NuBrands Group
滙寶集團

Nubrands Group Holdings Limited

Interim Report 2008

Stock Code: 835

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF NUBRANDS GROUP HOLDINGS LIMITED
滙寶集團控股有限公司
(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on page 3 to 29, which comprises the condensed consolidated balance sheet of Nubrands Group Holdings Limited as of 30th September 2008 and the related condensed consolidated income statement, statement of changes in equity and cash flow statement for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
18th December 2008

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th September 2008

	NOTES	Continuing operations For the six months ended 30th September		Discontinued operations For the six months ended 30th September		Total For the six months ended 30th September	
		2008	2007	**2008**	2007	**2008**	2007
		HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Turnover	3	**3,201**	8,404	**6,592**	16,205	**9,793**	24,609
Cost of sales		**(2,347)**	(5,287)	**(4,253)**	(10,611)	**(6,600)**	(15,898)
Gross profit		**854**	3,117	**2,339**	5,594	**3,193**	8,711
Other income		**362**	167	**943**	2,302	**1,305**	2,469
Selling and distribution expenses		**(3,643)**	(3,526)	**(1,101)**	(2,237)	**(4,744)**	(5,763)
Administrative expenses		**(12,056)**	(10,021)	**(1,405)**	(3,286)	**(13,461)**	(13,307)
Finance costs	4	**(2,574)**	(73)	**(15)**	-	**(2,589)**	(73)
		(17,057)	(10,336)	**761**	2,373	**(16,296)**	(7,963)
Gain on disposal of subsidiaries	17	**-**	-	**10,539**	-	**10,539**	-
(Loss) profit for the period	6	**(17,057)**	(10,336)	**11,300**	2,373	**(5,757)**	(7,963)
Attributable to:							
Equity holders of the Company						**(5,757)**	(7,955)
Minority interests						**-**	(8)
						(5,757)	(7,963)
(LOSS) EARNINGS PER SHARE	7						
From continuing and discontinued operations Basic and diluted						**(0.47 HK cents)**	(0.90 HK cents)
From continuing operations Basic and diluted						**(1.39 HK cents)**	(1.17 HK cents)
From discontinued operations Basic and diluted						**0.92 HK cents**	0.27 HK cents

The directors do not recommend the payment of an interim dividend for the period (2007: Nil).

CONDENSED CONSOLIDATED BALANCE SHEET

At 30th September 2008

	NOTES	30th September 2008	31st March 2008
		HK$'000 (unaudited)	HK$'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		**-**	2,628
Property, plant and equipment		**1,010**	3,476
Prepaid lease payments - non-current portion		**-**	8,136
Intangible asset		**6,200**	6,200
Exploration and evaluation assets	9	**366,585**	-
		373,795	20,440
Current assets			
Inventories - finished goods		**2,114**	5,128
Prepaid lease payments - current portion		**-**	219
Trade and other receivables	10	**5,317**	10,855
Pledged bank deposits		**1,703**	1,689
Bank balances and cash		**129,111**	19,288
		138,245	37,179
Current liabilities			
Trade and other payables and accrued charges	11	**4,047**	20,036
Amount due to a shareholder	12	**8**	1,808
Amount due to a director	12	**297**	-
Taxation payable		**-**	33
Obligations under finance leases - due within one year		**75**	87
Secured bank overdrafts		**-**	1,589
		4,427	23,553
Net current assets		**133,818**	13,626
Total assets less current liabilities		**507,613**	34,066
Non-current liabilities			
Deferred taxation		**390**	390
Obligations under finance leases - due after one year		**61**	99
Convertible bond	13	**112,525**	-
		112,976	489
NET ASSETS		**394,637**	33,577
CAPITAL AND RESERVES			
Share capital	14	**165,254**	91,837
Reserves		**229,383**	(58,260)
Equity attributable to equity holders of the Company		**394,637**	33,577

