DOXEN ENERGY GROUP LIMITED

(Incorporated in Hong Kong with limited liability)
Stock Code: 668

2011/12
Annual Report

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive directors

Mr. Lo Siu Yu, *Chairman*
Mr. Chen Yang, *Chief Executive Officer*
Mr. Zhang Jian Qiang
(resigned on 31 December 2011)

Non-executive directors

Mr. Wang Xiaobo
Mr. Qin Hong

Independent non-executive directors

Mr. Chan Ying Kay
Ms. Kwong Ka Yin, Phyllis
(resigned on 31 December 2011)
Mr. Wang Jin Ling
Dr. Zhu Wenhui (appointed on 31 December 2011)

AUDIT COMMITTEE

Mr. Chan Ying Kay, *Committee Chairman*
Ms. Kwong Ka Yin, Phyllis
(resigned on 31 December 2011)
Mr. Wang Jin Ling
Dr. Zhu Wenhui (appointed on 31 December 2011)

REMUNERATION COMMITTEE

Ms. Kwong Ka Yin, Phyllis, *Committee Chairman*
(resigned on 31 December 2011)
Dr. Zhu Wenhui, *Committee Chairman*
(appointed on 31 December 2011)
Mr. Chan Ying Kay
Mr. Wang Jin Ling

NOMINATION COMMITTEE

Mr. Lo Siu Yu, *Committee Chairman*
Mr. Chan Ying Kay
Ms. Kwong Ka Yin, Phyllis
(resigned on 31 December 2011)
Dr. Zhu Wenhui (appointed on 31 December 2011)

COMPANY SECRETARY

Ms. Wong Tsui Yue, Lucy

AUTHORISED REPRESENTATIVES

Mr. Lo Siu Yu
Mr. Chen Yang
Mr. Au Yeung Siu Kei (alternative authorised
representative)

REGISTERED OFFICE

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SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
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183 Queen's Road East
Wanchai, Hong Kong

SHARE TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-16, 17/F, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking
Corporation Limited
China Construction Bank Corporation

SOLICITORS

Chiu & Partners Solicitors
King and Wood Mallesons

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

STOCK CODE

668

WEBSITE

http://www.doxen.com.hk

CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "Board"), I hereby present the annual report of Doxen Energy Group Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 March 2012.

The past year has been a year full of both opportunities and challenges for the Group. The Group has endeavoured to optimize its existing business, as well as to proactively explore new development opportunities. In general, we believe our course of development is moving in the right direction, and we believe that we are on the verge of achieving satisfactory returns very soon.

With respect to the restaurant operation, our core business at present, the Group has been actively taking measures to optimize our competitiveness in this sector. Some of the steps we have taken, including renovating the Eighteen Brook Cantonese Cuisine during the first half of last year, as well as enhancing the service quality and introducing more choices of dishes to diners at the restaurants, have earned positive responses from our customers. However, due to the escalating rentals, salaries and food costs, along with severe competition in the industry, our restaurant operation had recorded a loss of HK$1.8 million for the year ended 31 March 2012.

Meanwhile, the Group's program to expand the annual production capacity of the coal mine (the "New Century Coal Mine") in Uyghur Autonomous Region, Xinjiang ("Xinjiang"), the People's Republic of China (the "PRC") from 90,000 tonnes to 900,000 tonnes is still in progress and is scheduled to be completed in the fourth quarter of 2013 and trial mining will commence right afterwards. However, the amendment made to the "The Mechanism and Extent of Review on the Acquisition and Merger of Major Energy and Resource Project by Foreign Enterprise (外資併購重要能源和資源類專案的審查機制和審查力度)" by the Chinese government in 2011 has posed uncertainties on the Group's strategy in its development in the coal mining business in the PRC. As a result, the Group has diversified to other potential business segments in April 2012.

In April 2012, the Group launched its debut project in the property industry by entering into an acquisition agreement to acquire 70% equity interest of 重慶寶旭商業管理有限公司 (Chongqing Baoxu Commercial Property Management Limited*) ("Chongqing Baoxu") at a consideration of RMB210.0 million. Chongqing Baoxu is principally engaged in the investment holding of a shopping arcade, namely Dong Dong Mall. Dong Dong Mall has a total gross floor area of 18,043.45 sq.m., of which 97% of the leasable area has already been let out as at the date of this report. The mall is positioned as a shopping center with fashion stores, restaurants, and leisure facilities. Situated in the densely populated pedestrian area and shopping hub, it has already become a one-stop chic hot spot for shopping and leisure among the middle class in southern Chongqing.

With a population of around 33.0 million, Chongqing is the largest municipality in the PRC as well as a major city in southwestern China. According to the National Bureau of Statistics of China, the gross domestic product of Chongqing in 2010 was approximately RMB792.6 billion, representing a stunning increase of approximately 21.4% compared to 2009. In the meantime, the overall competitiveness of the city has enhanced significantly in recent years, with a stable economy and considerable unleashed purchasing power. The Group believes that tapping the local consumption property market through this acquisition presents huge development opportunities and growth potential for the Group.

CHAIRMAN'S STATEMENT

Looking ahead, the Group will continue to develop and consolidate its existing businesses, and will explore other potential business opportunities at the same time, with an aim to promote the long-term growth of our results.

APPRECIATION

On behalf of the Board, I would like to express my heartfelt gratitude to all of our staff for their hard work and dedication, to our clients for their continued trust, and to you, our shareholders, for your continuous support.

Lo Siu Yu
Chairman

Hong Kong, 22 June 2012

* *For identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS

The results of the Group are summarized as follows:

	2012	2011	Changes
	HK$'000	HK$'000	+/-
Revenue	**58,314**	72,144	-19.2%
Cost of inventories consumed	**(17,939)**	(22,287)	-19.5%
Staff costs	**(34,248)**	(39,134)	-12.5%
Operating lease rentals	**(12,889)**	(13,168)	-2.1%
Utilities expenses	**(4,021)**	(5,174)	-22.3%
Depreciation of property, plant and equipment	**(3,536)**	(842)	+320.0%
Repair and maintenance expenses	**(555)**	(790)	-29.7%
Other gains – net	**18,881**	3,301	+472.0%
Other operating expenses	**(19,125)**	(21,859)	-12.5%
Operating loss	**(15,118)**	(27,809)	-45.6%
Finance income	**5,477**	1,378	+297.5%
Finance costs	**(18,717)**	(5,163)	+262.5%
Finance costs – net	**(13,240)**	(3,785)	+249.8%
Loss before income tax	**(28,358)**	(31,594)	-10.2%
Income tax	**4,938**	3,244	+52.2%
Loss for the year	**(23,420)**	(28,350)	-17.4%
Attributable to:			
Equity holders of the Company	**(23,420)**	(27,775)	-15.7%
Non-controlling interests	**–**	(575)	-100.0%
	(23,420)	(28,350)	

BUSINESS REVIEW

For the year ended 31 March 2012, the Group recorded revenue of HK$58.3 million (for the year ended 31 March 2011: HK$72.1 million), representing a decrease of 19.2% as compared with that of last year, while the loss for the year attributable to equity holders of the Company decreased by 15.7% to HK$23.4 million (for the year ended 31 March 2011: HK$27.8 million).

Restaurant Operation

For the year ended 31 March 2012, the Group's revenue from its restaurant operation was reduced by approximately HK$14.2 million or 19.8% to HK$57.8 million (for the year ended 31 March 2011: HK$72.0 million) mainly due to the disposal of its interests in Shanghai Lu Yang Cun Restaurant in October 2010. The Group currently only operates two restaurants, namely Eighteen Brook Cantonese Cuisine and Imperial Kitchen.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS

Facing the increasing costs of rental expenses, salaries and wages and food, the restaurant operation of the Group recorded a loss of HK$1.8 million (for the year ended 31 March 2011: HK$1.3 million) for the year ended 31 March 2012. The year-to-year loss has increased by approximately HK$0.5 million or 33.8%. As an enhancement to the competitiveness of its operation as well as a pledge to extend the lease, the Eighteen Brook Cantonese Cuisine of the Group was closed for renovation from the end of May to mid-June in 2011. The existing lease of Imperial Kitchen at Telford Shopping Plaza is due to expire on 30 November 2012. Negotiation for renewal is still underway with the landlord.

Coal Mining

The Company acquired the New Century Coal Mine in August 2010 after purchasing the entire equity interest of 新疆新世紀礦業有限責任公司 (Xinjiang New Century Mining Company Limited*) ("Xinjiang New Century"). Since the acquisition, the Company has been implementing an expansion program which plans to increase the annual production capacity from 90,000 tonnes to 900,000 tonnes.

JORC Coal Resource Estimate:

The New Century Coal Mine is located 20km from Fukang City and 80km from Urumqi in Xinjiang, the PRC with a licensed area of 2.5478sq.km. The estimate of JORC Coal Resources of New Century Coal Mine by Minarco-MineConsult ("MMC"), an independent technical adviser with professional qualifications and relevant experience in relation to mining, as stated in the "Technical Report on the New Century Coal Mine" section of the circular of the Company dated 8 June 2010 (the "Circular") was 71 Mt as listed in Table 1 below.

Table 1 – MMC Estimated JORC Coal Resources (extracted from Appendix V of the Circular)

JORC Resource Classification	Quantity (Mt)	Specific Energy (MJ/kg)	Raw Ash (%)	Moisture (Ad%)	Sulphur (%)	VM (%)	ARD (m^3/t)
Measured	–	–	–	–	–	–	–
Indicated	70	26.7	10.6	3.5	0.33	34.7	1.36
Inferred	1	24.7	12.5	3.02	0.3	29.6	1.38
Total	71	26.7	10.6	3.49	0.33	34.6	1.36

The totals have been rounded down to the nearest 1 million tonnes (Mt) to reflect the order of accuracy of the estimates. No coal thickness or coal quality cut off have been used for these estimates.

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JORC "Equivalent" Reserve Estimation

The JORC "Equivalent" reserves were estimated by MMC as stated within the "Technical Report on the New Century Coal Mine" section of the Circular. The JORC "Equivalent" Reserve Estimate was based on MMC's review of a Mineable Quantities estimate completed by a Chinese design institute. The resultant JORC "Equivalent" Reserve is outlined in the Table 2 below. A JORC compliant Coal Reserve Estimate has not yet been completed for the New Century Coal Mine.

Table 2 – JORC "Equivalent" Reserves as at 30 April 2010 (extracted from Appendix V of the Circular)

JORC equivalent classification	Quantity (Mt)	Specific Energy (MJ/kg)	Raw Ash (%)	Moisture (Ad%)	Sulphur (%)	VM (%)	ARD (m^3/t)
Proven	–	–	–	–	–	–	–
Probable	49.9	26.62	10.65	3.47	0.33	34.68	1.36
Total	49.9	26.62	10.65	3.47	0.33	34.68	1.36

The information regarding the JORC Coal Resources and JORC "Equivalent" Reserve Estimates of the New Century Coal Mine is the same as that disclosed in the aforementioned section of the Circular.

MMC received an updated progress report dated 17 June 2011 and conducted a site visit to the New Century Coal Mine in 2011. Based on the site visit, as well as information provided by the Company, MMC considered that no exploration activities or advance of coal production have taken place during the year ended 31 March 2011. Therefore MMC considered the JORC Coal Resource and JORC "Equivalent" Reserve Estimates compiled as at 8 June 2010 cited in the aforementioned section of the Circular remained valid as at 31 March 2011.

During the year ended 31 March 2012, as there was no exploration or production activities carried out by Xinjiang New Century, the directors of the Company (the "Directors") considered the JORC Coal Resource and JORC Equivalent Reserve Estimates compiled as at 8 June 2010 cited in the aforementioned section of the Circular remained valid as at 31 March 2012.

For the year ended 31 March 2012, the 900,000 tonnes production capacity expansion programme of New Century Coal Mine continues to carry on. However, in preparation for the first China-Eurasia Expo held during September 2011 in Urumqi City, Xinjiang, the local government carried out a series of strict security measures, including prohibiting explosives from entering Xinjiang during August and September 2011, which had severely hindered our mine construction. Besides, the early sleet season in Xinjiang in 2011 had also affected our construction. As a result, the management expects that the completion of the New Century Coal Mine expansion and construction works would be delayed until the fourth quarter of 2013. The project will be carried out in three phases at a total investment cost of RMB399.1 million, out of which RMB95.1 million for mine construction, RMB56.1 million for site formation, RMB120.8 million for purchasing equipment and machinery, RMB54.3 million for installation work, and RMB72.8 million for other ancillary projects. As at 31 March 2012, the construction work of the main shaft and auxiliary shafts for the first phase of the expansion work has been completed. The second and third phases comprise the ground construction work and the installation of mechanical and electrical equipment, encompassing the lifting system, ventilation system, pressure ventilation system, ground production system, safety technology and control system, power supply system, ground transportation system, outdoor plumbing and heating system, auxiliary plant and warehouse, administration and welfare facilities, site facilities, welfare benefits facilities, environment protection and treatment of “solid wastes, liquid wastes and exhaust gas” etc.

For the year ended 31 March 2012, the costs incurred for the production capacity expansion program of the New Century Coal Mine amounted to approximately HK$83.5 million (for the year ended 31 March 2011: HK$37.3 million).

Acquisition of Chongqing Baoxu and continuing connected transactions

On 13 April 2012, Ocean Glory Investment Development Limited (the “Purchaser”), an indirect wholly-owned subsidiary of the Company, entered into an acquisition agreement (the “Acquisition Agreement”) with 重慶東銀實業(集團)有限公司 (Chongqing Doyen (Holdings) Co., Limited*) (the “Vendor”), a company wholly-owned by Mr. Lo Siu Yu (“Mr. Lo”), the Chairman, an Executive Director and the controlling shareholder of the Company, and his spouse, pursuant to which the Purchaser conditionally agreed to acquire and the Vendor conditionally agreed to sell 70% of the equity interest in Chongqing Baoxu, at the consideration of RMB210.0 million (equivalent to approximately HK$259.3 million) (the “Acquisition”). The Acquisition constituted a connected transaction and was duly approved by the independent shareholders of the Company at the extraordinary general meeting held on 25 May 2012.

The principal asset of Chongqing Baoxu is a shopping arcade, namely Dong Dong Mall, which is located at No. 2, Second Lane, Nanping East Road, Nanan District, Chongqing, the PRC with a total gross floor area of 18,043.45 sq.m. for commercial use. The area where Dong Dong Mall is situated is surrounded by a number of pedestrian walkways and shopping malls. Since the area is conveniently accessible by public transportation, it is a popular lifestyle, shopping, entertainment and commercial district for the city dwellers who reside in the south of Chongqing.

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MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS

In operation since June 2011, Dong Dong Mall is positioned as a shopping arcade with fashion boutiques, restaurants and a lifestyle and leisure centre to provide an one-stop lifestyle shopping and leisure experience to middle class residents in the south district of Chongqing. As at the date of this report, more than 97% of the leasable area was occupied.

