling interests in this business combination at proportionate share of fair value of the respective acquiree's identifiable net assets.

(iii) The fair value of the trade and other receivables also represented the gross amount of these receivables. None of the balances has been impaired and it is expected that the full contractual amount can be collected.

(iv) The acquisition-related costs of HK$2,640,000 in total have been incurred. Except for the acquisition-related costs of HK$1,595,000 that are directly related to the issuance of the Convertible Bonds and CPS (Notes 27 and 30), such costs have been allocated to the liability and equity components in proportion, the remaining acquisition-related costs of HK$1,045,000 have been expensed and are included in administrative expenses as shown on the consolidated statement of comprehensive income.

(v) Since the acquisition date, the PTRI Group and Rimau Shipping have contributed HK$72,681,000 and HK$18,602,000 to the Group's revenue and HK$79,134,000 and HK$5,669,000 to the Group's profit. If the acquisition had occurred on 1 April 2010, the Group's revenue and profit would have been increased, in aggregate, by HK$38,578,000 and HK$27,360,000, respectively.

(vi) The Group considered the above acquisition can provide business diversification for the purpose of enhancing the long-term growth potential of the Group in natural resources industry and chartering industry.

(vii) The gain from bargain purchase was mainly attributable to the increase in the value of the mining right, as the result of the increase in market price of coal at acquisition date.

37. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Save for those disclosed elsewhere in these financial statements, details of transactions between the Group and other related parties are disclosed below.

(a) During the year, the Group entered into the following transaction with related parties:

	2011	2010
	HK$'000	*HK$'000*
Time charter income from a related company with common directors of the Company	**18,602**	–
Sales to a non-controlling shareholder and its related company	**57,023**	–
Proceeds on disposal of prepaid lease payments and property, plant and equipment to an ex-director who is also a close family member of the existing directors	**12,970***	–
Management fee paid to a related company with common directors of the Company	**774**	–
Purchases from a related company of a non-controlling shareholder	**885**	–
Minimum lease payments paid to director	**49**	–

* *On 24 March 2011, the Group entered into a sale and purchase agreement with Mr. Li Man Shun, an ex-director of the Company who is also a close family member of the existing directors, to dispose of the entire interest in a parcel of land (presented as prepaid lease payments) and buildings (included in property, plant and equipment) located at the PRC with carrying amounts of HK$1,873,000 and HK$10,126,000, respectively, at a consideration of HK$12,970,000. The transaction was completed on 31 March 2011 and a gain of HK$971,000 was recognised.*

37. RELATED PARTY TRANSACTIONS (continued)

(b) Amounts with related parties are summarised below:

	2011 HK$'000	Maximum amount due in the year HK$'000	2010 HK$'000
(i) Amounts due from:			
– Non-controlling shareholder			
Ridwan Andi Wittiri	**446**		–
– Related companies with common directors of the Company			
Integral Marine Services Pte Ltd	**9,172**	19,121	–
Jet Marine Pte Ltd	**3,086**	3,086	–
PT Rimau Electric	**857**	857	–
	13,561		–
(ii) Amounts due to:			
– Director	**600**		–
– Non-controlling shareholders and its related companies	**17,600**		–
	18,200		–

Except for an amount HK$7,578,000 due to a non-controlling shareholder which is unsecured, interest-bearing at rates ranging from 11% to 12% per annum and repayable on demand, the balances with the above related parties are unsecured, interest-free and repayable on demand.

(c) During the year, (i) a shareholder of the Company, and (ii) a director of the Company and his spouse have given a corporate guarantee and personal guarantees respectively to a financial institution to secure certain finance leases over property, plant and equipment of the Group.

(d) Members of key management during the year comprised only the directors whose remuneration is set out in Note 11.

38. FINANCIAL RISK MANAGEMENT

The Group's major financial instruments include trade and other receivables, bills receivable, restricted bank deposit, pledged bank deposit, bank balances and cash, trade and other payables, bills payable, financial assets at fair value through profit or loss, and secured bank borrowing. Details of the financial instruments are disclosed in respective notes. The risks associated with certain of these financial instruments include market risk (interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group's overall strategy remains unchanged from prior year.

Market risk

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to certain of its floating-rate bank balances. The Group is also exposed to fair value interest rate risk related to the fixed rate bank deposits, and fixed-rate bank borrowing (Note 25). The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise. No sensitivity analysis was performed for floating-rate bank balances as the directors consider the amount is insignificant.

Other price risk

The Group is exposed to equity price risk arising from held-for-trading investments. Management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on listed equity investments quoted on the Stock Exchanges in Hong Kong and the PRC. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks attributable to the Group's listed equity investments quoted on the Stock Exchanges in Hong Kong and the PRC, assuming all other variables were held constant, at the reporting date.

If the equity prices of the respective held-for-trading investments had been 5% (2010: 5%) higher/lower, the Group's profit after tax for the year ended 31 March 2011 would increase/decrease by HK$58,000 (2010: loss would decrease/increase by HK$873,000) as a result of the changes in fair value of held-for-trading investments.

38. FINANCIAL RISK MANAGEMENT (continued)

Credit risk

As at 31 March 2011, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to manage its the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Other than the concentration of credit risk by geographical location, which is mainly in Hong Kong and accounted for 61% (2010: 89%) of the total trade receivables as at 31 March 2011, the Group has no significant concentration of credit risk on trade receivables, with exposure spread over a number of counterparties and customers.

Liquidity risk

In management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowing and ensures compliance with loan covenants.

38. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms as well as derivative financial instruments. The table has been drawn up based on the undiscounted cash flows of the financial instruments based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 5 years but less than 10 years	Total contractual undiscounted cash flows	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2011					
Non-derivative financial liabilities					
Trade payables	**8,214**	**–**	**–**	**8,214**	**8,214**
Bills payable	**12,924**	**–**	**–**	**12,924**	**12,924**
Amounts due to related parties	**18,200**	**–**	**–**	**18,200**	**18,200**
Obligation under finance leases	**22,221**	**31,905**	**–**	**54,126**	**47,108**
Promissory notes and interest payable	**3,000**	**123,000**	**–**	**126,000**	**112,711**
Convertible bonds	**–**	**–**	**413,250**	**413,250**	**140,326**
	64,559	**154,905**	**413,250**	**632,714**	**339,483**
2010					
Non-derivative financial liabilities					
Trade payables	12,120	–	–	12,120	12,120
Bills payable	10,244	–	–	10,244	10,244
Secured bank borrowing	20,059	–	–	20,059	19,925
	42,423	–	–	42,423	42,289

38. FINANCIAL RISK MANAGEMENT (continued)

Currency risk

The Group has entities in overseas, they are located in the PRC, Singapore and Indonesia, and are specified in textile, shipping and mining respectively. These segments of the Company have foreign currency sales and purchases mainly denominated in Renminbi ("RMB"), in Singapore Dollars ("SGD") and Indonesia Rupiah ("IDR") respectively, which expose the Group to currency risk. Certain financial assets and liabilities of the Group are also denominated in RMB, SGD and IDR. It is estimated that an appreciation or depreciation of 5% in RMB against HK$ and appreciation or depreciation of 5% in SGD against HK$ at 31 March 2011, with all other variables held constant, would have insignificant effects on the profit or other components of equity of the Group for the reporting period. It is estimated that an appreciation or depreciation of 5% in IDR against HK$ at 31 March 2011, with all other variables held constant, would have insignificant effects on the profit but increase/decrease other components of equity of the Group by the amount of HK$51,814,000 (2010: HK$Nil) for the reporting period. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Fair value

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and

- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities, recorded at amortised cost in the consolidated financial statements approximate their fair values.

38. FINANCIAL RISK MANAGEMENT (continued)

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All of the Group's listed equity securities investment of HK$1,162,000 (2010: HK$20,910,000) (Note 23) were categorised under level 1 fair value measurement.

39. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which represents the secured bank borrowing, convertible bonds and promissory notes disclosed in Notes 25, 27 and 28 respectively, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt.

40. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

(a) On 25 March 2011, the Group entered into a sale and purchase agreement with a purchaser in connection to the disposal of a vessel in a consideration of S$1,200,000 (or HK$7,406,000 equivalent). According to the sale and purchase agreement, the ownership of the vessel is transferred upon full consideration is settled by the purchaser. Subsequent to the end of the reporting period, in April 2011, full settlement of S$1,200,000 was received and the vessel was disposed of by the Group on the same date.

The vessel being disposed of subsequent to the end of the reporting period with the carrying amount and fair value less cost to sell of HK$6,713,000 (Note 17) is classified under non-current asset held for sale and stated at lower of carrying amount and fair value less costs to sell as at 31 March 2011.

(b) On 23 June 2011, the Company entered into an agreement (the "Agreement") with PT. Total Sinergy International ("TSI"), a company which is beneficially owned by a substantial shareholder of the Company, in connection to a series of cooperation with TSI in the GEO-COAL technology (the "Technology") which include: (i) appointing TSI to manage the design, building and installation of a plant; (ii) operation and maintenance of the plant by utilising the Technology; (iii) granting licenses of the Technology to the Company by TSI; and (iv) granting the Company the pre-emptive right to distribute the Technology in the PRC by TSI. The Technology is the coal upgrading technology which is developed and owned by TSI and patent application has been filed in Singapore. Estimated cost of building and installing the plant is approximately US$4,000,000 and estimated management fee to be received by TSI is approximately US$1,000,000. The plant is expected to be completed within seven months after the date of Agreement. Further details are set out in the Company's announcements dated 7 April and 23 June 2011.

Financial Summary

RESULTS

	2007 *HK$'000*	2008 *HK$'000*	2009 *HK$'000*	2010 *HK$'000*	**2011** ***HK$'000***
Revenue	324,336	287,765	235,865	159,036	**235,241**
Profit/(loss) before tax	(23,519)	(37,546)	(42,609)	(2,665)	**38,660**
Income tax credit/(expense)	1,963	–	–	(1,908)	**3,474**
Profit/(loss) for the year	(21,556)	(37,546)	(42,609)	(4,573)	**42,134**
Attributable to:					
Owners of the Company	(21,556)	(37,546)	(42,609)	(4,573)	**44,125**
Non-controlling interests	–	–	–	–	**(1,991)**
	(21,556)	(37,546)	(42,609)	(4,573)	**42,134**

ASSETS AND LIABILITIES

	2007 *HK$'000*	2008 *HK$'000*	2009 *HK$'000*	2010 *HK$'000*	**2011** ***HK$'000***
Total assets	399,727	375,201	328,566	353,906	**2,969,975**
Total liabilities	(38,758)	(34,740)	(28,981)	(55,690)	**(1,024,167)**
	360,969	340,461	299,585	298,216	**1,945,808**
Attributable to:					
Owners of the Company	360,969	340,461	299,585	298,216	**1,091,506**
Non controlling interests	–	–	–	–	**854,302**
	360,969	340,461	299,585	298,216	**1,945,808**