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September 2008

	Attributable to equity holders of the Company								
	Share capital	Share premium	Share options reserve	Convertible bond equity reserve	Exchange reserve	Accumulated losses	Total	Minority interests	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1st April 2007 (audited)	84,891	51,002	2,751	-	4	(98,514)	40,134	8	40,142
Exchange differences on translating foreign operation and total expense recognised directly in equity	-	-	-	-	(17)	-	(17)	-	(17)
Loss for the period	-	-	-	-	-	(7,955)	(7,955)	(8)	(7,963)
Total recognised income and expense for the period	-	-	-	-	(17)	(7,955)	(7,972)	(8)	(7,980)
Sub Total	84,891	51,002	2,751	-	(13)	(106,469)	32,162	-	32,162
Recognition of share-based payment expense	-	-	478	-	-	-	478	-	478
Issue of shares upon exercise of share options	2,394	4,181	(1,547)	-	-	-	5,028	-	5,028
Issue of shares for cash	3,038	7,139	-	-	-	-	10,177	-	10,177
Share issue expenses	—	(64)	-	-	-	-	(64)	-	(64)
At 30th September 2007 (unaudited)	90,323	62,258	1,682	-	(13)	(106,469)	47,781	-	47,781
At 1st April 2008 (audited)	**91,837**	**64,829**	**3,772**	-	**(154)**	**(126,707)**	**33,577**	-	**33,577**
Exchange differences on translating foreign operation and total expense recognised directly in equity	-	-	-	-	**(63)**	-	**(63)**	-	**(63)**
Loss for the period	-	-	-	-	-	**(5,757)**	**(5,757)**	-	**(5,757)**
Total recognised income and expense for the period	-	-	-	-	**(63)**	**(5,757)**	**(5,820)**	-	**(5,820)**
Sub Total	**91,837**	**64,829**	**3,772**	-	**(217)**	**(132,464)**	**27,757**	-	**27,757**
Recognition of equity component of convertible bond	-	-	-	**108,238**	-	-	**108,238**	-	**108,238**
Recognition of share-based payment expense	-	-	**1,130**	-	-	-	**1,130**	-	**1,130**
Issue of shares upon exercise of share options	**127**	**221**	**(81)**	-	-	-	**267**	-	**267**
Issue of shares for cash	**40,000**	**72,000**	-	-	-	-	**112,000**	-	**112,000**
Issue of shares on acquisition of exploration and evaluation assets	**33,290**	**113,185**	-	-	-	-	**146,475**	-	**146,475**
Share issue expenses	-	**(1,230)**	-	-	-	-	**(1,230)**	-	**(1,230)**
At 30th September 2008 (unaudited)	**165,254**	**249,005**	**4,821**	**108,238**	**(217)**	**(132,464)**	**394,637**	-	**394,637**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th September 2008

	NOTES	For the six months ended 30th September 2008	2007
		HK$'000	HK$'000
		(unaudited)	(unaudited)
Net cash used in operating activities		**(13,098)**	(10,489)
Investing activities			
Disposal of subsidiaries	17	**17,378**	-
Assets acquisition	16	**(1,811)**	-
Other investing cash flows		**(186)**	(5,922)
Net cash from (used in) investing activities		**15,381**	(5,922)
Financing activities			
Proceeds from issue of shares		**112,267**	15,205
Share issue expenses paid		**(1,230)**	(64)
Other financing cash flows		**(3,487)**	(1,170)
Net cash from financing activities		**107,550**	13,971
Net increase (decrease) in cash and cash equivalents		**109,833**	(2,440)
Cash and cash equivalents at 1st April		**19,288**	18,751
Effect of foreign exchange rate changes		**(10)**	8
Cash and cash equivalents at 30th September, represented by bank balances and cash		**129,111**	16,319

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the annual financial statements of the Company and its subsidiaries (the "Group") for the year ended 31st March 2008. In addition, the Group has adopted the following accounting policies, which have become applicable to the Group for the first time, during the current interim period:

Convertible bond

Convertible bond issued by the Group that contains both the liability and conversion option components is classified separately into respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bond and the fair value assigned to the liability component, representing the conversion option for the holder to convert the bond into equity, is included in equity (convertible bond equity reserve).

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Convertible bond (continued)

In subsequent periods, the liability component of the convertible bond is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible bond equity reserve until the embedded option is exercised (in which case the balance stated in convertible bond equity reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible bond equity reserve will be released to the accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible bond are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bond using the effective interest method.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Exploration and evaluation assets

Exploration and evaluation assets are recognised at cost on initial recognition. Subsequent to initial recognition, exploration and evaluation assets are stated at cost less any accumulated impairment losses.

Exploration and evaluation assets include the cost of mining and exploration rights and the expenditure incurred in the search for mineral resources as well as the determination of the technical feasibility and commercial viability of extracting those resources. When the technical feasibility and commercial viability of extracting mineral resources become demonstrable, previously recognised exploration and evaluation assets are reclassified as either other intangible assets or property, plant and equipment. These assets are assessed for impairment, and any impairment loss recognised, before reclassification.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Exploration and evaluation assets (continued)

Impairment of exploration and evaluation assets

The carrying amount of the exploration and evaluation assets is reviewed annually and adjusted for impairment in accordance with HKAS 36 "Impairment of Assets" whenever one of the following events or changes in circumstances indicate that the carrying amount may not be recoverable (the list is not exhaustive):

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

An impairment loss is recognised in the consolidated income statement whenever the carrying amount of an asset exceeds its recoverable amount.

In the current period, the Group has applied, for the first time, a number of amendments and new interpretations ("HK(IFRIC)-INT") ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1st April 2008. The adoption of these new HKFRSs had no material effect on the results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible Hedged Items[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Consolidations and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 8	Operating Segments[2]
HK(IFRIC) - INT 13	Customer Loyalty Programmes[4]
HK(IFRIC) - INT 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC) - INT 16	Hedges of a Net Investment in a Foreign Operation[5]
HK(IFRIC) - INT 17	Distributions of Non-Cash Assets to Owners[3]

1 Effective for annual periods beginning on or after 1st January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July 2009.
2 Effective for annual periods beginning on or after 1st January 2009.
3 Effective for annual periods beginning on or after 1st July 2009.
4 Effective for annual periods beginning on or after 1st July 2008.
5 Effective for annual periods beginning on or after 1st October 2008.