Chongqing Baoxu currently engages a company indirectly wholly-owned by Mr. Lo and his spouse (the "Property Management Company"), for the provision of the property management services to Dong Dong Mall, including but not limited to repair, maintenance and management of common areas of Dong Dong Mall for three years commencing from 1 January 2011 in return for a management fee. According to the Acquisition Agreement, the Purchaser acknowledged and agreed that the Property Management Company would continue to provide the aforesaid property management services to Dong Dong Mall until 31 December 2013 and this will constitute a continuing connected transaction after the completion of the Acquisition.

Furthermore, Chongqing Baoxu and Ms. Wei Fang, a connected person of the Company, have entered into a leasing agreement, pursuant to which Chongqing Baoxu (as landlord) has agreed to lease an area with a total gross floor area of 916.97 sq.m. of Dong Dong Mall to Ms. Wei Fang for a term of five years commencing from 1 December 2011 and expiring on 30 November 2016 and this will constitute a continuing connected transaction after the completion of the Acquisition.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 31 March 2012, the Group had a total of 179 (31 March 2011: 170) full time employees. Employees' remuneration packages are determined with reference to prevailing market practices and individual performance. Our remuneration package includes basic salaries, sales incentives (which are only payable to some operational staff), medical insurance plans and retirement benefit schemes. Discretionary bonus and share options may be granted to eligible employees based on the performance of the Group and individual employees. The Company encourages its employees to enhance their competence and provides training to improve staff development to assure opportunity for individual growth of employees.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS

FINANCIAL REVIEW

Liquidity and financial resources

As at 31 March 2012, the Group had cash and cash equivalents of approximately HK$700.0 million (31 March 2011: HK$722.8 million). Taking into account of the cash outflow arising from the expected completion of the Acquisition, management believes that the Group still has sufficient cash and cash equivalents to fund its operations and future development.

As at 31 March 2012, the current ratio of the Group, representing current assets divided by current liabilities, was 2.4 (31 March 2011: 3.1) and the gearing ratio, representing total borrowings divided by the total equity, was 87.5% (31 March 2011: 72.8%).

Capital structure

As at 31 March 2012, the Group had current bank borrowings and non-current bank borrowings amounting to HK$400.7 million (31 March 2011: HK$332.6 million) and HK$187.2 million (31 March 2011: 166.3 million) respectively. All the bank borrowings bore interest at floating rates. The Group did not use any derivatives to hedge its exposure to interest rate risk for the years ended 31 March 2012 and 31 March 2011.

The Group monitors its capital by maintaining a sufficient net cash position to satisfy its commitments and working capital requirements.

Pledge of assets

As at 31 March 2012, the Group pledged its mining right and bank deposits with total carrying amounts of approximately HK$10.4 million (31 March 2011: HK$10.0 million) and HK$364.2 million (31 March 2011: HK$350.8 million) respectively, and its equity interest in Xinjiang New Century to various banks for securing the loans and general banking facilities granted to the Group. The Group also pledged bank deposits of approximately HK$3.7 million (31 March 2011: Nil) as securities for the guarantees provided by banks to certain vendors of the Group.

Exposure to fluctuations in exchange rates and related hedges

The Group operates in Hong Kong and the PRC with most of the transactions denominated and settled in local currencies. The Group's foreign exchange risk primarily arises from the Group's investment in the New Century Coal Mine which is denominated in Renminbi ("RMB"). Currency exposure arising from the net assets of such operations is managed primarily through borrowings denominated in RMB.

Currently, the Group does not use any derivative financial instruments to hedge its exposure to foreign exchange risk.

Commitments

As at 31 March 2012, the Group had capital commitments of HK$331.4 million (31 March 2011: HK$424.8 million), which mainly consisted of the capital commitment for the production capacity expansion project of the New Century Coal Mine. The project will be funded by internal capital and by bank borrowings.

As at 31 March 2012, the total future minimum lease payments under non-cancellable operating leases for properties amounted to HK$22.3 million (31 March 2011: HK$24.7 million).

Contingent liabilities

The Group had no significant contingent liabilities as at 31 March 2012.

Dividends

The board of directors (the "Board") does not recommend the payment of a final dividend for the year ended 31 March 2012 (31 March 2011: Nil).

Events after the date of the statement of financial position

Save as disclosed above, there have been no events to cause material impact on the Group from 31 March 2012 to the date of this report that should be disclosed.

PROSPECTS

While continuing to enhance the competencies of its existing businesses, the Group will devote considerable efforts to the newly acquired business in the upcoming financial year. The management believes that the acquisition of Chongqing Baoxu will enable the Group to diversify its business scope into the property sector in the PRC, spurring balanced business growth through another steady source of revenue.

As the occupancy rate of Dong Dong Mall, operated by Chongqing Baoxu, currently exceeds 97% as at the date of this report and a substantial portion of the lease agreements signed with the tenants are for a term of three years or even longer, the rental income generated from Dong Dong Mall is expected to provide a stable income stream for the Group after the completion of the Acquisition. Despite the short-term volatility of the mainland property sector, the management expects the industry to remain healthy in the long run given the steady domestic growth in China as the world's second-largest economy entity.

The Group has periodically assessed its business strategy to guide the growth of its current operations and will continue to identify suitable investment opportunities in the interest of the Group and its shareholders.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Lo Siu Yu, aged 42, was appointed as the Chairman and Executive Director of the Company in October 2009. Mr. Lo possesses over 10 years of experience in the sale of automobile accessories and properties investment. He was the founder and is currently the chairman and general manager of 重慶東銀實業(集團)有限公司 (Chongqing Doyen (Holdings) Limited) ("Doyen"), a private company established under the laws of the PRC with limited liability. Mr. Lo and his spouse were the ultimate beneficial owners of Doyen as at the date of this report. In mid 1990s, Mr. Lo was involved in the management of certain Chinese cuisine restaurants in the PRC which were owned by Mr. Lo and his family. As at the date of this report, Doyen is beneficially interested in approximately 37.71% of the issued share capital of 重慶市迪馬實業股份有限公司 (Chongqing Dima Industry Company Limited), a company listed on the Shanghai Stock Exchange of the PRC, and approximately 22.96% of the issued share capital of 江蘇江淮動力股份有限公司 (Jiangsu Jianghuai Engine Company Limited ("Jianghuai Engine")), a company listed on the Shenzhen Stock Exchange of the PRC. Mr. Lo holds a degree of Economics from 重慶工商大學 (Chongqing Technology and Business University) (formerly known as 渝州大學 (Yuzhou University)) in Chongqing City, the PRC.

Mr. Chen Yang, aged 31, was appointed as the Chief Executive Officer and an Executive Director of the Company in October 2009, and Mr. Chen has extensive experience in corporate management and investment planning. He was an executive director of BEP International Holdings Limited, a company listed on the main board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), from October 2007 to May 2009. He had also been an analyst at The World Bank in Washington D.C., the United States of America. Before that, Mr. Chen had been working with several investment banks and private equity funds in China. Mr. Chen obtained a Bachelor of Arts degree from Nanjing University in July 2002, a postgraduate diploma in economics from Southwest China Normal University in July 2004, and a master degree in public administration from Columbia University, the United States of America in October 2006.

NON-EXECUTIVE DIRECTORS

Mr. Wang Xiaobo, aged 42, was appointed as a Non-executive Director of the Company in October 2010. He graduated from the department of Management Engineering of 四川輕化工學院 (Sichuan Institute of Light Industry*) in 1993 with a certificate in Finance and Accounting. He has obtained qualifications as a Certified Public Accountant, Registered Tax Agent, Certified Public Valuer and Qualified Cost Engineer. He completed a programme in Executive Master of Professional Accountancy and was admitted to the Degree of Master of Professional Accountancy at The Chinese University of Hong Kong in 2007. He has worked as an audit manager, cost engineering manager and financial officer in several accounting firms in Chongqing, the PRC. He joined Doyen in September 2003 and is currently the chief executive officer of Doyen.

Mr. Qin Hong, aged 46, was appointed as a Non-executive Director of the Company in October 2010. Mr. Qin is an economist. He was awarded a Qualification Certificate of Specialty and Technology in Finance and Economics (intermediate level) by the Ministry of Personnel, the PRC in 1994 and graduated from 南京師範大學 (Nanjing Normal University) with a bachelor degree in Chinese Language and Literature in 2006. Mr. Qin has worked for several banks in the PRC, including Bank of Communications and Huaxia Bank. He is now the general manager of 江蘇寶鼎投資擔保有限公司 (Baoding Investment Guarantee Co. Ltd, Jiangsu*) and a director of 江蘇華西集團財務有限公司 (Jiangsu Huaxi Group Finance Co., Ltd*), an indirect subsidiary of 江蘇華西集團公司 (Jiangsu Huaxi Group Company*) ("Huaxi Group"), a company incorporated in the PRC with limited liability. One of the subsidiaries of Huaxi Group, Baoli International (Hong Kong) Trading Co., Limited, a company incorporated in Hong Kong with limited liability, is a substantial shareholder of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Ying Kay, aged 48, was appointed as an Independent Non-executive Director of the Company in October 2009. Mr. Chan is the company secretary and the chief financial officer of FinTronics Holdings Company Limited ("FinTronics"), a company listed on the main board of the Stock Exchange. He is responsible for the financial management, corporate finance and company secretarial matters of FinTronics. Mr. Chan joined FinTronics in April 2003 and has over 20 years of experience in accounting and finance. Before joining FinTronics, he was an executive director and the company secretary of Bestway International Holdings Limited, a company listed on the Main Board of the Stock Exchange. He is also currently an independent non-executive director of China Environmental Energy Investment Limited, a company listed on the main board of the Stock Exchange. Mr. Chan graduated from the University of Sheffield with a Master of Business Administration, and is currently a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

Ms. Kwong Ka Yin, Phyllis, aged 55, was appointed as an Independent Non-executive Director of the Company in October 2009. Ms. Kwong is a practising solicitor in Hong Kong since 1988. She is the Founder and the Principal Solicitor of the Hong Kong solicitors' firm, Phyllis K.Y. Kwong & Associates. She graduated from the University of Hong Kong in 1980 and thereafter studied law in the United Kingdom. She furthered her legal education and obtained a Master degree in Law and a Doctorate degree in Law in the PRC. Ms. Kwong is the founder and President of the Asia Pacific Law Association and is the founding chairman of the Hong Kong Association of International Co-operation of Small and Medium Enterprises. She is a member of the Advisory Committee on the Education Development Fund and had been a member of the Council on Professional Conduct in Education (2006- 2009). She is a member of Hong Kong Chinese Enterprises Association, a member of Hong Kong Policy Research Institute, and a Fellow of Hong Kong Institute of Directors. She is also a Hong Kong registered financial planner.

Ms. Kwong Ka Yin, Phyllis, resigned as an Independent Non-executive Director of the Company with effect from 31 December 2011.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Wang Jin Ling, aged 73, was appointed as an Independent Non-executive Director of the Company in October 2009. Mr. Wang was qualified as a senior engineer by 煤炭工業部 (The Ministry of Coal Industry) of the PRC in 1995, and was appointed as the chief engineer at 義馬礦務局 (Yima Mining Bureau*) of the 中國統配煤礦總公司 (China National Coal Corporation*) in Henan Province, the PRC in 1991. Mr. Wang was invited to act as the technical consultant of 永煤集團股份公司 (Yongmei Group Company Limited) in 2000.

Dr. Zhu Wenhui, aged 42, was appointed as an Independent Non-executive Director of the Company in December 2011. Dr. Zhu is the holder of a Doctorate Degree in Economics from the People's University of China and now a commentator on financial and current affairs for Hong Kong Phoenix TV. He is also a senior research officer of the Bauhinia Foundation Research Centre and a part-time research fellow of the China Business Centre under the Hong Kong Polytechnic University. He was a researcher of the Centre for Northeast Asia Policy Studies under the Brookings Institution, a part-time member of the Central Policy Unit of the Government of the Hong Kong Special Administration Region, an advisor to the Advisory Committee for the Co-operation between Guangzhou, Hong Kong and Macau (廣東省粵港澳合作諮詢委員會顧問), a council member of China Development Institute (綜合開發研究院) in Shenzhen, China. He also acted as the advisor to various local governments in China and several Hong Kong companies. He was an independent non-executive director of Shandong Jintai Group Company Limited, a company listed on the Shanghai Stock Exchange of the PRC, for the period from July 2007 to June 2010. He is experienced in the research on the structural change of industries in global economies, the economic and business development in East Asia, the open door policy adopted by China, the regional economic development of China, the economic integration between the Mainland, Taiwan and Hong Kong.

SENIOR MANAGEMENT

Corporate Finance and Investment Consultant

Mr. Zhang Jian Qiang, aged 44, was appointed as an Executive Director of the Company in October 2009. Mr. Zhang is the vice president of Doyen, chairman of Chengdu Doyen Information Technology Co., Ltd. (成都東銀信息技術股份有限公司), a company beneficially owned by Mr. Lo, and also a director of Jianghuai Engine. Before joining Doyen, Mr. Zhang had worked for various financial institutions and had substantial experience in corporate finance and investment banking. Mr. Zhang obtained a master degree of economics from the Nanjing University in 1992.

Mr. Zhang Jian Qing resigned as an Executive Director of the Company with effect from 31 December 2011. Subsequent to his resignation as the Executive Director, Mr. Zhang was appointed as the Corporate Finance and Investment Consultant of the Company.

Director of Mining Operations

Mr. He Yiyuan, aged 64, is a graduate of the Henan Radio and Television University (河南廣播電視大學) and holds a senior political engineer qualification. Mr. He had been a senior manager of 河南省義煤集團 (Henan Yi Coal Group*) and 河南省平煤集團 (Henan Ping Coal Group*), respectively. Mr. He is also the general manager of 新疆東銀能源集團有限責任公司, a company beneficially owned by Mr. Lo. Mr. He has over 35 years of experience and expertise in the mining industry.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Director of Business Development

Mr. Xian Ming, aged 45, is a graduate of the 四川省行政幹部管理學院 (Administration Personnel Institute, Sichuan Province*) and holds an administration qualification. Mr. Xian has extensive management knowledge and over 17 years of experience in different industries in the PRC. He acted as the manager of 重慶碩潤石化有限責任公司 (Chongqing Shuorun Petrochemical Company Limited*), the deputy general manager and general manager of 新疆東銀能源集團有限責任公司 and 新疆東新礦業投資有限責任公司 respectively, all 3 companies are beneficially owned by Mr. Lo and his spouse. Mr. Xian is currently the general manager of 四川東銀礦業投資有限責任公司.

Special Consultant

Mr. Zhang Sujiang, aged 50, has over 10 years of working experience each with the state-owned enterprises and the Authority of Party Committee in Xinjiang. He is well-versed in the law and regulations, policies, cultures and distributions of each type of resources and operation procedures in Xinjiang.

Company Secretary

Ms. Wong Tsui Yue, Lucy, aged 51, has a strong background in finance and administration. Ms. Wong is the Company Secretary of the Company. She is a fellow member of the Hong Kong Institute of Certified Public Accountants. She joined the Company as the Financial Controller in 1991 and was an Executive Director from 1997 to 2009.

Financial Controller

Mr. Chan Wai, aged 43, joined the Group in October 2009. He holds a master degree in Professional Accounting awarded from Hong Kong Polytechnic University. He is a member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and Institute of Chartered Accountants in England & Wales. He has over 17 years of experience in accounting field. He worked for an international accounting firm and several listed companies in Hong Kong. He was also appointed as Advisor at International Financial Management Association.