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

In 2008, the Group has an additional business segment of coal mining. During the period, the Group was principally engaged in three main businesses, namely sale and distribution of health and beauty products, coal mining and sale of medical equipment. As set out in note 8, the Group disposed of its entire interest in the medical equipment business on 2nd July 2008.

There are no sales or other transactions between the business segments.

An analysis of the Group's unaudited results by major business segments is as follows:

	Continuing operations						Discontinued operations		Total	
	Health and beauty products For the six months ended 30th September		Coal mining For the six months ended 30th September		Total For the six months ended 30th September		Medical equipment For the six months ended 30th September		For the six months ended 30th September	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Turnover - external	**3,201**	8,404	**-**	-	**3,201**	8,404	**6,592**	16,205	**9,793**	24,609
Segment results	**(4,944)**	(2,795)	**(139)**	-	**(5,083)**	(2,795)	**602**	1,980	**(4,481)**	(815)
Unallocated corporate income					**362**	149	**174**	393	**536**	542
Unallocated corporate expenses					**(9,762)**	(7,617)	**-**	-	**(9,762)**	(7,617)
Finance costs					**(2,574)**	(73)	**(15)**	-	**(2,589)**	(73)
Gain on disposal of subsidiaries					**-**	-	**10,539**	-	**10,539**	-
(Loss) profit for the period					**(17,057)**	(10,336)	**11,300**	2,373	**(5,757)**	(7,963)

4. FINANCE COSTS

	Continuing operations For the six months ended 30th September		Discontinued operations For the six months ended 30th September		Total For the six months ended 30th September	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Interest on:						
Bank overdrafts	**26**	70	**15**	-	**41**	70
Obligations under finance leases	**7**	3	**-**	-	**7**	3
Effective interest on convertible bond	**2,541**	-	**-**	-	**2,541**	-
	2,574	73	**15**	-	**2,589**	73

5. TAXATION

No provision of taxation has been made on the continuing operations as the Group incurred tax losses for both periods.

No tax is payable on the profit from discontinued operations for both periods arising in Hong Kong since the assessable profit is wholly absorbed by tax losses brought forward.

On 26th June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which included the reduction in corporate profits tax rate by 1% to 16.5% effective from the year of assessment 2008/2009.

No provision for taxation has been made for the Group's subsidiaries operating outside Hong Kong as there was no assessable profit derived.

The Group has no other significant unprovided deferred tax for the period or at the balance sheet date.

6. (LOSS) PROFIT FOR THE PERIOD

(Loss) profit for the period has been arrived at after charging (crediting) the following items:

	Continuing operations For the six months ended 30th September		Discontinued operations For the six months ended 30th September		Total For the six months ended 30th September	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Directors' remuneration	**4,121**	606	**-**	-	**4,121**	606
Depreciation and amortisation	**391**	312	**125**	251	**516**	563
Loss on disposal of property, plant and equipment	**128**	-	**-**	-	**128**	-
Write-down of inventories	**474**	-	**-**	-	**474**	-
Interest income	**(361)**	(127)	**(84)**	(258)	**(445)**	(385)

7. (LOSS) EARNINGS PER SHARE

For continuing and discontinued operations

The calculation of the basic and diluted loss per share attributable to the equity holders of the Company is based on the following data:

	For the six months ended 30th September	
	2008	2007
	HK$'000	HK$'000
Loss for the period attributable to equity holders of the Company for the purpose of basic and diluted loss per share	**(5,757)**	(7,955)

	For the six months ended 30th September	
	2008	2007
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**1,230,207,627**	886,114,584

The calculation of diluted loss per share for the six months ended 30th September 2007 and 2008 has not assumed the conversion of the Company's convertible bond and exercise of the share options as these potential ordinary shares are anti-dilutive during both periods.

7. (LOSS) EARNINGS PER SHARE (continued)

From continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to the equity holders of the Company is based on the following data:

	For the six months ended 30th September	
	2008	2007
	HK$'000	HK$'000
Loss for the period attributable to equity holders of the Company	**(5,757)**	(7,955)
Less: Profit for the period from discontinued operations	**11,300**	2,373
Loss for the purposes of basic and diluted loss per share from continuing operations	**(17,057)**	(10,328)

The number of shares used are the same as those detailed above for basic and diluted loss per share for continuing and discontinued operations.

From discontinued operations

Basic and diluted earnings per share for the discontinued operations is 0.92 HK cents per share (2007: 0.27 HK cents per share), based on the profit for the period from the discontinued operations of HK$11,300,000 (2007: HK$2,373,000) and the number of shares detailed above for basic and diluted loss per share for continuing and discontinued operations.