Mr. Chan resigned as the Financial Controller of the Group in September 2011.

Mr. Au Yeung Siu Kei, aged 36, joined the Group as the Financial Controller in September 2011. Mr. Au Yeung is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Au Yeung graduated from the Chinese University of Hong Kong with a Bachelor Degree in professional accountancy. Prior to joining the Group, Mr. Au Yeung has over 13 years of experience in auditing, accounting and financial management.

* *For identification purpose only*

REPORT OF THE DIRECTORS

The Board submits their report together with the audited consolidated financial statements for the year ended 31 March 2012.

PRINCIPAL ACTIVITIES

The Company was principally engaged in investment holding, and its subsidiaries were principally engaged in operation and management of restaurants as well as a coal mine for the year ended 31 March 2012.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 35.

The Board does not recommend the payment of a final dividend for the year ended 31 March 2012 (year ended 31 March 2011: Nil).

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on page 41 and note 24 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

There was no distributable reserve as at 31 March 2012 and 31 March 2011.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 14 to the consolidated financial statements.

SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 March 2012 are set out in note 39 to the consolidated financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 23 to the consolidated financial statements.

BANK LOANS, OVERDRAFTS AND OTHER BORROWINGS

Details of the bank borrowings of the Group as at 31 March 2012 are set out in note 27 to the consolidated financial statements.

REPORT OF THE DIRECTORS

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last 5 financial years is set out on page 98.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares for the year ended 31 March 2012.

DIRECTORS

The Directors of the Company as at the date of this report and those who were in office during the year are:

Executive Directors

Mr. Lo Siu Yu, *Chairman*
Mr. Chen Yang, *Chief Executive Officer*
Mr. Zhang Jian Qiang (resigned on 31 December 2011)

Non-executive Directors

Mr. Wang Xiaobo
Mr. Qin Hong

Independent Non-executive Directors

Mr. Chan Ying Kay
Ms. Kwong Ka Yin, Phyllis (resigned on 31 December 2011)
Mr. Wang Jin Ling
Dr. Zhu Wenhui (appointed on 31 December 2011)

In accordance with Articles 77 to 79 of the Company's Articles of Association (the "Articles of Association"), Mr. Lo Siu Yu, Mr. Chen Yang and Mr. Chan Ying Kay will retire at the forthcoming annual general meeting but, being eligible, offer themselves for re-election, and in accordance with Articles 73 of the Articles of Association, Dr. Zhu Wenhui will also retire at the forthcoming annual general meeting but, being eligible, offer himself for re-election.

REPORT OF THE DIRECTORS

DIRECTORS' SERVICE CONTRACTS

Each of the Executive Directors of the Company has entered into a service contract with the Company on 15 October 2009, and such contracts will continue unless and until they are terminated by either party by prior written notice.

The appointment letters entered into between the Company and each of the Non-executive Directors of the Company (excluding the Independent Non-executive Directors) on 15 October 2010 is without fixed terms of office, and such contracts will continue unless and until they are terminated by either party by prior written notice.

Each appointment letter entered into between the Company and Mr. Chan Ying Kay, Mr. Wang Jin Ling (both on 13 October 2011) and Dr. Zhu Wenhui (on 31 December 2011), all being the Independent Non-executive Directors of the Company, is for a fixed term of one year, and renewable annually upon expiry, unless and until terminated by either party by a prior written notice.

Save as disclosed above, no Director of the Company has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 37 to the financial statements on related-party transactions, no contract of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at 31 March 2012 or at any time during the year ended 31 March 2012.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ANY ASSOCIATED CORPORATION

As at 31 March 2012, the following Directors of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under the provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered into the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") to be notified to the Company and the Stock Exchange:

Long positions of the Directors' interests in the shares and underlying shares of the Company:

		Interests in shares		Interests in underlying shares pursuant to share options	Total number of shares interested	Approximate percentage of the Company's issued shares
Name of director	**Capacity**	**Corporate interest**	**Personal interest**			
Mr. Lo Siu Yu ("Mr. Lo")	Interest of controlled corporation and beneficial owner	619,455,018 (Note a)	25,000,000 (Note b)	–	644,455,018	50.58%
Mr. Chen Yang	Beneficial owner	–	–	3,000,000	3,000,000	0.24%
Mr. Wang Xiaobo	Beneficial owner	–	–	2,850,000	2,850,000	0.22%
Mr. Qin Hong	Beneficial owner	–	–	2,100,000	2,100,000	0.16%
Dr. Zhu Wenhui	Beneficial owner	–	10,000	–	10,000	0.00%
Mr. Zhang Jian Qiang (Note c)	Beneficial owner	–	–	2,850,000	2,850,000	0.22%

Notes:

a. Shares of 619,455,018 were held by Money Success Limited, a company wholly owned by Wealthy In Investments Limited, which is in turn wholly-owned by Mr. Lo.

b. Such interests are held jointly with Ms. Chiu Kit Hung, the spouse of Mr. Lo.

c. Mr. Zhang Jian Qiang resigned as Executive Director of the Company with effect from 31 December 2011.

Save as disclosed above, as at 31 March 2012, none of the Directors or Chief Executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered into the register referred to therein; or (c) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME AND DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES AND DEBENTURES OF THE COMPANY

In the annual general meeting held on 11 September 2008, the then shareholders approved the adoption of a new share option scheme (the "2008 Scheme") in place of the old share option scheme. The following disclosure is a summary of the 2008 Scheme as required by Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

(1) Purpose:

The 2008 Scheme will provide incentives and rewards to eligible persons who have contributed or will contribute to the growth and development of the Group.

(2) Participants:

The Board may at its absolute discretion, invite any employee, officer, manager, director, consultant, associates, chief executive or substantial shareholders of the Group to subscribe for shares of the Company.

(3) Total number of shares available for issue under the 2008 Scheme and percentage of issued share capital at the date of approval of the share option scheme:

The number of shares which can be issued is 34,543,855 shares representing 10% of the issued share capital of the Company at the date of approval of the 2008 Scheme. As at the date of this report, the total number of share options that can be granted was 18,343,855, representing 1.44% of the issued share capital of the Company. The total number of shares available for issue under the 2008 Scheme as at 31 March 2012 was 10,800,000 shares, representing 0.85% of the issued share capital of the Company at 31 March 2012. Further details of the 2008 Scheme are set out in note 33 to the financial statements.

(4) Maximum entitlement of each participant:

The total number of shares issued and to be issued upon exercise of the share options granted and to be granted to each eligible person (including exercised, cancelled and outstanding options) in any 12-month period up to the date of grant must not exceed 1% of the shares of the Company in issue as at the date of grant. Any further share options to be granted under the 2008 Scheme in excess of this limit is subject to shareholders' approval in general meeting of the Company, with such eligible person and his associates abstaining from voting.

(5) The periods within which the shares must be taken up under an option:

The share options under the 2008 Scheme may be exercised at any time during the exercise period, notwithstanding that the 2008 Scheme may have expired or been terminated.

SHARE OPTION SCHEME AND DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES AND DEBENTURES OF THE COMPANY *(CONTINUED)*

(6) The minimum period for which an option must be held before it can be exercised:

The exercise period of the share options granted under the 2008 Scheme is determinable by the Board, which shall not be more than 10 years after the date of grant.

(7) The amount payable on application or acceptance of the option and the period within which payments of calls must or may be made or loans for such purpose must be paid:

Share options granted under the 2008 Scheme must be accepted within 10 days from the date of grant, upon payment of HK$1 per grant.

(8) The basis of determining the exercise price:

The exercise price of the share options under the 2008 Scheme will be determined by the Board, at its absolute discretion, but shall at least be the highest of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of grant of the share options, which must be a business day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet for the 5 trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

(9) The remaining life:

The 2008 Scheme will remain in force for a period of 10 years commencing on 11 September 2008.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME AND DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES AND DEBENTURES OF THE COMPANY *(CONTINUED)*

Movements in the Company's outstanding share options under the 2008 Scheme during the year are as follows:

	Date of grant	Exercisable period	Exercise price HK$	Closing price per share immediately before the date of grant HK$	No. of options outstanding as at 1 April 2011	No. of options granted during the year ended 31 March 2012	No. of options exercised/ cancelled/ lapsed during the year ended 31 March 2012	No. of options outstanding as at 31 March 2012	Approximate percentage of the underlying shares for the options in the issued shares of the Company
Mr. Chen Yang (Note 1)	15 October 2010	15 October 2010 to 14 October 2020	1.638	1.610	3,000,000	–	–	3,000,000	0.24%
Mr. Wang Xiaobo (Note 1)	15 October 2010	15 October 2010 to 14 October 2020	1.638	1.610	2,850,000	–	–	2,850,000	0.22%
Mr. Qin Hong (Note 2)	2 December 2010	2 December 2010 to 1 December 2020	1.628	1.500	2,100,000	–	–	2,100,000	0.16%
Mr. Zhang Jian Qiang (Notes 1 and 3)	15 October 2010	15 October 2010 to 14 October 2020	1.638	1.610	2,850,000	–	–	2,850,000	0.22%
Employees (Note 1)	15 October 2010	15 October 2010 to 14 October 2020	1.638	1.610	5,400,000	–	–	5,400,000	0.42%
Total					16,200,000	–	–	16,200,000	1.27%

Notes:

1. The options have a term of ten years commencing on 15 October 2010 and shall vest (if applicable) and become exercisable in three tranches in the proportion of approximately 331/3%, 331/3% and 331/3% on 15 October 2010, 15 October 2011 and 15 October 2012 respectively.

2. The options have a term of ten years commencing on 2 December 2010 and shall vest (if applicable) and become exercisable in three tranches in the proportion of approximately 331/3%, 331/3% and 331/3% on 2 December 2010, 2 December 2011 and 2 December 2012 respectively.

3. Mr. Zhang Jian Qiang resigned as Executive Director of the Company with effect from 31 December 2011.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year were rights to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate granted to any Director or their respective spouses or children under 18 years of age, or were any such rights exercised by them; or were the Company or any of its holding companies, fellow subsidiaries and subsidiaries a party to any arrangement to enable the Company's Directors, their respective spouses or children under 18 years of age to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 March 2012, according to the register of interests in shares in the Company and short positions of the Company required to be kept by the Company under section 336 of the SFO, the following persons or corporations, other than Directors or Chief Executive of the Company, had interests or short positions in the shares or underlying shares which would fall to be disclosed by the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Long positions of substantial shareholders' interests in the shares of the Company

Name of substantial shareholder	Capacity	Number of shares interested	Approximate percentage of the Company's issued shares
Ms. Chiu Kit Hung	Interest of spouse (Note a)	644,455,018	50.58%
Wealthy In Investments Limited	Interest of controlled corporation (Note b)	619,455,018	48.62%
Money Success Limited	Beneficial owner (Note c)	619,455,018	48.62%
Mr. Huang Guoping	Beneficial owner	120,000,000	9.42%
Baoli International (Hong Kong) Trading Co. Limited	Beneficial owner	120,000,000	9.42%
Mr. Gao Yi Xin	Interest of controlled corporation (Note d)	90,000,000	7.06%
Ms. Wang He Fen	Interest of controlled corporation (Note d)	90,000,000	7.06%
Mr. Huang Wu Jun	Interest of controlled corporation (Note d)	90,000,000	7.06%
Xinyuan International Marine Transportation Co. Ltd.	Beneficial owner (Note d)	90,000,000	7.06%

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY *(CONTINUED)*

Notes:

a. Ms. Chiu Kit Hung is the spouse of Mr. Lo, who is the Chairman and an Executive Director of the Company.

b. Wealthy In Investments Limited is a company wholly-owned by Mr. Lo.

c. Money Success Limited is a company wholly owned by Wealthy In Investments Limited.

d. 55%, 25% and 20% of the shareholdings of Xinyuan International Marine Transportation Co. Ltd were owned by Mr. Gao Yi Xin, Ms. Wang He Fen and Mr. Huang Wu Jun respectively.

Save as disclosed above, as at 31 March 2012, the Company had not been notified by any persons or corporations (other than Directors or chief executives of the Company) who had an interest directly or indirectly and/or short position in the shares or underlying shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the best knowledge of the Board, there was 25% or more of the listed issued share capital of the Company being held in public hands as at 3 July 2012, being the latest practicable date prior to printing of this report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year under review.

COMPETING INTERESTS

Save as the interests of Mr. Lo, being an Executive Director and the Chairman of the Company, and certain of his associates (including his spouse) in coal mining business which may likely compete, either directly or indirectly with the business of the Group, none of the Directors or the chief executive of the Company and their respective associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group for the year ended 31 March 2012.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2012, the Group purchased less than 30% of its goods and services from its 5 largest suppliers and sold less than 30% of its goods and services to its 5 largest customers.

None of the Directors, their respective associates, or shareholders who to the knowledge of the Directors own more than 5% of the issued share capital of the Company has any interest in any of the five largest customers and suppliers of the Group during the year ended 31 March 2012.

CONNECTED TRANSACTIONS

There was no connected transaction during the year ended 31 March 2012.

RELATED PARTY TRANSACTIONS

The related party transactions disclosed in note 37 to the consolidated financial statements did not constitute connected transactions nor continuing connected transactions under the definition provided in the Listing Rules.

AUDITOR

The consolidated financial statements of the Company for the year ended 31 March 2012 have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

By Order of the Board

Chen Yang
Chief Executive Officer

Hong Kong, 22 June 2012

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company acknowledges the importance of good corporate governance practices and believes that they are essential to the development of the Group and safeguarding the interests of shareholders.

Throughout the year ended 31 March 2012, the Company complied with all the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules, save for the deviation from Code Provision A.4.1 as discussed in this report below.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS (THE "MODEL CODE")

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the Directors. The Company has made specific enquiry of all Directors and all Directors confirmed that they have complied with the required standard as set out in the Model Code during the year ended 31 March 2012.

THE BOARD

The Board currently comprises the Chairman and the Chief Executive Officer (altogether 2 Executive Directors), 2 Non-executive Directors and 3 Independent Non-executive Directors.

The Board is collectively accountable to the shareholders and is responsible for the leadership and control of the Group including overseeing the Group's businesses, formulating strategic directions, setting objectives and business development plans, and monitoring the performance of both the financial results and the senior management.

The Independent Non-executive Directors serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. Each of the Independent Non-executive Directors has confirmed in his annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers such Directors to be independent.

THE BOARD *(CONTINUED)*

All Directors have distinguished themselves in their field of expertise so as to give a balance of skills, knowledge and experience required for the running of an effective board. The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operation of its businesses to its Executive Directors and senior management. Biographical details and responsibilities of each Board member and senior management are set out in pages 12 to 15 of this report. Mr. Zhang Jian Qiang and Mr. Wang Xiaobo are employees of a company that was controlled by Mr. Lo and his spouse. Mr. Qin Hong, a Non-executive Director of the Company, is now the general manager of 江蘇寶鼎投資擔保有限公司 (Baoding Investment Guarantee Co. Ltd, Jiangsu*) and a director of 江蘇華西集團財務有限公司 (Jiangsu Huaxi Group Finance Co., Ltd*), which is an indirect subsidiary of Huaxi Group. One of the subsidiaries of Huaxi Group, Baoli International (Hong Kong) Trading Co., Limited, is a substantial shareholder of the Company. Save as disclosed above, there is no other relationship (including financial, business, family or other material relationship) among members of the Board.

Regular Board meetings are held at approximately quarterly intervals and involve the active participation of directors, either in person or through other electronic means of communications. The individual attendance of each Director during the year under review is set out below:

	Number of Board meetings Directors attended/eligible to attend
Executive Directors	
Mr. Lo Siu Yu, *Chairman*	4/5
Mr. Chen Yang, *Chief Executive Officer*	5/5
Mr. Zhang Jian Qiang (resigned on 31 December 2011)	2/2
Non-executive Directors	
Mr. Wang Xiaobo	4/5
Mr. Qin Hong	5/5
Independent Non-executive Directors	
Mr. Chan Ying Kay	5/5
Ms. Kwong Ka Yin, Phyllis (resigned on 31 December 2011)	1/2
Mr. Wang Jin Ling	5/5
Dr. Zhu Wenhui (appointed on 31 December 2011)	3/3

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman to the Company, Mr. Lo and the Chief Executive Officer, Mr. Chen Yang, are separated, with a clear segregation of duties. The Chairman is responsible for formulating corporate strategies and overall business development planning. The Chief Executive Officer's duty is to oversee the execution of daily operation of the business activities. The segregation of duties is to ensure a balance of power and authority.

NOMINATION OF DIRECTORS

The Company established the Nomination Committee (the "Nomination Committee") with written terms of reference on 4 November 2009. The Nomination Committee comprises the Chairman, Mr. Lo Siu Yu and two Independent Non-executive Directors, Mr. Chan Ying Kay and Ms. Kwong Ka Yin, Phyllis (resigned on 31 December 2011) and Dr. Zhu Wenhui (appointed on 31 December 2011).

The principal duties of the Nomination Committee include:

(a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(b) to identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorship;

(c) to assess the independence of the Independent Non-executive Directors; and

(d) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and Chief Executive Officer.

The Nomination Committee carries out the process of selecting and recommending candidates for directorships by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of such individuals, the Company's needs and other relevant statutory requirements and regulations. An external recruitment agency may be engaged to carry out the recruitment and selection process when necessary.

In accordance with the Company's Articles of Association, Mr. Lo Siu Yu, Mr. Chen Yang, Mr. Chan Ying Kay and Dr. Zhu Wenhui shall retire, and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

A circular containing detailed information of the Directors of the Company standing for re-election at the forthcoming annual general meeting would be sent to the shareholders.

In compliance with the amendments to the Listing Rules which was effective on 1 April 2012, the terms of reference of the Nomination Committee was revised and approved by the Board on 20 March 2012.

TERMS OF APPOINTMENTS AND RE-ELECTION OF DIRECTORS

According to the Articles of Association of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of 3, the number nearest to but not less than one-third) should retire from office by rotation at each annual general meeting of the Company provided that every Director shall be subject to retirement by rotation at least once every 3 years. Furthermore, any Director appointed to fill a casual vacancy or as an addition to the existing Board should hold office only until the next following annual general meeting and would then be eligible for re-election at that meeting. The existing Independent Non-executive Directors of the Company have fixed term of office but their termination are determinable by either party with a written notice in advance, as well as subject to the aforesaid retirement from office on a rotational basis.

TERMS OF APPOINTMENTS AND RE-ELECTION OF DIRECTORS *(CONTINUED)*

Code Provision A.4.1 stipulates that Non-executive Directors should be appointed for a specific term, subject to re-election. None of the Non-executive Directors of the Company is appointed for a specific term which is a deviation from Code Provision A.4.1. However, in accordance with Articles of Association of the Company, at each annual general meeting, one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. The Company considers that this is no less exacting than those provided in the Code.

AUDIT COMMITTEE

The Audit Committee has been established since 1999 with written terms of reference pursuant to all the duties set out in Code Provision C.3.3 of the CG Code. Currently, there are three committee members, all of whom are Independent Non-executive Directors of the Company, namely Mr. Chan Ying Kay (Committee Chairman), Ms. Kwong Ka Yin, Phyllis (resigned on 31 December 2011), Dr. Zhu Wenhui (appointed on 31 December 2011) and Mr. Wang Jin Ling as committee members. Mr. Chan Ying Kay possesses extensive experience in accounting and financial matters.

The Audit Committee is accountable to the Board and its principal duties include the review and supervision of the financial reporting process and internal control system of the Group.

During the year ended 31 March 2012, the Audit Committee held three meetings. The Audit Committee reviewed the accounting policies and practices adopted by the Group and discussed auditing, internal controls system and financial reporting matters. It also reviewed the financial statements of the Company, the Company's annual and interim reports and the management letter from the auditor of the Company.

The individual attendance of each committee member is set out below:

	Number of meetings Directors attended/ eligible to attend
Independent Non-executive Directors	
Mr. Chan Ying Kay, *Committee Chairman*	3/3
Ms. Kwong Ka Yin, Phyllis (resigned on 31 December 2011)	3/3
Mr. Wang Jin Ling	3/3
Dr. Zhu Wenhui (appointed on 31 December 2011)	NA

In compliance with the amendments to the Listing Rules which was effective on 1 April 2012, the terms of reference of the Audit Committee was revised and approved by the Board on 20 March 2012.

REMUNERATION COMMITTEE

The Remuneration Committee was established in October 2007 with written terms of reference pursuant to all the duties set out in Code Provision B.1.1 of the CG Code. Currently, there are three committee members, all of whom are Independent Non-executive Directors, namely Ms. Kwong Ka Yin, Phyllis (Committee Chairperson and resigned on 31 December 2011), Dr. Zhu Wenhui (Committee Chairman and appointed on 31 December 2011), Mr. Chan Ying Kay and Mr. Wang Jin Ling.

The Remuneration Committee is accountable to the Board and its principal duties include review and determination of the Board policy for the remuneration of senior management and make recommendation to the Chairman and the executive members of the Board on Non-executive Directors' remuneration.

During the year ended 31 March 2012, the Remuneration Committee held two meetings. The Remuneration Committee reviewed the framework of remuneration policy, considered discretionary bonus to staff, remuneration packages of executives and provided the guideline of annual salary review.

The individual attendance of each committee member is set out below:

	Number of meetings Directors attended/ eligible to attend
Independent Non-executive Directors	
Ms. Kwong Ka Yin, Phyllis, *Committee Chairperson* (resigned on 31 December 2011)	2/2
Dr. Zhu Wenhui, *Committee Chairman* (appointed on 31 December 2011)	N/A
Mr. Chan Ying Kay	2/2
Mr. Wang Jin Ling	2/2

In compliance with the amendments to the Listing Rules which was effective on 1 April 2012, the terms of reference of the Remuneration Committee was revised and approved by the Board on 20 March 2012.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors acknowledge their responsibility to prepare financial statements that give a true and fair view of the state of affairs of the Group and of the results and cash flows for each financial period. The statement of the Company's auditor about their reporting responsibilities on financial statements is set out in the Independent Auditor's Report on page 33.

AUDITOR'S REMUNERATION

The remuneration for the Group's principal auditor, PricewaterhouseCoopers, and its affiliated firms, for services rendered is as follows:

	2012	2011
	HK$'000	HK$'000
Audit fees	**920**	1,239
Non-audit service fees	**970**	1,040
	1,890	2,279

INTERNAL CONTROL

The Board is responsible for maintaining a sound and effective system of internal control and for reviewing its effectiveness through the Audit Committee. The Group's system of internal control includes a defined management structure with limits of authority, and is designed to help the Group achieve its business objectives, safeguard its assets against unauthorized use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication and ensure compliance with relevant laws and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage rather than eliminate risks of failure in the Group's operational systems and in the achievement of the Group's business objectives.

During the year, the Board has reviewed the effectiveness of the system of internal control through the Audit Committee and no material internal control deficiencies were identified by the Audit Committee.

SHAREHOLDER RIGHTS

The Company has only one class of shares, all shares have the same voting rights and are entitled to the dividends declared. The Articles of Association set out the rights of our shareholders.

Shareholder(s) holding not less than one-twentieth of the paid-up capital of the Company may request the Board to convene an extraordinary general meeting pursuant to Section 113 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The objects of the meeting must be stated in the related requisition deposited at the registered office of the Company.

For including a resolution relating to other matters in a general meeting, shareholders are requested to follow the requirements and procedures as set out in Section 115A of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong).

SHAREHOLDER RIGHTS *(CONTINUED)*

Pursuant to Article 75 of the Articles of Association, if a shareholder wishes to propose a person other than a retiring Director for election as a Director at a general meeting, the shareholder should deposit a written notice of nomination which shall be given to the Company Secretary within the 7-day period commencing the day after the despatch of the notice of the meeting (or such other period as may be determined and announced by the Directors from time to time). In order for the Company to inform all shareholders of that proposal, the written notice must state the full name of the person proposed for election as a Director, his/her biographical details as required by rule 13.51(2) of the Listing Rules, and be signed by the shareholder concerned and that person indicating his/her willingness to be elected. If the notice is received less than fifteen (15) business days prior to that general meeting, the Company will need to consider adjournment of the general meeting in order to (i) assess the suitability of the proposed candidate; and (ii) publish an announcement or circulate a supplementary circular in relation to the proposal to the shareholders not less than ten (10) business days prior to the general meeting.

Shareholders have the right to receive corporate communication issued by the Company in hard copies or through electronic means.

Shareholders whose shares held in the Central Clearing and Settlement System (CCASS) may notify us from time to time through Hong Kong Securities Clearing Company Limited if they wish to receive our corporate communications.

Shareholders and other stakeholders may send their enquiries and concerns to the Board by addressing them to the Company Secretary. The Company Secretary forwards communications relating to matters within the Board's purview to the independent Directors, communications relating to matters within a Board committee's area of responsibility to the chair of the appropriate committee, and communications relating to ordinary business matters, such as suggestions, inquiries and consumer complaints, to the appropriate executives of the Company.

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

TO THE SHAREHOLDERS OF DOXEN ENERGY GROUP LIMITED

(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Doxen Energy Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 35 to 97, which comprise the consolidated and company statements of financial position as at 31 March 2012, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the 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 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 and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance 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.

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INDEPENDENT AUDITOR'S REPORT

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 judgement, 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 consolidated financial statements that give a true and fair value 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 2012, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 22 June 2012

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CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2012

	Note	2012 HK$'000	2011 HK$'000
Revenue	5	**58,314**	72,144
Cost of inventories consumed		**(17,939)**	(22,287)
Staff costs	6	**(34,248)**	(39,134)
Operating lease rentals		**(12,889)**	(13,168)
Utilities expenses		**(4,021)**	(5,174)
Depreciation of property, plant and equipment		**(3,536)**	(842)
Repair and maintenance expenses		**(555)**	(790)
Other gains – net	7	**18,881**	3,301
Other operating expenses	8	**(19,125)**	(21,859)
Operating loss		**(15,118)**	(27,809)
Finance income	9	**5,477**	1,378
Finance costs	9	**(18,717)**	(5,163)
Finance costs – net	9	**(13,240)**	(3,785)
Loss before income tax		**(28,358)**	(31,594)
Income tax	10	**4,938**	3,244
Loss for the year		**(23,420)**	(28,350)
Attributable to:			
Equity holders of the Company	13	**(23,420)**	(27,775)
Non-controlling interests		**–**	(575)
		(23,420)	(28,350)
		HK cents	HK cents
Basic and diluted losses per share attributable to equity holders of the Company	13	**(1.84)**	(2.74)

The notes on pages 42 to 97 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2012

	2012 HK$'000	2011 HK$'000
Loss for the year	**(23,420)**	(28,350)
Other comprehensive income:		
Exchange differences arising from translation of a foreign operation	**5,374**	5,402
Fair value (losses)/gains of available-for-sale financial asset	**(100)**	2,200
Other comprehensive income for the year, net of tax	**5,274**	7,602
Total comprehensive loss for the year	**(18,146)**	(20,748)
Total comprehensive loss attributable to:		
Equity holders of the Company	**(18,146)**	(20,173)
Non-controlling interests	**–**	(575)
	(18,146)	(20,748)

The notes on pages 42 to 97 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2012

	Note	2012 HK$'000	2011 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**177,270**	83,617
Mining right	15	**10,398**	9,988
Goodwill	16	**1,476**	1,423
Available-for-sale financial assets	17	**11,900**	12,000
Rental deposits paid		**2,555**	4,815
Deferred income tax assets	26	**8,391**	3,158
		211,990	115,001
Current assets			
Inventories	19	**3,591**	3,462
Trade receivables	20	**448**	319
Deposits, prepayments and other receivables		**8,887**	8,502
Financial assets at fair value through profit or loss	21	**15,750**	–
Tax recoverable		**–**	245
Restricted bank deposits	22	**371,021**	353,394
Cash and cash equivalents	22	**699,963**	722,844
		1,099,660	1,088,766
Total assets		**1,311,650**	1,203,767
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	23	**127,404**	127,404
Reserves		**546,066**	559,112
Total equity		**673,470**	686,516

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2012

	Note	2012 HK$'000	2011 HK$'000
LIABILITIES			
Non-current liabilities			
Provision for long service payments	25	**643**	674
Bank borrowings	27	**187,159**	166,320
Finance lease liabilities	28	**903**	866
		188,705	167,860
Current liabilities			
Trade payables	29	**2,511**	2,828
Other payables and accrued charges	30	**45,675**	13,691
Tax payables		**105**	–
Bank borrowings	27	**400,725**	332,640
Finance lease liabilities	28	**459**	232
		449,475	349,391
Total liabilities		**638,180**	517,251
Total equity and liabilities		**1,311,650**	1,203,767
Net current assets		**650,185**	739,375
Total assets less current liabilities		**862,175**	854,376

Lo Siu Yu
Director

Chen Yang
Director

The notes on pages 42 to 97 are an integral part of these consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2012

	Note	2012 HK$'000	2011 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	31	**653,892**	1,004,471
Available-for-sale financial assets	17	**11,900**	12,000
		665,792	1,016,471
Current assets			
Amounts due from subsidiaries	32	**444,487**	4,921
Deposits, prepayments and other receivables		**86**	25
Restricted bank deposits	22	**3,716**	–
Cash and cash equivalents	22	**77,999**	169,973
		526,288	174,919
Total assets		**1,192,080**	1,191,390
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	23	**127,404**	127,404
Reserves	24	**1,037,038**	1,040,658
Total equity		**1,164,442**	1,168,062
LIABILITIES			
Current liabilities			
Amounts due to subsidiaries	32	**20,578**	20,630
Other payables and accrued charges	30	**7,060**	2,698
Total liabilities		**27,638**	23,328
Total equity and liabilities		**1,192,080**	1,191,390
Net current assets		**498,650**	151,591
Total assets less current liabilities		**1,164,442**	1,168,062

Lo Siu Yu
Director

Chen Yang
Director

The notes on pages 42 to 97 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2012