8. DISCONTINUED OPERATIONS

On 31st January 2008, the Group entered into a sale and purchase agreement with an independent third party to dispose of its entire 100% equity interest in Wealthy Bridge Group Limited ("Wealthy Bridge") (together with its subsidiaries, the "Wealthy Bridge Group"), which carried out all of the Group's business of sale of medical equipment. The disposal was completed on 2nd July 2008, on which the control of Wealthy Bridge Group was passed to the acquirer.

The profit for the period from the discontinued operations is analysed as follows:

	For the six months ended 30th September	
	2008	2007
	HK$'000	HK$'000
Profit from sale of medical equipment for the period	**761**	2,373
Profit on disposal of the business of sale of medical equipment (note 17)	**10,539**	-
	11,300	2,373

The cash flows of the discontinued operations contributed to the Group were as follows:

	For the six months ended 30th September	
	2008	2007
	HK$'000	HK$'000
Net cash (used in) from operating activities	**(399)**	64
Net cash from (used in) investing activities	**17,375**	(55)
Net cash used in financing activities	**(155)**	-
	16,821	9

The carrying amounts of the assets and liabilities of the medical equipment business at the date of disposal are disclosed in note 17.

9. EXPLORATION AND EVALUATION ASSETS

	HK$'000
Consideration paid on 29th July 2008	363,292
Other direct costs incurred on acquisition	3,218
	366,510
Additions during the period	48
Exchange realignment	27
At 30th September 2008	366,585

On 25th January 2008, the Company as the purchaser, CEC Resources Limited ("CEC Resources") as the vendor, and China Enterprise Capital Limited as the guarantor entered into two sale and purchase agreements pursuant to which the Company conditionally agreed to acquire from the vendor the entire issued share capital of Giant Field Group Limited ("GF") and Power Field Holdings Limited ("PF") respectively. Both CEC Resources and China Enterprise Capital Limited are independent third parties of the Company.

According to the abovementioned sale and purchase agreements, SMI LLC ("SMI") and Sinotum Mongolia LLC ("Sinotum"), companies incorporated in Mongolia, would become wholly-owned subsidiaries of GF and PF respectively. The principal assets of SMI and Sinotum are all the mineral mining rights to the Saikhan Ovoo coal deposit in the Bulgan province of Mongolia with validity of 30 years and the mineral exploration rights to the Erdenetsogt coal deposit in the Dornogobi province of Mongolia with validity of 3 years respectively.

The GF acquisition was completed in late July 2008 and the Company settled the initial consideration for the GF acquisition amounting to approximately HK$363,292,000 to CEC Resources by the issuance of: (1) 329,705,093 new ordinary shares of the Company (representing 19.99% of the total issued share capital of the Company at the completion date of GF acquisition as enlarged by the issuance of the consideration shares); and (2) zero coupon convertible bond in the principal amount of HK$218,221,675 with a 5-year maturity. Details of the GF acquisition are set out in note 16 and details of the convertible bond and the consideration shares issued are set out in notes 13 and 14 respectively.

9. EXPLORATION AND EVALUATION ASSETS (continued)

Pursuant to the GF sale and purchase agreement, the total consideration for the GF acquisition is subject to adjustment within 24 months following the GF completion and shall be determined by reference to the technical assessment prepared by a technical adviser (the "SMI Technical Assessment"). The Company shall pay to CEC Resources an amount equal to the reported reserves (in tonnage) multiplied by the price of RMB4.00 per tonne (the "Excess Amount") by issuance of convertible bond. The reported reserves is the aggregate amount (in tonnage) of the proved coal ore reserves and the probable coal ore reserves which, pursuant to the SMI Technical Assessment, exceed the reserves reference amount of 69.6 million tonnes. The Company shall not be required to pay CEC Resources for any reported reserves, which, together with the reserves reference amount, is in excess of 190 million tonnes. The consideration can therefore be increased up to the maximum of RMB760 million.

Upon the completion of the GF acquisition, CEC Resources became a substantial shareholder of the Company through issuance of consideration shares and conversion options as settlement of the purchase consideration.

The Group has not commenced any exploration activity on the Saikhan Ovoo coal mine as at 30th September 2008.

Up to the date of approval of this interim financial report, the PF acquisition has not yet been completed as not all the conditions precedent of the PF acquisition have been satisifed. One of the conditions precedent is the issue of the Sinotum resources technical assessment by a technical adviser on or before 25th January 2010 showing that the indicated coal ore resources held by Sinotum is not less than 50 million tonnes. The total consideration for the PF acquisition shall be determined based on the amount (in tonnage) of indicated coal ore resource, proved coal ore reserves and probable coal ore reserves by reference to the technical assessments.