	Note	2012 HK$'000	2011 HK$'000
Cash flows used in operating activities			
Cash used in operations	34	**(22,653)**	(40,060)
Hong Kong profits tax recovered		**245**	–
Net cash used in operating activities		**(22,408)**	(40,060)
Cash flows used in investing activities			
Purchase of property, plant and equipment		**(46,472)**	(36,833)
Purchase of financial assets at fair value through profit or loss		**(17,171)**	–
Payment for mining rights		**(550)**	–
Proceeds from disposal of subsidiaries, net of cash disposed		**–**	543
Proceeds from disposal of financial assets at fair value through profit or loss		**2,438**	–
Proceeds from disposal of property, plant and equipment		**36**	3,844
Interest received		**5,477**	1,378
Net cash used in investing activities		**(56,242)**	(31,068)
Cash flows from financing activities			
Increase in restricted bank deposits		**(3,716)**	(352,184)
Repayment of bank borrowings		**(360,874)**	–
Proceeds from bank borrowings		**431,200**	498,960
Interest paid on bank borrowings		**(35,915)**	(6,440)
Placement of shares, net of share issuance costs		**–**	524,834
Subscription of shares by the controlling shareholder		**–**	120,000
Repayment of finance lease liabilities		**(472)**	(73)
Repayment of other loans		**–**	(43,470)
Net cash generated from financing activities		**30,223**	741,627
Net (decrease)/increase in cash and cash equivalents		**(48,427)**	670,499
Cash and cash equivalents at the beginning of the year		**722,844**	37,630
Exchange differences on cash and cash equivalents		**25,546**	14,715
Cash and cash equivalents at the end of the year	22	**699,963**	722,844

The notes on pages 42 to 97 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2012

	Equity attributable to equity holders of the Company									
	Share capital	Share premium	Investment revaluation reserve	Accumulated losses	Exchange reserve	Merger reserve	Other reserve	Total	Non-controlling interests	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2010	34,544	–	5,550	(28,249)	62	42,453	21	54,381	457	54,838
Loss for the year	–	–	–	(27,775)	–	–	–	(27,775)	(575)	(28,350)
Other comprehensive income										
Fair value gains of available-for-sale financial assets	–	–	2,200	–	–	–	–	2,200	–	2,200
Currency translation differences	–	–	–	–	5,402	–	–	5,402	–	5,402
Total comprehensive income/(loss)	–	–	2,200	(27,775)	5,402	–	–	(20,173)	(575)	(20,748)
Issuance of shares to effect the acquisition of Ray Tone Limited	30,000	465,000	–	–	–	(495,000)	–	–	–	–
Subscription and placement of shares, net of share issuance costs	62,860	581,974	–	–	–	–	–	644,834	–	644,834
Disposal of subsidiaries	–	–	–	–	–	–	–	–	118	118
Share-based compensation expense (Note 33)	–	–	–	–	–	–	7,415	7,415	–	7,415
Write-back of unclaimed dividends	–	–	–	59	–	–	–	59	–	59
At 31 March 2011	127,404	1,046,974	7,750	(55,965)	5,464	(452,547)	7,436	686,516	–	686,516
At 1 April 2011	127,404	1,046,974	7,750	(55,965)	5,464	(452,547)	7,436	686,516	–	686,516
Loss for the year	–	–	–	(23,420)	–	–	–	(23,420)	–	(23,420)
Other comprehensive (loss)/income										
Fair value losses of available-for-sale financial assets	–	–	(100)	–	–	–	–	(100)	–	(100)
Currency translation differences	–	–	–	–	5,374	–	–	5,374	–	5,374
Total comprehensive (loss)/income	–	–	(100)	(23,420)	5,374	–	–	(18,146)	–	(18,146)
Share-based compensation expense (Note 33)	–	–	–	–	–	–	5,046	5,046	–	5,046
Write-back of unclaimed dividends	–	–	–	54	–	–	–	54	–	54
At 31 March 2012	**127,404**	**1,046,974**	**7,650**	**(79,331)**	**10,838**	**(452,547)**	**12,482**	**673,470**	**-**	**673,470**

The notes on pages 42 to 97 are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Doxen Energy Group Limited (the "Company") is a limited liability company incorporated in Hong Kong. The address of its registered office is Suites 1707-1709, 17/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

During the year, the Company and its subsidiaries (together, the "Group") are principally engaged in the operation of restaurants in Hong Kong and a coal mine in Xinjiang Uyghur Autonomous Region ("Xinjiang") of the People's Republic of China (the "PRC"). As at 31 March 2012, the coal mine is still in the process of production capacity expansion.

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated. These consolidated financial statements were approved for issue by the board of directors on 22 June 2012.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention, as modified by available-for-sale financial assets and financial assets at fair value through profit or loss which are stated at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

The following revised standards, amendments to standards and interpretations are mandatory for the first time for the year ended 31 March 2012. The Group has adopted these revised standards, amendments to standards and interpretations where considered appropriate and relevant to its operations.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.1 Basis of preparation *(continued)*

- HKAS 24 (Revised), "Related Party Transactions"
- HKAS 32 (Amendment), "Classification of Rights Issues"
- HKFRS 1 (Amendment), "Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters"
- HK(IFRIC)-Int 14 (Amendment), "Prepayments of a Minimum Funding Requirement"
- HK(IFRIC)-Int 19, "Extinguishing Financial Liabilities with Equity Instruments"
- HKFRSs (Amendment), "Improvements to HKFRSs 2010"

The adoption of the above revised standards, amendments to standards and interpretations did not have significant effect on the financial statements or result in any significant changes in the Group's significant accounting policies.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 April 2011 and have not been early adopted:

		Effective for accounting periods beginning on or after
HKFRS 7 (Amendment)	Disclosures – Transfers of financial assets	1 July 2011
HKFRS 9	Financial instruments	1 January 2015
HKFRS 10	Consolidated financial statements	1 January 2013
HKFRS 12	Disclosures of interests in other entities	1 January 2013
HKFRS 13	Fair value measurement	1 January 2013
HKFRS(s) (Amendment)	Improvements to HKFRSs 2011	1 January 2013
HKAS 1 (Amendment)	Presentation of financial statements	1 July 2012
HKAS 12 (Amendment)	Deferred tax: Recovery of underlying assets	1 January 2012
HKAS 19 (Amendment)	Employee benefits	1 January 2013
HKAS 27 (Revised 2011)	Separate financial statements	1 January 2013
HKAS 32 (Amendment)	Financial instruments presentation – Offsetting financial assets and financial liabilities	1 January 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 March.

(a) Business combination

(i) Common control combination

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling shareholder of the Company ("controlling party").

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statement includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the previous reporting date or when they first came under common control, whichever is earlier.

A uniform set of accounting policies is adopted by the group entities. All intra-group transactions, balances and unrealized gains on transactions between combining entities or businesses are eliminated on consolidation.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognised as an expense in the period in which it is incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.2 Consolidation *(continued)*

(a) Business combination (continued)

(ii) Other business combinations

The Group uses the acquisition method of accounting to account for business combinations, other than common control combinations as described above. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

(b) Subsidiaries

Subsidiaries are all entities (including special purposes entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated.

Accounting policies of subsidiaries have been changed where necessary in the consolidated financial statements, to ensure consistency with the policies adopted by the Group.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less provision for impairment losses (Note 2.10). The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.2 Consolidation *(continued)*

(c) Equity transactions with non-controlling interests

The Group treats equity transactions with non-controlling interests as equity transactions with equity owners of the Group. For purchases of equity interests in subsidiaries from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of equity interests in subsidiaries to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.3 Segment reporting

Operating segments are reporting in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers ("CODM"), who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the directors and certain senior management that make strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK$, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.4 Foreign currency translation *(continued)*

(b) Transactions and balances (continued)

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortized cost are recognised in the profit or loss, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the investment revaluation reserve in equity.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are treated as assets and liabilities of the foreign entities and translated at the closing rates.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.5 Exploration and evaluation expenditure

Exploration and evaluation expenditure comprises costs which are directly attributable to: researching and analyzing existing exploration data; conducting geological studies, exploratory drilling and sampling; examining and testing extraction and treatment methods; and compiling pre-feasibility and feasibility studies. Exploration and evaluation expenditure also includes the costs incurred in acquiring mining rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects.

During the initial stage of a project, exploration and evaluation costs, other than costs incurred in acquiring land use and mining rights, are expensed as incurred. Expenditure on a project after it has reached a stage at which there is a high degree of confidence in its viability is capitalized and transferred to property, plant and equipment if the project proceeds. If a project does not prove viable, all irrecoverable costs associated with the project are expensed in the income statement.

2.6 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is 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 expensed in the income statement during the financial period in which they are incurred.

Other than mining structures, depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives and the annual rates of depreciation are as follows:

Buildings	5% or over the unexpired periods of the leases, whichever is shorter
Leasehold improvements	33% or over the unexpired periods of the leases, whichever is shorter
Air-conditioning plant	33% or over the unexpired periods of the leases, whichever is shorter
Furniture, fixtures and equipment	15 – 25%
Motor vehicles	15 – 20%

Mining structures (including the main and auxiliary mine shafts and underground tunnels) are depreciated using the units of production method with the estimated recoverable coal reserves of the coal mine being used as the depletion base.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.6 Property, plant and equipment *(continued)*

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

2.7 Construction in progress

Construction in progress represents property, plant and equipment under construction or pending installation, and is stated at cost less impairment losses, if any. Cost comprises direct costs of construction including borrowing costs attributable to the construction during the period of construction. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and ready for intended use.

2.8 Mining rights

Mining rights are stated at cost less accumulated amortisation and impairment losses, if any and are amortized based on the units of production method with the estimated recoverable coal reserves of the coal mine being used as the depletion base.

2.9 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in "intangible assets". Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

2.10 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of impairment at each reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.11 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. Financial assets are designated as at fair value through profit or loss at inception if the designation relates to financial instruments containing one or more embedded derivatives that significantly modify the cash flows resulting from those financial instruments. A financial asset is classified in this category if it is acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the date of statement of financial position. These are classified as non-current assets. The Group's loans and receivables comprise "trade receivables", "deposits and other receivables", "rental deposits paid", "restricted bank deposits" and "cash and cash equivalents" in the statement of financial position.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investments mature or management intends to dispose of the investments within 12 months of the date of statement of financial position.

(b) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on trade-date, being the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.11 Financial assets *(continued)*

(b) Recognition and measurement (continued)

Gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the income statement in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analyzed between translation differences resulting from changes in amortized cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in equity. Changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated income statement. Dividends on available-for-sale equity instruments are recognised in the consolidated income statement when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group established fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each date of statement of financial position whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the profit or loss, is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. Impairment testing on trade receivables is described in Note 2.12.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.12 Impairment of financial assets

(a) Assets carried at amortized cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

– Significant financial difficulty of the issuer or obligor;

– A breach of contract, such as a default or delinquency in interest or principal payments;

– The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

– It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

– The disappearance of an active market for that financial asset because of financial difficulties; or

– Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio;

  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.12 Impairment of financial assets *(continued)*

(a) Assets carried at amortized cost (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

(b) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to (a) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss-measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss-is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the income statement.

2.13 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories used in the restaurant operation is determined using a costing method which approximates the first-in, first-out method, while cost of inventories used in the mining operation is determined using the weighted average method. The cost of coal comprises raw material, direct labour, other direct costs including amortization of mining rights and related production overheads (based on normal operating capacity). Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.14 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

2.15 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.16 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of statement of financial position in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of statement of financial position and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.17 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortized cost using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.18 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.19 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.20 Employee benefits

(a) Pension obligations

The Group has various defined contribution plans in Hong Kong and the PRC for pensions and other social obligation in accordance with the local conditions and practices. The pension plans are generally funded by payments from employees and the relevant group companies. The Group pays contributions to the pension plans on a mandatory, contractual or voluntary basis which are calculated as a percentage of the employees' salaries.

The Group has no legal or constructive obligations to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior years.

The contributions are recognised as employee benefit expenses when they are due and prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.20 Employee benefits *(continued)*

(b) Employee leave entitlements

Employee entitlement to annual leave or other statutory leave is recognised when they are accrued to employees. A provision is made for the estimated liability for paid leave as a result of services rendered by employees up to the date of statement of financial position.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when there is a clear evidence of the need to terminate the employment of current employees; or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

(d) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, after taking into consideration the profit attributable to the Company's shareholders and individuals' performance. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.21 Share-based payments

The Group operates a share-based compensation plan, under which the Group receives services from directors and employees as consideration for equity instruments (options) of the Group. The fair value of the directors' and employees' services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, the Company's share price);

- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining as an employee of the Group over a specified time period); and

- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.21 Share-based payments *(continued)*

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiaries, with a corresponding credit to equity.

2.22 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.23 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.23 Provisions for close down, restoration and environmental costs *(continued)*

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 capitalized 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 capitalized cost is amortized 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 value of the provision and related assets, and the effect is then recognised in the income statement on a prospective basis over the remaining life of the operation. Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The cost estimates are reviewed and revised at each reporting date to reflect changes in conditions.

2.24 Revenue and income recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of credit card fees and discounts and after eliminating sales within the Group. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration of the type of customer, the type of transaction and the specifics of each arrangement.

(i) Sales of goods and services from restaurant operations

Sales of goods from restaurant operations are recognised at the point of sales to customers and sales of services from restaurant operations are recognised when services are rendered to customers.

(ii) Sales of coal

Revenue associated with the sale of coal is recognised when the goods have been delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the goods.

(iii) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.25 Borrowing costs

Borrowing costs, including those pertaining to general borrowings, incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

2.26 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor), including upfront payment made for leasehold land, are charged to the income statement on a straight-line basis over the period of the lease.

2.27 Dividend distribution

Dividend distribution to the Company's equity holders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's equity holders.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, foreign exchange risk, cash flow interest rate risk, price risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

(a) Credit risk

The carrying amounts of cash and cash equivalents, trade receivables and other current assets except for prepayments, represent the Group's maximum exposure to credit risk in relation to financial assets.

During the year, the majority of the Group's turnover was derived from restaurants sales which were mainly settled by cash or credit card. There is no significant concentration of credit risk.

The credit risk exposure for bank deposits and bank balances is considered minimal as such amounts are placed with banks with good credit ratings.

3 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.1 Financial risk factors *(continued)*

(b) Foreign exchange risk

The Group operates in Hong Kong and the PRC with most of the transactions denominated and settled in local currencies. A substantial portion of the Group's cash and cash equivalents are denominated in Renminbi ("RMB"). Moreover, the Group's investments in subsidiaries which operate the Xinjiang coal mine are mainly denominated in RMB. Currency exposure arising from the net assets of such operations is managed primarily through borrowings denominated in RMB.

The Group does not use any derivative financial instruments to hedge its exposure to foreign exchange risk.

As at 31 March 2012, if RMB had strengthened/weakened by 5% against HK$ with all other variables held constant, post-tax loss for the year would have been approximately HK$24,917,000 (2011: HK$21,514,000) lower/higher, mainly as a result of exchange gains/losses on translation of cash and bank balances denominated in RMB held by the group companies with Hong Kong dollars as functional currency. The translation of RMB-denominated bank borrowings does not have any impact on the Group's loss for the year because the bank borrowings of the Group were drawn down by a subsidiary whose functional currency is RMB, and the gains/losses arising from the translation of such bank borrowings would have been credited/charged against reserves.

(c) Cash flow interest rate risk

The Group's exposure to cash flow interest rate risks arises from the Group's RMB denominated interest-bearing bank deposits and borrowings. As at 31 March 2012, the Group's RMB denominated bank deposits and bank borrowings bear interest at variable rates and expose the Group to cash flow interest rate risks. The Group historically has not used any financial instruments to hedge potential fluctuations in interest rates.

Other than as mentioned above, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

As at 31 March 2012, if the interest rates on RMB denominated bank deposits and bank borrowings had been 100 basis points higher/lower with all other variables held constant, the Group's loss for the year would decrease/increase by approximately HK$5,132,000 (2011: HK$10,124,000), mainly as a result of higher/lower net interest income on bank deposits and bank borrowings.

3 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.1 Financial risk factors *(continued)*

(d) Price risk

The Group is exposed to securities price risk because certain investments held by the Group are classified in the consolidated statement of financial position as available-for-sale financial assets and financial assets at fair value through profit or loss as at 31 March 2012.

As at 31 March 2012, if the quoted price of the available-for-sale financial assets had appreciated/depreciated by 10% (2011: 10%) with all other variables held constant, the Company's and the Group's equity would have been approximately HK$1,190,000 (2011: HK$1,200,000) higher/lower as a result of gains/losses on change in fair value of the available-for-sale financial assets. There would be no impact on the Group's loss for the year as such gains/losses were credited/charged against reserves. As at 31 March 2012, if the quoted price of the financial assets at fair value through profit or loss had depreciated/appreciated by 10% (2011: Nil) with all other variables held constant, the Group's loss for the year would have been approximately HK$1,575,000 (2011: Nil) higher/lower as a result of losses/gains on change in fair value of the financial asset at fair value through profit or loss.

(e) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with debt covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks and other financial institutions to meet their liquidity requirements in the short and longer term. Management believes that there is no significant liquidity risk as the Group has sufficient cash and cash equivalents to fund its operations.

The following table details the remaining contractual maturities at the date of the statement of financial position of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date the Group is required to pay.

3 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.1 Financial risk factors *(continued)*

(e) Liquidity risk (continued)

	Within 1 year or on demand HK$'000	Between 2 and 5 years HK$'000
At 31 March 2012		
Trade payables	**2,511**	**–**
Other payables	**18,252**	**–**
Bank borrowings	**438,057**	**218,695**
Finance lease liabilities	**532**	**959**
Total	**459,352**	**219,654**
At 31 March 2011		
Trade payables	2,828	–
Other payables	7,896	–
Bank borrowings	356,981	188,951
Finance lease liabilities	293	954
Total	367,998	189,905

3.2 Capital risk management

The Group's objectives of managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital by maintaining a net cash position throughout the year.

3.3 Fair value estimation

Fair value measurements are disclosed by level of the following fair value measurement hierarchy:

- Quoted prices in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Inputs for the asset or liability that are not based on observable market data (level 3).

3 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.3 Fair value estimation *(continued)*

The following table presents the Group's financial assets that are measured at fair value at 31 March 2012 and 2011.

	Level 1
	HK$'000
As at 31 March 2012	
Available-for-sale financial assets	
– Club debentures	**11,900**
Financial assets at fair value through profit or loss	**15,750**
As at 31 March 2011	
Available-for-sale financial assets	
– Club debentures	12,000

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to access the fair value of an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The carrying amounts of the Group's financial assets including cash and cash equivalents, trade and other receivables, and financial liabilities including trade and other payables are assumed to approximate their fair values due to their short maturities. The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1 Reserve estimates

Reserves are estimates of the amount of product that can be economically and legally extracted from the Group's mining 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, transport 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 analyzing geological data such as drilling samples. This process may require complex and difficult geological judgments and calculations to interpret the data.

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

– asset's carrying amounts may be affected due to changes in estimated future cash flows,

– depreciation, depletion and amortization charges may change where such charges are based on the units of production, or where the economic useful economic lives of assets change,

– decommissioning, site restoration and environmental provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities,

– the carrying amounts of deferred tax assets may change due to changes in estimates of the likely recovery of the tax benefits.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS *(CONTINUED)*

4.2 Impairment of property, plant and equipment and mining right

The Group tests whether property, plant and equipment and mining right have suffered any impairment, whenever events or changes in circumstances indicate the carrying amount may not be recoverable. The recoverable amounts of cash-generating units have been determined based on the higher of the value-in-use calculations or fair value less costs to sell.

For coal mining, the value-in-use calculations use cash flow projections based on financial budgets approved by management covering a twenty-year period with estimated revenue growth rate of 3.5%. Management determined budgeted revenue and gross margin based on past performance and its expectation of market developments. The discount rates for the tests were based on a pre-tax discount rate of 10%.

For restaurant operations, the value-in-use calculations use cash flow projections based on financial budgets approved by management covering a three-year period with estimated revenue growth of 29% in the first year and 5% in the second and third year. Management determined budgeted revenue and gross margin based on past performance and its expectation of market developments. The discount rates for the tests were based on pre-tax discount rate of 4.6%.

Judgement is required to determine key assumptions adopted in cash flow projections and changes to key assumptions can significantly affect cash flow projections and therefore the results of the impairment tests.

4.3 Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.9. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 16).

4.4 Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation for its property, plant and equipment. This estimation is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of renovation and relocation. Management will adjust the depreciation where useful lives vary with previously estimated lives.

4.5 Income taxes

The Group is subject to income taxes in Hong Kong and the PRC. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities of anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the year in which such determination is made.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS *(CONTINUED)*

4.6 Recognition of deferred tax assets

Deferred tax assets are recognised for unused tax losses carried forward to the extent it is probable that future taxable profits will be available against which the unused tax losses can be utilised, based on all available evidence. Recognition primarily involves judgement regarding the future financial performance of the Group in which the deferred tax assets have been recognised. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the existence of taxable temporary differences, tax planning strategies and the periods in which estimated tax losses can be utilised. The carrying amount of deferred tax assets and related financial models and budgets are reviewed at each date of the statement of financial position and to the extent that sufficient taxable profits will be available within the utilisation periods to allow utilisation of the carry-forward tax losses, the asset balance will be reduced and charged to the income statement.

4.7 Provision for long service payments

The Group's provision for long service payment is determined with reference to expected closure of the restaurants upon termination of the related leases, the statutory requirements, the employees' remuneration, their years of services and age profile, and demographic assumptions including, pre-retirement termination, involuntary termination, early retirement, normal retirement, death and disability. The basis of estimation is reviewed on an on-going basis and revised where appropriate. Any changes in these assumptions will impact the carrying amount of provision for long service payments and as a result affect the Group's financial condition and results of operations.

4.8 Provision for re-instatement costs

Provision for re-instatement costs is estimated and reassessed at each date of statement of financial position with reference to the recent actual re-instatement cost incurred for shops of similar attributes and latest available quotation from independent contractors. Estimation based on current market information may vary over time and could differ from the actual re-instatement cost upon closures or relocation of existing shop premises.

5 REVENUE AND SEGMENT INFORMATION

Reportable segments are identified and reported in the manner consistent with internal reports of the Group that are regularly reviewed by the CODM in order to assess performance and allocate resources. The CODM assess the performance of the reportable segments based on the profit and loss generated.

The Group is principally engaged in the operation of restaurants in Hong Kong and a coal mine which is still in the process of production capacity expansion in the PRC. The Group's management reviews the business principally from an industry perspective. The Group has two reportable segments: (i) restaurant operations; and (ii) coal mining.

5 REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

Revenue from the two segments is analyzed as follows:

	2012 HK$'000	2011 HK$'000
Restaurant operations	**57,785**	72,016
Coal mining	**529**	128
	58,314	72,144

The segment information provided to the CODM for the reportable segments for the year ended 31 March 2012 is as follows:

	Restaurant operations HK$'000	Coal mining HK$'000	Total HK$'000
Year ended 31 March 2012			
Revenue from external customers	**57,785**	**529**	**58,314**
Depreciation of property, plant and equipment	**(2,283)**	**(440)**	**(2,723)**
Finance income	**–**	**1,880**	**1,880**
Finance costs	**–**	**(18,624)**	**(18,624)**
Segment results	**(1,802)**	**(23,302)**	**(25,104)**
Income tax credit	**–**	**5,043**	**5,043**
Capital expenditure	**(7,999)**	**(83,622)**	**(91,621)**
As at 31 March 2012			
Segment assets	**21,071**	**1,115,404**	**1,136,475**
Segment liabilities	**(14,150)**	**(617,485)**	**(631,635)**

5 REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

The segment information provided to the CODM for the reportable segments for the year ended 31 March 2011 is as follows:

	Restaurant operations HK$'000	Coal mining HK$'000	Total HK$'000
Year ended 31 March 2011			
Revenue from external customers	72,016	128	72,144
Depreciation of property, plant and equipment	(80)	(441)	(521)
Finance income	–	419	419
Finance costs	–	(5,145)	(5,145)
Segment results	(1,347)	(9,684)	(11,031)
Income tax credit	–	3,244	3,244
Capital expenditure	(124)	(37,360)	(37,484)
As at 31 March 2011			
Segment assets	15,755	1,000,018	1,015,773
Segment liabilities	(10,747)	(502,708)	(513,455)

A reconciliation of segment results to loss before income tax is provided as follows:

	2012 HK$'000	2011 HK$'000
Segment results	**(25,104)**	(11,031)
Depreciation of property, plant and equipment	**(813)**	(321)
Finance income – net	**3,504**	941
Staff costs	**(12,390)**	(13,714)
Others	**6,445**	(7,469)
Loss before income tax	**(28,358)**	(31,594)

5 REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

Reportable segments' assets are reconciled to total assets as follows:

	2012 **HK$'000**	2011 HK$'000
Segment assets	**1,136,475**	1,015,773
Unallocated:		
Available-for-sale financial assets	**11,900**	12,000
Property, plant and equipment	**3,501**	1,823
Financial assets at fair value through profit or loss	**15,750**	–
Cash and cash equivalents	**141,872**	173,911
Other assets	**2,152**	260
Total assets	**1,311,650**	1,203,767

Reportable segments' liabilities are reconciled to total liabilities as follows:

	2012 **HK$'000**	2011 HK$'000
Segment liabilities	**631,635**	513,455
Unallocated:		
Finance lease liabilities	**1,362**	1,098
Tax payables	**105**	–
Other liabilities	**5,078**	2,698
Total liabilities	**638,180**	517,251

All revenue of the Group from the restaurant operations is derived in Hong Kong, while all revenue of the Group from the coal mining operation is derived in the PRC. All of the Group's assets, liabilities and capital expenditure of the restaurant operations are located and utilised in Hong Kong, and all of the Group's assets, liabilities and capital expenditure of the coal mining operation are located and utilised in the PRC.

NOTES TO THE FINANCIAL STATEMENTS

6 STAFF COSTS

	2012 HK$'000	2011 HK$'000
Wages and salaries, including directors' fees	**25,201**	27,729
Provision for termination benefits	**7**	23
(Reversal of provision)/provision for leave balance	**(79)**	209
Retirement benefit costs – defined contribution schemes (Note a)	**1,102**	1,288
Provision for/(reversal of provision for) long service payments (Note 25)	**44**	(42)
Share options granted to directors and employees (Note 33)	**5,046**	7,415
Other staff costs	**2,927**	2,512
	34,248	39,134

(a) These mainly represent:

(i) the Group's contributions to the Mandatory Provident Funds for employees working in Hong Kong, and

(ii) the Group's contributions to defined contribution pension plans in the PRC for employees working in the PRC. These pension plans are organised by the respective municipal and provincial government of the PRC, and include elderly insurance, medical insurance and unemployment insurance at 20%, 7.5% and 2% respectively of the employees' basic salaries depending on the applicable local regulations.

The Group has no other material obligations for the payment of pensions and other post-retirement benefits of employees or retirees other than those disclosed above.

(b) Directors' and senior management's emoluments

The aggregate amounts of emoluments paid and payable to directors of the Company during the year are as follows:

	2012 HK$'000	2011 HK$'000
Fees	**360**	360
Other emoluments:		
Salaries, housing and other allowances and benefits in kind	**4,406**	2,848
Employer's contribution to pension scheme	**24**	24
Share options granted to directors	**3,266**	4,884
	8,056	8,116

6 STAFF COSTS *(CONTINUED)*

(b) Directors' and senior management's emoluments *(continued)*

The remuneration of every director for the year ended 31 March 2012 is set out below:

Name of director	Fees HK$'000	Salary, housing and other allowances and benefits in kind HK$'000	Employer's contribution to pension scheme HK$'000	Fair value of share options charged to income statement HK$'000	Total HK$'000
Executive directors					
Mr. Lo Siu Yu	–	2,232	12	–	2,244
Mr. Chen Yang	–	1,511	12	928	2,451
Mr. Zhang Jian Qiang [(1)]	–	423	–	772	1,195
Non-executive directors					
Mr. Wang Xiaobo	–	120	–	882	1,002
Mr. Qin Hong	–	120	–	684	804
Independent non-executive directors					
Ms. Kwong Ka Yin [(1)]	90	–	–	–	90
Mr. Chan Ying Kay	120	–	–	–	120
Mr. Wang Jin Ling	120	–	–	–	120
Dr. Zhu Wenhui [(2)]	30	–	–	–	30
	360	4,406	24	3,266	8,056

(1) Resigned with effect from 31 December 2011

(2) Appointed with effect from 31 December 2011

6 STAFF COSTS *(CONTINUED)*

(b) Directors' and senior management's emoluments *(continued)*

The remuneration of every director for the year ended 31 March 2011 is set out below:

Name of director	Fees	Salary, housing and other allowances and benefits in kind	Employer's contribution to pension scheme	Fair value of share options charged to income statement	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors					
Mr. Lo Siu Yu	–	1,266	12	–	1,278
Mr. Chen Yang	–	972	12	1,406	2,390
Mr. Zhang Jian Qiang	–	500	–	1,336	1,836
Non-executive directors					
Mr. Wang Xiaobo	–	55	–	1,336	1,391
Mr. Qin Hong	–	55	–	806	861
Independent non-executive directors					
Ms. Kwong Ka Yin	120	–	–	–	120
Mr. Chan Ying Kay	120	–	–	–	120
Mr. Wang Jin Ling	120	–	–	–	120
	360	2,848	24	4,884	8,116

(c) Five highest paid individuals

The 5 individuals whose emoluments were the highest in the Group for the year include 4 (2011: 5) directors whose emoluments are reflected in the analysis presented above. The emoluments paid or payable to the remaining 1 (2011: Nil) individual during the year fell within the band between HK$2,500,000 and HK$3,000,000.