10. TRADE AND OTHER RECEIVABLES

The Group has a policy of allowing credit periods ranging from 30 days to 90 days to its trade customers, except for certain well-established customers where the terms are extended beyond 90 days. The aging analysis of trade receivables prepared on the basis of sales invoice date is stated as follows:

	30th September 2008	31st March 2008
	HK$'000	HK$'000
Trade receivables:		
0 to 90 days	**38**	6,985
91 to 180 days	**680**	27
Over 180 days	**20**	27
	738	7,039
Other receivables, deposits and prepayments	**4,579**	3,816
	5,317	10,855

11. TRADE AND OTHER PAYABLES AND ACCRUED CHARGES

	30th September 2008	31st March 2008
	HK$'000	HK$'000
The aging analysis of the Group's trade payables is as follows:		
0 to 90 days	**786**	3,208
91 to 180 days	**465**	681
181 to 365 days	**123**	568
Over 365 days	**210**	481
	1,584	4,938
Deposits received from customers	**48**	1,448
Accrued charges	**2,395**	13,613
Other payables	**20**	37
	4,047	20,036

12. AMOUNT DUE TO A SHAREHOLDER/A DIRECTOR

The amount due to a shareholder represents advances from Billion Pacific Ventures Limited, a substantial shareholder of the Company, in which, Mr. Kwok Wing Leung, Andy ("Mr. Kwok"), a director of the Company, has a beneficial interest.

The amount due to a director represents amount due to Mr. Kwok.

The above amounts are unsecured, interest-free and repayable on demand.

13. CONVERTIBLE BOND

Upon completion of GF acquisition in July 2008, the Company issued HK$218,221,675 unsecured zero coupon convertible bond at an initial conversion price of HK$0.25 per share (subject to anti-dilutive adjustments) for settlement of consideration on acquisition of the exploration and evaluation assets as set out in note 9. The convertible bond has a maturity of five years from the issue date.

The holders of the convertible bond have the right to convert the whole or part of the outstanding principal amount of the convertible bond into shares of HK$0.10 each in the share capital of the Company at any time during the period commencing from the date immediately following the date of issue of the convertible bond up to the day immediately prior to and exclusive of the maturity date at the conversion price of HK$0.25 per share. The bond may not be converted to the extent that, following such conversion, the bond holder would directly or indirectly control or be interested in an aggregate of 30% or more of the issued shares as enlarged by the issue of the conversion shares (or such other amount as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers as being the level for triggering a mandatory general offer).

The holders of the convertible bond have the right to require the Company to redeem at 100% of the principal amount of all or part of the outstanding amount of the convertible bond at any time during the period commencing from the day next following the third anniversary of the issue of the convertible bond and ending on the date immediately before the maturity date.

13. CONVERTIBLE BOND (continued)

Subject to the aforesaid, the Company has the right to either require the holders of the convertible bond to mandatorily convert any convertible bond remaining outstanding at maturity date into conversion shares at the then applicable conversion price or redeem any convertible bond remaining outstanding at maturity date at its nominal value. If the closing price of the shares for the 30 consecutive trading days at any time prior to (but excluding) the business day prior to the maturity date represents a price which is equal to or higher than 150% of the conversion price, the Company will have the right (but not obligation) to require the holder of the convertible bond to convert the outstanding convertible bond into shares.

The convertible bond contains two components, liability and equity elements. The equity element is presented in equity under the heading of "convertible bond equity reserve". The liability element is classified as non-current liabilities and carried at amortised cost using the effective interest method. The effective interest rate of the convertible bond is 13.78% per annum.

The movement of the liability component of the convertible bond for the period is set out below:

	HK$'000
Liability component at date of issue	109,984
Effective interest expense charged for the period	2,541
At 30th September 2008	112,525

14. SHARE CAPITAL

	Notes	Authorised		Issued and fully paid	
		Number of shares	Nominal value	Number of shares	Nominal value
			HK$'000		HK$'000
Ordinary shares of HK$0.10 each:					
At 1st April 2008		2,000,000,000	200,000	918,373,047	91,837
Additions	(i)	28,000,000,000	2,800,000	-	-
Issue of shares					
- Exercise of share options	(ii)	-	-	1,272,000	127
- Placing of new shares	(iii)	-	-	400,000,000	40,000
- Acquisition of assets	(iv)	-	-	332,897,753	33,290
At 30th September 2008		30,000,000,000	3,000,000	1,652,542,800	165,254

Notes:

(i) Pursuant to a resolution passed in a special general meeting held on 6th June 2008, the authorised share capital of the Company was increased from HK$200,000,000 divided into 2,000,000,000 ordinary shares of HK$0.10 each to HK$3,000,000,000 divided into 30,000,000,000 ordinary shares of HK$0.10 per share by the creation of 28,000,000,000 new shares at HK$0.10 per share. The new shares rank pari passu with all the other shares in issue in all respects.

(ii) During the period, share options to subscribe for 1,272,000 ordinary shares at exercise price of HK$0.21 per share were exercised, of which HK$127,000 was credited to share capital and the balance of HK$140,000 was credited to the share premium account. The new shares rank pari passu with all the other shares in issue in all respects.