No emolument was paid by the Group to any of such individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

7 OTHER GAINS – NET

	2012 HK$'000	2011 HK$'000
Net exchange gains	**17,934**	1,800
(Loss)/gain on disposal of property, plant and equipment	**(70)**	1,630
Fair value gains on financial assets at fair value through profit or loss	**1,017**	–
Loss on disposal of subsidiaries	**–**	(129)
	18,881	3,301

8 EXPENSES BY NATURE

	2012 HK$'000	2011 HK$'000
Auditor's remuneration	**920**	1,251
Legal and professional expenses	**5,583**	7,543
Cleaning and laundry expenses	**1,207**	1,475
Consumables	**881**	857
Insurance expenses	**636**	504
Occupancy expenses (other than operating lease rentals)	**3,545**	4,027
Promotion expenses	**2,361**	2,410
Other expenses	**3,992**	3,792
Other operating expenses	**19,125**	21,859

9 FINANCE INCOME AND COSTS

	2012 HK$'000	2011 HK$'000
Finance costs:		
– Bank borrowings wholly repayable within 5 years	**(36,395)**	(6,440)
– Finance lease liabilities	**(93)**	(18)
Less: amounts capitalized in qualifying assets (Note 14)	**17,771**	1,295
Finance costs charged to consolidated income statement	**(18,717)**	(5,163)
Finance income:		
– Interest income from bank deposits	**5,477**	1,378
Finance costs – net	**(13,240)**	(3,785)

10 INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits for the year ended 31 March 2012. No Hong Kong profits tax has been provided for the year ended 31 March 2011 as there was no estimated assessable profit for that year.

PRC corporate income tax is provided on the profit before income tax of subsidiaries of the Group which are subject to PRC corporate income tax at the statutory tax rate of 25%, adjusted for income and expense items which are not assessable or deductible for income tax purposes.

The amount of income tax (credited)/charged to the consolidated income statement represents:

	2012 **HK$'000**	2011 HK$'000
Current income tax		
Hong Kong profits tax	**105**	–
Deferred income tax credit (Note 26)	**(5,043)**	(3,244)
	(4,938)	(3,244)

The income tax credit on the Group's loss before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to losses of the consolidated entities as follows:

	2012 **HK$'000**	2011 HK$'000
Loss before income tax	**(28,358)**	(31,594)
Calculated at domestic taxation rates applicable to the profits/losses in the respective jurisdictions	**(6,432)**	(6,036)
Income not subject to taxation	**(3,801)**	(2,152)
Expenses not deductible for taxation purposes	**4,048**	1,566
Tax losses not recognised	**1,247**	3,378
Income tax credit	**(4,938)**	(3,244)

11 LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$8,620,000 (2011: HK$21,885,000) (Note 24).

12 DIVIDENDS

	2012 HK$'000	2011 HK$'000
Write-back of unclaimed dividends	**(54)**	(59)

No final dividend was proposed for the years ended 31 March 2012 and 2011.

13 LOSSES PER SHARE

The calculations of basic and diluted losses per share are based on the following:

	2012 HK$'000	2011 HK$'000
Losses		
Loss attributable to equity holders of the Company	**(23,420)**	(27,775)

	2012	2011
Number of shares (in thousands)		
Weighted average number of ordinary shares in issue	**1,274,039**	1,012,265

Employee share options outstanding as at 31 March 2012 and 2011 would have an anti-dilutive effect on loss per share.

NOTES TO THE FINANCIAL STATEMENTS

14 PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improve-ments HK$'000	Mining structures HK$'000	Air-conditioning plants HK$'000	Furniture, fixtures, and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
At 1 April 2010								
Cost	3,137	5,637	22,810	2,748	13,110	1,377	40,499	89,318
Accumulated depreciation and impairment losses	(100)	(5,572)	(22,810)	(2,736)	(12,507)	(153)	–	(43,878)
Net book amount	3,037	65	–	12	603	1,224	40,499	45,440
Year ended 31 March 2011								
Opening net book amount	3,037	65	–	12	603	1,224	40,499	45,440
Additions	–	–	–	66	139	1,758	37,318	39,281
Disposals	(468)	(8)	–	–	(184)	(555)	(999)	(2,214)
Depreciation	(194)	(13)	–	(17)	(195)	(423)	–	(842)
Exchange differences	130	–	–	–	5	21	1,796	1,952
Closing net book amount	2,505	44	–	61	368	2,025	78,614	83,617
At 31 March 2011								
Cost	2,598	5,628	23,823	2,815	7,310	2,518	78,614	123,306
Accumulated depreciation and impairment losses	(93)	(5,584)	(23,823)	(2,754)	(6,942)	(493)	–	(39,689)
Net book amount	2,505	44	–	61	368	2,025	78,614	83,617

14 PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

	Buildings HK$'000	Leasehold improve-ments HK$'000	Mining structures HK$'000	Air-conditioning plants HK$'000	Furniture, fixtures, and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Year ended 31 March 2012								
Opening net book amount	2,505	44	–	61	368	2,025	78,614	83,617
Additions	–	7,223	–	794	1,984	643	83,539	94,183
Disposals	–	–	–	(12)	(70)	(24)	–	(106)
Depreciation	(141)	(1,964)	–	(361)	(413)	(657)	–	(3,536)
Exchange differences	93	–	–	–	5	10	3,004	3,112
Closing net book amount	2,457	5,303	–	482	1,874	1,997	165,157	177,270
At 31 March 2012								
Cost	2,696	12,442	24,725	3,218	8,564	3,147	165,157	219,949
Accumulated depreciation and impairment losses	(239)	(7,139)	(24,725)	(2,736)	(6,690)	(1,150)	–	(42,679)
Net book amount	2,457	5,303	–	482	1,874	1,997	165,157	177,270

The Group's interests in buildings with net book amounts of approximately HK$2,457,000 (2011: HK$2,505,000) were held in the PRC under leases of less than 20 years.

As at 31 March 2012, motor vehicles of the Group with carrying amounts of approximately HK$1,867,000 (2011: HK$1,566,000) were held under finance lease (Note 28).

As at 31 March 2012, interest expenses of HK$19,066,000 (2011: HK$1,295,000) (Note 9) arising from borrowings are capitalized in construction in progress. The weighted average rate of captialisation is 11.72% per annum (2011: 10.60% per annum).

15 MINING RIGHT

	HK$'000
Year ended 31 March 2011	
Opening net book amount	9,578
Exchange differences	410
Closing net book amount	9,988
At 31 March 2011	
Cost	9,988
Accumulated amortization	–
Net book amount	9,988
Year ended 31 March 2012	
Opening net book amount	**9,988**
Addition	**31**
Exchange differences	**379**
Closing net book amount	**10,398**
At 31 March 2012	
Cost	**10,398**
Accumulated amortization	**–**
Net book amount	**10,398**

As at 31 March 2012 and 2011, the Group's mining right was pledged as securities for the bank borrowings of the Group.

16 GOODWILL

	HK$'000
Year ended 31 March 2011	
Opening cost	1,365
Exchange differences	58
Closing cost	1,423
Year ended 31 March 2012	
Opening cost	**1,423**
Exchange differences	**53**
Closing cost	**1,476**

Goodwill is allocated to the Group's cash-generating unit (CGU) engaged in the coal mining business in the PRC.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use post-tax cash flow projections based on financial budgets approved by management covering a twenty-year period using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the coal mining business in which the CGU operates.

The key assumptions used for value-in-use calculations of the CGU were as follows:

	2012	2011
Revenue growth rate	**3.5%**	3%
Discount rate	**10%**	10%

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the coal mining segment.

There were no circumstances during the year ended 31 March 2012 and 2011 which led to an impairment loss of goodwill.

17 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group and Company	
	2012	2011
	HK$'000	HK$'000
At the beginning of the year	**12,000**	9,800
Net (losses)/gains (charged)/credited to other comprehensive income	**(100)**	2,200
At the end of the year	**11,900**	12,000

The available-for-sale financial assets are an unlisted club debentures, the fair value of which is determined by reference to quoted price in an open market.

Available-for-sale financial asset is denominated in HK$.

The maximum exposure to credit risk at the reporting date is the carrying amount of the club debentures classified as available-for-sale.

The available-for-sale financial assets is neither past due nor impaired.

18 FINANCIAL INSTRUMENTS BY CATEGORY

(a) Group

As at 31 March 2012	**Loans and receivables HK$'000**	**Available-for-sale HK$'000**	**Financial assets at fair value through profit or loss HK$'000**	**Total HK$'000**
Assets				
Available-for-sale financial assets	**–**	**11,900**	**–**	**11,900**
Rental deposits paid	**2,555**	**–**	**–**	**2,555**
Trade receivables	**448**	**–**	**–**	**448**
Deposits and other receivables	**7,527**	**–**	**–**	**7,527**
Financial assets at fair value through profit or loss	**–**	**–**	**15,750**	**15,750**
Restricted bank deposits	**371,021**	**–**	**–**	**371,021**
Cash and cash equivalents	**699,963**	**–**	**–**	**699,963**
Total	**1,081,514**	**11,900**	**15,750**	**1,109,164**

18 FINANCIAL INSTRUMENTS BY CATEGORY *(CONTINUED)*

(a) Group *(continued)*

	Other financial liabilities at amortized cost HK$'000
As at 31 March 2012	
Liabilities	
Bank borrowings	**587,884**
Trade payables	**2,511**
Other payables	**18,252**
Finance lease liabilities	**1,362**
Total	**610,009**

As at 31 March 2011	Loans and receivables HK$'000	Available-for-sale HK$'000	Total HK$'000
Assets			
Available-for-sale financial assets	–	12,000	12,000
Rental deposits paid	4,815	–	4,815
Trade receivables	319	–	319
Deposits and other receivables	7,087	–	7,087
Restricted bank deposits	353,394	–	353,394
Cash and cash equivalents	722,844	–	722,844
Total	1,088,459	12,000	1,100,459

18 FINANCIAL INSTRUMENTS BY CATEGORY *(CONTINUED)*

(a) Group *(continued)*

	Other financial liabilities at amortized cost HK$'000
As at 31 March 2011	
Liabilities	
Bank borrowings	498,960
Trade payables	2,828
Other payables	7,896
Finance lease liabilities	1,098
Total	510,782

(b) Company

As at 31 March 2012	**Loans and receivables HK$'000**	**Available-for-sale HK$'000**	**Total HK$'000**
Assets			
Available-for-sale financial assets	**–**	**11,900**	**11,900**
Amounts due from subsidiaries	**444,487**	**–**	**444,487**
Deposits and other receivables	**37**	**–**	**37**
Restricted bank deposits	**3,716**	**–**	**3,716**
Cash and cash equivalents	**77,999**	**–**	**77,999**
Total	**526,239**	**11,900**	**538,139**

As at 31 March 2012	**Other financial liabilities at amortized cost HK$'000**
Liabilities	
Amounts due to subsidiaries	**20,578**
Other payables	**3,229**
Total	**23,807**

18 FINANCIAL INSTRUMENTS BY CATEGORY *(CONTINUED)*

(b) Company *(continued)*

As at 31 March 2011	Loans and receivables HK$'000	Available-for-sale HK$'000	Total HK$'000
Assets			
Available-for-sale financial asset	–	12,000	12,000
Amounts due from subsidiaries	4,921	–	4,921
Deposits and other receivables	25	–	25
Cash and cash equivalents	169,973	–	169,973
Total	174,919	12,000	186,919

As at 31 March 2011	Other financial liabilities at amortized cost HK$'000
Liabilities	
Amounts due to subsidiaries	20,630
Other payables	796
Total	21,426

19 INVENTORIES

	2012 HK$'000	2011 HK$'000
Food and beverages	**2,729**	2,220
Coal	**–**	912
Spare parts	**862**	330
	3,591	3,462

As at 31 March 2012 and 2011, all inventories were stated at cost.

20 TRADE RECEIVABLES

The ageing analysis of the Group's trade receivables is as follows:

	2012 HK$'000	2011 HK$'000
Current to 30 days	**448**	319

The Group's sales from the restaurant operations are mainly conducted in cash or by credit cards. The Group's trade receivables are either repayable within one month or on demand and denominated in HK$. The fair value of the Group's trade receivables is approximately the same as its carrying amount. The trade receivables included in the above ageing are considered not impaired as they are aged within the credit period granted and there is no recent history of default.

The maximum exposure to credit risk at the reporting date is the fair value of receivables mentioned above. The Group does not hold any collateral as security.

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2012 HK$'000	2011 HK$'000
Listing securities:		
– Equity securities listed in Hong Kong	**15,750**	–

The fair values of financial assets at fair value through profit or loss are based on their bid prices in an active market.

22 CASH AND BANK BALANCES

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at banks and on hand	**582,557**	569,473	**20,295**	16,602
Short-term fixed deposits	**117,406**	153,371	**57,704**	153,371
Cash and cash equivalents	**699,963**	722,844	**77,999**	169,973
Deposits pledged as securities for the Group's banking facilities (note)	**367,899**	350,837	**3,716**	–
Deposits set aside for environmental restoration in the PRC	**3,122**	2,557	**–**	–
Restricted bank deposits	**371,021**	353,394	**3,716**	–

The effective interest rate on the Group's short-term bank deposits was 1.03% (2011: 1.21%); these deposits have maturities of less than 3 months.

Note:

As at 31 March 2012, bank deposits of approximately HK$364,183,000 (2011: HK$350,837,000) were pledged as securities for the Group's bank borrowings of approximately HK$345,240,000 (2011: HK$332,640,000) (Note 27) and bank deposits of HK$3,716,000 (2011: Nil) were pledged as securities for the guarantees provided by a bank to certain vendors of the Group.

At 31 March 2012, the carrying amounts of the cash and bank balances were denominated in the following currencies:

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
HK$	**14,763**	56,890	**7,595**	3,963
RMB	**1,056,191**	1,019,348	**74,090**	166,010
USD	**30**	–	**30**	–
	1,070,984	1,076,238	**81,715**	169,973

NOTES TO THE FINANCIAL STATEMENTS

22 CASH AND BANK BALANCES *(CONTINUED)*

Cash at banks and restricted bank deposits are placed with the following financial institutions:

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Bank A	**496,650**	357,774	**–**	–
Bank B	**364,484**	350,943	**–**	–
Bank C	**55,170**	189,827	**55,170**	166,068
Bank D	**14,383**	12,140	**7,525**	3,875
Bank E	**50,395**	93,521	**–**	–
Other banks	**89,767**	71,967	**18,967**	13
	1,070,849	1,076,172	**81,662**	169,956

23 SHARE CAPITAL

	2012	2011
	HK$'000	HK$'000
Authorized:		
5,000,000,000 ordinary shares of HK$0.1 each (2011: 5,000,000,000)	**500,000**	500,000
Issued and fully paid:		
1,274,038,550 ordinary shares of HK$0.1 each (2011: 1,274,038,550)	**127,404**	127,404

24 RESERVES-COMPANY

The movements of the reserves of the Company during the year are analyzed as follows:

	Share premium HK$'000	Investment revaluation reserve HK$'000	Other reserve HK$'000	Retained earnings/ (accumulated losses) HK$'000	Total HK$'000
At 1 April 2010	–	5,550	–	345	5,895
Issuance of shares to effect acquisition of Ray Tone Limited	465,000	–	–	–	465,000
Subscription and placement of shares, net of share issuance cost	581,974	–	–	–	581,974
Fair value gains of available-for-sale financial assets	–	2,200	–	–	2,200
Share-based compensation (Note 33)	–	–	7,415	–	7,415
Loss for the year	–	–	–	(21,885)	(21,885)
Write-back of unclaimed dividends	–	–	–	59	59
At 31 March 2011 and 1 April 2011	1,046,974	7,750	7,415	(21,481)	1,040,658
Fair value losses of available-for-sale financial assets	–	(100)	–	–	(100)
Share-based compensation (Note 33)	–	–	5,046	–	5,046
Loss for the year	–	–	–	(8,620)	(8,620)
Write-back of unclaimed dividends	–	–	–	54	54
At 31 March 2012	**1,046,974**	**7,650**	**12,461**	**(30,047)**	**1,037,038**

25 PROVISION FOR LONG SERVICE PAYMENTS

The Group's provision for long service payments is determined with reference to the statutory requirements, the employees' remuneration and their years of services and age profile. In addition, the provision has also taken into consideration of the expected closure of the existing restaurants at the end of respective lease contracts.