(iii) Placing of 400,000,000 new ordinary shares of HK$0.10 each to not less than six independent placees at the placing price of HK$0.28 per share was completed on 4th July 2008. The placing price represented a premium of approximately 3.7% to the closing price of HK$0.27 per share as quoted on the Stock Exchange on 8th May 2008 (the last full trading day before the date of the share placing agreement). The net proceeds of approximately HK$110.8 million would be used for the business development in relation to the GF and PF acquisitions.

14. SHARE CAPITAL (continued)

Notes: (continued)

(iv) In July 2008, 329,705,093 new ordinary shares of the Company were issued to CEC Resources at HK$0.44 each, being the closing market price at the completion date of the GF acquisition. The new shares rank pari passu with all the other shares in issue in all respects.

On 31st January 2008, the Group entered into a service agreement with Mr. Yeung Ting Lap, Derek Emory ("Mr. Yeung"), a director of the Company, pursuant to which the Company agreed to appoint Mr. Yeung in consideration of the successful introduction to the Company the business opportunities as contemplated under the acquisition agreements as set out in note 9 and for procuring the completion of the acquisitions in accordance with the agreements.

As set out in the service agreement, the Company would issue and allot to Mr. Yeung new shares based on certain specific formula upon occurrence of each of the events: (i) the completion of the GF acquisition; (ii) the payment by the Company the Excess Amount to CEC Resources in accordance with the GF sale and purchase agreement; and (iii) the payment by the Company the consideration of the PF acquisition.

During the six months ended 30th September 2008, 3,192,660 ordinary shares of the Company were issued and allotted to Mr. Yeung upon the completion of GF acquisition. The new shares rank pari passu with all the other shares in issue in all respects.

15. SHARE-BASED PAYMENT TRANSACTIONS

(i) Share options of the Company

Details of the share option schemes adopted by the Company are as follows:

(a) 2003 Scheme

A share option scheme (the "2003 Scheme") was adopted by the Company pursuant to a resolution passed on 26th August 2003. Under the 2003 Scheme, the directors of the Company may invite any director (including non-executive director and independent non-executive director), employee of the Company or any of its subsidiaries or associated companies or any suppliers of goods or services to the Group to take up options to subscribe for share of HK$0.01 each (which was adjusted to HK$0.10 per share following the consolidation of the Company's shares on 20th December 2004) in the capital of the Company.

Upon acceptance of the option, a nominal consideration of HK$1.00 will be paid by each grantee for each lot of share option granted within 21 days from the date of making offer of option. The options are exercisable within ten years after date of grant.

15. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(i) Share options of the Company (continued)

(b) 2007 Scheme

A share option scheme (the "2007 Scheme") was adopted by the Company pursuant to a resolution passed on 28th September 2007. Under the 2007 Scheme, the directors of the Company may invite any director (including non-executive director and independent non-executive director), employee of the Company or any of its subsidiaries or associated companies or any suppliers of goods or services to the Group to take up options to subscribe for share of HK$0.10 each in the capital of the Company.

Upon acceptance of the option, a nominal consideration of HK$1.00 will be paid by each grantee for each lot of share option granted within 21 days from the date of making offer of option. The options are exercisable within ten years after date of grant.

The following table discloses movements in the Company's share options during the six months ended 30th September 2008:

	Option Scheme type	Date of grant	Vesting period	Exercisable period	Exercise price per share	At 1st April 2008	Granted during the period	Exercised during the period	At 30th September 2008
					HK$				
Director	2007	01/09/2008	N/A	01/09/2008 to 31/08/2018	0.301	-	10,000,000	-	10,000,000
Employees	2003	21/08/2006	21/08/2006 to 20/08/2007	21/08/2007 to 21/08/2016	0.210	2,272,000	-	(1,272,000)	1,000,000
	2007	22/11/2007	N/A	22/11/2007 to 21/11/2017	0.270	25,230,000	-	-	25,230,000
	2007	22/11/2007	22/11/2007 to 21/11/2008	22/11/2008 to 21/11/2017	0.270	2,850,000	-	-	2,850,000
Consultants	2003	21/08/2006	N/A	21/08/2006 to 21/08/2016	0.210	5,442,320	-	-	5,442,320
	2007	22/11/2007	N/A	22/11/2007 to 21/11/2017	0.270	18,060,000	-	-	18,060,000
						53,854,320	10,000,000	(1,272,000)	62,582,320
Exercisable at end of the period									59,732,320
						HK$	HK$	HK$	HK$
Weighted average exercise price						0.261	0.301	0.210	0.269

15. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(i) Share options of the Company (continued)

In respect of the share options exercised during the period, the weighted average share price at the date of exercise was HK$0.36.

During the period ended 30th September 2008, 10,000,000 options with an exercise price of HK$0.301 per share were granted on 1st September 2008. The estimated fair value of the options granted on 1st September 2008 was approximately HK$999,000. This fair value was calculated using, the Black-Scholes Option Pricing Model. The inputs into the model are as follows:

Share price as at the date of grant	HK$0.29
Exercise price	HK$0.301
Expected volatility	91.888%
Expected life	1 year
Risk-free rate	1.640%
Expected dividend yield	Nil

Expected volatility was determined by using the historical volatility of the Company's share price over the previous year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Black-Scholes Option Pricing Model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The Group recognised an aggregate amount of approximately HK$1,130,000 (2007: HK$478,000) as expenses for the six months ended 30th September 2008 in relation to the share options granted by the Company.

(ii) Shares of the Company issued to a director

As set out in note 14 (iv), 3,192,660 ordinary shares of the Company were issued to Mr. Yeung for his services of introducing business opportunities to the Group. The fair value of the said ordinary shares issued amounting to approximately HK$1,405,000 was capitalised as cost of the exploration and evaluation assets.

16. ACQUISITION OF SUBSIDIARIES

As set out in note 9, the Group, acquired the entire issued share capital of GF, together with its wholly-owned subsidiary, SMI, for a consideration of approximately HK$363,292,000 and incurred transaction costs of approximately HK$3,218,000. This acquisition has been accounted for as acquisition of assets and liabilities as the subsidiaries acquired has not carried out any business yet.

The net assets acquired in this transaction are as follows:

	HK$'000
Evaluation and exploration assets	366,510
Bank balances and cash	2
Other payables and accrued charges	(2)
Net assets acquired	366,510
Consideration satisfied by:	
Shares issued	145,070
Convertible bond issued (Note 13)	218,222
Consideration	363,292
Transaction costs settled by issue of shares to Mr. Yeung	1,405
Transaction costs paid	1,813
	3,218
	366,510
Net cash outflow arising from acquisition:	
Expenses incurred for the acquisition	1,813
Bank balances and cash acquired	(2)
	1,811

16. ACQUISITION OF SUBSIDIARIES (continued)

Note: As for the fair value of the mining and exploration rights acquired, since the exploration on the acquired areas was at the initial stage, the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably. As a result, the fair value of the consideration paid, including shares and convertible bond issued, determined in accordance with HKFRS 2 "Share-based Payments" and HKAS 39 "Financial Investments Recognition and Measurement" respectively, was used to account for the costs of the mining rights.

17. DISPOSAL OF SUBSIDIARIES

As detailed in note 8, the Group discontinued its business of sale of medical equipment through disposal of its subsidiaries, the Wealthy Bridge Group, on 2nd July 2008.

The aggregate net assets of the disposed subsidiaries at the date of disposal were as follows:

	HK$'000
Net assets disposed of:	
Investment properties	2,609
Property, plant and equipment	2,122
Prepaid lease payments	8,300
Inventories	2,775
Trade and other receivables	5,235
Bank balances and cash	17,622
Trade and other payables and accrued charges	(14,180)
Taxation payable	(22)
	24,461
Gain on disposal of subsidiaries	10,539
Total consideration, satisfied by cash	35,000
Net cash inflow arising from disposal:	
Cash consideration	35,000
Bank balances and cash disposed of	(17,622)
	17,378

18. PLEDGE OF ASSETS

As at 30th September 2008, certain assets of the Group with the following carrying amounts were pledged to secure the banking facilities and finance lease arrangements granted to the Group:

	30th September 2008	31st March 2008
	HK$'000	HK$'000
Bank deposits	**1,703**	1,689
Property, plant and equipment	**144**	191
Prepaid lease payments	**-**	2,813
Leasehold buildings	**-**	1,886
	1,847	6,579

19. RELATED PARTY DISCLOSURES

(i) Related party transactions

As set out in note 14 (iv), the Group entered into a service agreement with Mr. Yeung for his services of introducing business opportunities to the Group. In accordance with the terms of the service agreement, the Company shall issue and allot to Mr. Yeung new shares in the Company credited as fully paid up upon completion of each of the acquisitions and the payment of the adjusted acquisition consideration by the Company. The maximum limit for the number of new shares to be issued shall be 50,000,000.

During the six months ended 30th September 2008, upon completion of the GF acquisition, the Company issued 3,192,660 ordinary shares of the Company to Mr. Yeung.

19. RELATED PARTY DISCLOSURES (continued)

(ii) Key management personnel

The compensation to key management personnel in respect of the period is as follows:

	For the six months ended 30th September	
	2008	2007
	HK$'000	HK$'000
Salaries and other short-term benefits	**4,541**	2,040
Equity-settled share-based payment expense	**1,082**	72
Contributions to retirement benefit schemes	**39**	43
	5,662	2,155

20. CAPITAL COMMITMENTS

As set out in note 9, the consideration for the GF acquisition is subject to adjustment and the PF acquisition has not been completed up to the date of approval of this interim report. Pursuant to the GF and PF sale and purchase agreements, the consideration for the GF acquisition and PF acquisition will be determined based on the quantity and quality of coal ore resources and reserves held by SMI and Sinotum respectively by reference to the technical assessments to be prepared by the technical adviser. The consideration for the GF acquisition and PF acquisition can be up to maximum of RMB760 million and RMB3,600 million respectively.