The movements in provision for long service payments of the Group during the year are as follows:

	2012	2011
	HK$'000	HK$'000
At the beginning of the year	**674**	752
Provision for/(reversal of provision for) the year (Note 6)	**44**	(42)
Amounts utilised	**(75)**	(36)
	643	674
Less: non-current portion	**(643)**	(674)
Current portion	**–**	–

26 DEFERRED INCOME TAX

Deferred income tax is calculated on temporary differences under the liability method.

The movements on the net deferred income tax assets/(liabilities) are as follows:

	2012	2011
	HK$'000	HK$'000
At the beginning of the year	**3,158**	(165)
Credited to consolidated income statement (Note 10)	**5,043**	3,244
Exchange differences	**190**	79
At the end of the year	**8,391**	3,158

26 DEFERRED INCOME TAX *(CONTINUED)*

The movements in deferred income tax assets and liabilities during the year, without taking into consideration offsetting balances within the same tax jurisdiction, are as follows:

Deferred tax assets	Others	Tax losses	Fair value adjustment	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2010	148	1,467	64	1,679
Credited to the consolidated income statement (Note 10)	–	3,244	–	3,244
Exchange differences	8	148	4	160
At 31 March 2011	156	4,859	68	5,083
Credited to the consolidated income statement (Note 10)	–	5,043	–	5,043
Exchange differences	6	255	2	263
At 31 March 2012	**162**	**10,157**	**70**	**10,389**

Deferred tax liabilities	Fair value adjustment
	HK$'000
At 1 April 2010	(1,844)
Exchange differences	(81)
At 31 March 2011	(1,925)
Exchange differences	(73)
At 31 March 2012	**(1,998)**

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realization of the related tax benefits through the future taxable profit is probable. As at 31 March 2012, the Group has tax losses amounting to approximately HK$40,622,000 (2011: HK$19,460,000), for which deferred tax assets have been recognised and will expire as follows:

	2012	2011
	HK$'000	HK$'000
2014	**6,371**	6,165
2015	**13,798**	13,295
2016	**20,453**	–
	40,622	19,460

26 DEFERRED INCOME TAX *(CONTINUED)*

The deferred income tax assets not recognised by the Group and the Company are summarized as follows:

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Excess of depreciation over tax allowances	**250**	747	**–**	–
Tax losses				
– Without expiry date	**18,714**	17,466	**15,447**	16,593
– Expiring in 2013	**430**	414	**–**	–
	19,144	17,880	**15,447**	16,593
	19,394	18,627	**15,447**	16,593

27 BANK BORROWINGS

	2012	2011
	HK$'000	HK$'000
Non-current:		
Bank borrowings, secured	**187,159**	166,320
Current:		
Bank borrowings, secured	**400,725**	332,640
	587,884	498,960

As at 31 March 2012, the Group's borrowings were repayable as follows:

	2012	2011
	HK$'000	HK$'000
Within 1 year	**400,725**	332,640
Between 2 and 5 years	**187,159**	166,320
	587,884	498,960

The Group's bank borrowings amounting to HK$242,644,000 as at 31 March 2012 were secured by:

(i) the Group's mining right amounting to approximately HK$10,398,000 (Note 15);

(ii) the Group's equity interests in Xinjiang New Century Mining Company Limited, a wholly owned subsidiary; and

(iii) guarantees given by Mr. Lo Siu Yu ("Mr. Lo"), the controlling shareholder, and a related company owned by him.

27 BANK BORROWINGS *(CONTINUED)*

The Group's bank borrowings of HK$345,240,000 as at 31 March 2012 were secured by the Group's bank deposit amounting to approximately HK$364,183,000 (Note 22).

All of the Group's bank borrowings were denominated in RMB.

As at 31 March 2012, the Group's current bank borrowings amounting to HK$400,725,000 (2011: HK$332,640,000) bears interest at floating rates (2011: fixed rate at 5.0% per annum). The Group's non-current bank borrowings amounting to HK$187,159,000 (2010: HK$166,320,000) bears interest at floating rates as at 31 March 2011 and 2012.

The carrying amounts of the Group's current bank borrowings at the respective reporting dates approximate their fair values as the impact of discounting is insignificant.

The Group has the following unutilised banking facilities:

	2012 **HK$'000**	2011 HK$'000
Unutilised:		
– Expiring within 1 year	**–**	35,640
– Expiring between 2 and 5 years	**–**	83,160
	–	118,800

28 FINANCE LEASE LIABILITIES

Finance lease liabilities are effectively secured as the rights to the leased assets, the Group's motor vehicles amounting to HK$1,867,000 (2011: HK$1,566,000) as at 31 March 2012, would revert to the lessors in the event of default (Note 14).

	2012 **HK$'000**	2011 HK$'000
Gross finance lease liabilities-minimum lease payments		
– No later than 1 year	**532**	293
– Later than 1 year and no later than 5 years	**959**	954
	1,491	1,247
Future finance charges on finance lease	**(129)**	(149)
Present value of finance lease liabilities	**1,362**	1,098

The present value of finance lease liabilities is as follows:

	2012 **HK$'000**	2011 HK$'000
No later than 1 year	**459**	232
Later than 1 year and no later than 5 years	**903**	866
	1,362	1,098

29 TRADE PAYABLES

The ageing analysis of the trade payables is as follows:

	2012	2011
	HK$'000	HK$'000
Current to 30 days	**2,429**	2,645
31 to 60 days	**–**	49
Over 60 days	**82**	134
	2,511	2,828

The Group's trade payables are denominated in HK$.

30 OTHER PAYABLES AND ACCRUED CHARGES

	Group		**Company**	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Construction payable	**25,477**	2,088	**–**	–
Other payables	**14,194**	8,564	**4,575**	2,698
Amount due to a related party (note)	**2,485**	–	**2,485**	–
Provision for reinstatement costs	**2,117**	2,117	**–**	–
Accrued interest expense	**1,402**	922	**–**	–
	45,675	13,691	**7,060**	2,698

Note:

Amount due to a related party as at 31 March 2012 is unsecured, interest free and repayable on demand and is denominated in HK$.

31 INVESTMENTS IN SUBSIDIARIES

	Company	
	2012	2011
	HK$'000	HK$'000
Unlisted shares, at cost	**35,213**	35,213
Amounts due from subsidiaries	**632,555**	983,134
Provision for impairment losses	**(13,876)**	(13,876)
	653,892	1,004,471

The amounts due from subsidiaries as at 31 March 2012 were unsecured and interest free (2011: same). These amounts have no fixed terms of repayment and are regarded as equity contribution to the subsidiaries.

Details of the principal subsidiaries as at 31 March 2012 are set out in Note 39.

32 AMOUNTS DUE FROM/TO SUBSIDIARIES

As at 31 March 2012, except for an amount due from a subsidiary of HK$15,104,000 (2011: Nil) which was unsecured, interest bearing at 10% per annum and repayable on 5 January 2013, the amounts due from/to subsidiaries as at 31 March 2012 and 2011 are unsecured, interest free and repayable on demand. As at 31 March 2012 and 2011, the amounts due from subsidiaries are denominated in the following currencies:

	2012	2011
	HK$'000	HK$'000
HK$	**18,978**	4,921
RMB	**425,509**	-
	444,487	4,921

The amounts due to subsidiaries are denominated in HK$.

33 SHARE-BASED PAYMENT-GROUP AND COMPANY

The existing share option scheme of the Group was adopted pursuant to a resolution passed on 11 September 2008.

16,200,000 share options were granted to directors and selected employees during the year ended 31 March 2011. The exercise price of the granted options is equal to the market price of the shares plus 1.7% to 7.8% on the respective dates of the grant. Options are conditional on the employee completing one year's or two years' service (the vesting period). The Group has no legal or constructive obligation to repurchase or settle the options in cash. During the year ended 31 March 2012, no option has been granted under the existing share option scheme.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Average exercise price in HK$ per share	**Options (thousands)**	
		2012	2011
At 1 April	1.637	**16,200**	–
Granted		**–**	16,200
At 31 March		**16,200**	16,200

Out of the 16,200,000 outstanding options (2011: 16,200,000), 10,800,000 options were exercisable as at 31 March 2012 (2011: 5,400,000).

33 SHARE-BASED PAYMENT-GROUP AND COMPANY *(CONTINUED)*

Share options outstanding at 31 March 2012 have the following expiry date and exercise prices:

Expiry date	Exercise price in HK$ per share	Options (thousands)
14 October 2020	1.638	14,100
1 December 2020	1.628	2,100
	1.637	16,200

The total fair value of the share options under such scheme amounted to approximately HK$13,839,000 of which approximately HK$5,046,000 were charged to the consolidated income statement during the year (2011: HK$7,415,000).

34 CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of loss before income tax to cash used in operations is as follows:

	2012 HK$'000	2011 HK$'000
Loss before income tax	**(28,358)**	(31,594)
Adjustments for:		
Depreciation of property, plant and equipment	**3,536**	842
Loss on disposal of subsidiaries	**–**	129
Loss/(gain) on disposal of property, plant and equipment	**70**	(1,630)
Fair value gains on financial assets at fair value through profit or loss	**(1,017)**	–
Share options granted to directors and employees	**5,046**	7,415
Interest income	**(5,477)**	(1,378)
Interest expense	**18,717**	5,163
Net exchange gains	**(17,934)**	–
Operating loss before working capital changes	**(25,417)**	(21,053)
Decrease/(increase) in rental deposits paid	**598**	(35)
Increase in inventories	**(129)**	(1,468)
Increase in trade receivables	**(129)**	(386)
(Decrease)/increase in deposits, prepayments and other receivables	**1,277**	(4,984)
(Decrease)/increase in trade payables	**(317)**	1,055
Increase/(decrease) in other payables and accrued charges	**8,688**	(1,305)
Decrease in provision for long service payments	**(31)**	(72)
Exchange differences	**(7,193)**	(11,812)
Cash used in operations	**(22,653)**	(40,060)

NOTES TO THE FINANCIAL STATEMENTS

35 COMMITMENTS

(a) Capital commitments

Capital expenditure commitments at the reporting date but not yet incurred are as follows:

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
For acquisition of property, plant and equipment				
– Approved but not contracted for	**251,401**	399,788	**–**	–
– Contracted but not provided for	**75,409**	25,044	**–**	–
	326,810	424,832	**–**	–
For acquisition of a club debenture				
– Approved but not contracted for	**4,600**	–	**4,600**	–
	331,410	424,832	**4,600**	–

(b) Operating lease commitments

At 31 March 2012, the Group and the Company had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**12,318**	10,752	**–**	–
After one year and within five years	**9,939**	13,956	**–**	–
Over five years	**–**	8	**–**	–
	22,257	24,716	**–**	–

The actual payments in respect of certain operating leases are calculated at the higher of the minimum commitments as noted above and the amounts determined based on a percentage of the sales of the related outlets.

36 BANK GUARANTEE

As at 31 March 2012, the Group had bank guarantee of HK$3,000,000 (2011: Nil) in favour of certain utility companies in lieu of utility deposits payable with respect to the Group's rented premises. The bank guarantee was secured by the pledged bank deposits of HK$3,716,000 (2011: Nil) (Note 22).

37 RELATED-PARTY TRANSACTIONS

Save as disclosed elsewhere in these consolidated financial statements, the Group had the following related party transactions during the year ended 31 March 2012:

(a) Key management compensation

	2012	2011
	HK$'000	HK$'000
Basic salaries and benefits in kind	**4,406**	2,848
Pension contributions	**24**	24
Share options granted	**3,266**	4,884
	7,696	7,756

(b) Balances with related parties

Details of the balances with related parties are disclosed in note 30.

38 EVENTS AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

On 13 April 2012, a wholly-owned subsidiary of the Company (the "Purchaser") and a company wholly-owned by Mr. Lo and his spouse (the "Vendor") entered into an acquisition agreement, pursuant to which the Purchaser conditionally agreed to acquire and the Vendor conditionally agreed to sell the sale shares, being 70% of the equity interest in Chongqing Baoxu Commercial Property Management Limited ("Chongqing Baoxu"), at the consideration of RMB210.0 million (equivalent to approximately HK$259.3 million). Chongqing Baoxu is principally engaged in investment holding of Dong Dong Mall, a shopping arcade located at Chongqing, the PRC. The transaction was approved by the independent shareholders in an extraordinary general meeting held on 25 May 2012.

39 PARTICULARS OF PRINCIPAL SUBSIDIARIES

The following is the particulars of the principal subsidiaries as at 31 March 2012:

Name of subsidiary	Place of incorporation and operation	Particulars of issued share capital/paid in capital	Effective interest held by the Group	Principal activities
Interests held directly:				
Imperial Kitchen Company Limited	Hong Kong	80 ordinary shares of HK$1 each 10,000,020 non-voting deferred shares of HK$1 each	100%	Restaurant operator
Hongkong Catering Management Limited	Hong Kong	100 ordinary shares of HK$100 each 120,100 non-voting deferred shares of HK$100 each	100%	Restaurant operator
Interests held indirectly:				
Money Success Business Management Limited	Hong Kong	10,000 ordinary shares of HK$1 each	100%	Provision of management services
Money Success Corporate Management Limited	Hong Kong	10,000 ordinary shares of HK$1 each	100%	Provision of management services
Xinjiang New Century Mining Company Limited[1]	The PRC	RMB160,000,000	100%	Operation of a coal mine

Note:

1 Wholly foreign-owned enterprise registered under the PRC law.

FIVE-YEAR FINANCIAL INFORMATION

RESULTS

	For the year ended 31 March				
			(Restated)		
	2012	2011	2010	2009	2008
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**58,314**	72,144	151,777	328,075	352,197
Loss attributable to equity holders of the Company	**(23,420)**	(27,775)	(44,885)	(83,369)	(6,463)

ASSETS AND LIABILITIES

	At 31 March				
			(Restated)		
	2012	2011	2010	2009	2008
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets and liabilities					
Total assets	**1,311,650**	1,203,767	121,801	280,157	398,833
Total liabilities	**638,180**	517,251	66,963	49,988	58,555
Net assets	**673,470**	686,516	54,838	230,169	340,278
Non-controlling interests	**–**	–	457	68	4,790
Capital and reserves attributable to the Company's equity holders	**673,470**	686,516	54,381	230,101	335,488