21. POST BALANCE SHEET EVENTS

In December 2008, SMI, a wholly-owned subsidiary of the Company, as the purchaser, entered into a sale and purchase agreement (the "Agreement") with an independent third party (the "Vendor"), which is the registered holder of certain mineral exploration licenses in Mongolia. Pursuant to the Agreement, SMI agreed to acquire from the Vendor the plans, reports and other information with respect to the prospecting and exploration activities of the respective license areas and the mineral exploration licenses, at a consideration of US$750,000 (equivalent to approximately HK$5,850,000) to be settled in cash. The transaction has not been completed up to the date of approval of this interim financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

The Group's unaudited consolidated turnover for the six months ended 30th September 2008 (the "Period") was HK$9,793,000, representing a decrease of 60% from HK$24,609,000 in the corresponding period last year. Turnover contributed by the continuing health and beauty products segment amounted to HK$3,201,000, representing a 62% decrease as compared to the corresponding period in 2007. The decrease in turnover was mainly attributable to the termination of the distribution business of "Lumene" skincare products, lower sales from the Group's OEM business of supplying house brands and private label products to multinational healthcare chains and clearance of existing stock on hand from the beginning of 2008 in preparation for the launch of the revamped Swiss-made LaVie products. Moreover, as the disposal of the medical equipment trading business was completed in July 2008 and the turnover from the discontinued business was only consolidated for the 3 months' period before completion, it also had a negative impact on turnover during the Period.

Loss attributable to equity holders of the Company for the Period under review amounted to HK$5,757,000, an improvement of HK$2,198,000 as compared to loss attributable to equity holders of HK$7,955,000 in the corresponding period in 2007. The improvement was mainly due to the gain on disposal of subsidiaries of approximately HK$10,539,000 recognized during the Period, but the effect of which was partly offset by the lower gross profit margin contributed by the health and beauty segment and the increase in finance costs on the convertible bond issued during the Period as consideration for acquisition of the exploration and evaluation assets. The gross profit margin of the Group has slid to 32.6% from 35.4% in the corresponding period last year mostly due to the gradual clearance of the existing LaVie stocks during the Period in preparation for the launch of the revamped Swiss-made LaVie products in October 2008.

BUSINESS REVIEW

During the Period, the Group continued to engage in the manufacturing and distribution of personal care and beauty products. The Group also expanded into its coal and energy-related business and disposed of its entire interests in the medical equipment trading business in July 2008.

On 25th January 2008, the Group entered into agreements to acquire Giant Field Group Limited ("GF") and Power Field Holdings Limited ("PF"). GF, through its wholly-owned subsidiary, SMI LLC ("SMI"), holds the mineral mining and other rights to the Saikhan Ovoo coal deposit in the Bulgan province of Mongolia with an estimated coal resource of up to 190 million tonnes. PF, through its wholly-owned subsidiary, Sinotum Mongolia LLC ("Sinotum"), holds the mineral exploration and other rights to the Erdenetsogt coal deposit in the Dornogobi province of Mongolia with an estimated coal resource/reserve of up to 900 million tonnes.

The acquisitions were approved by the shareholders of the Company at the special general meeting held on 6 June 2008 and the acquisition of GF was completed in July 2008, signifying the Group's new venture into coal and energy-related business. Initial consideration for the acquisition of the rights in the Saikhan Ovoo mining area of approximately HK$363,292,000 was settled in the Period by issuance of 329,705,093 consideration shares and convertible bond with principal amount of approximately HK$218,222,000. The total consideration for the acquisition of the Saikhan Ovoo mining area is to be determined by reference to the technical assessment to be performed by a technical adviser to assess the quality and quantity of coal deposits in the mining area. The maximum total consideration for the Saikhan Ovoo acquisition is up to RMB760 million.

Up to the date of approval of this interim financial report, the PF acquisition has not been completed as not all the conditions precedent of the PF acquisition have been satisfied.

Technical advisers have been appointed by the Group to perform technical assessments on both mining areas.

In the health and beauty sector, the Group had devoted substantial resources to revamp and reposition its own skincare brand "LaVie" to enhance the brand's overall brand recognition and sustainability in the competitive market. The completely revamped LaVie brand which is now manufactured in and imported from Switzerland was launched in October 2008.

The Group has discontinued its medical equipment trading business by disposal of subsidiaries at a cash consideration of HK$35,000,000. The disposal was completed in July 2008.

FINANCIAL REVIEW

Liquidity and Financial Position

As at 30th September 2008, the Group's cash and bank balances amounted to HK$130,814,000 (31st March 2008: HK$ 20,977,000) while the total borrowings were HK$112,669,000 (31st March 2008: HK$3,397,000), including convertible bond of HK$112,525,000. The gearing ratio, defined as the ratio of total borrowings less cash and bank balances to equity attributable to shareholders of the Company, was therefore not presented as the Group had a net cash position as at 30th September 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

In July 2008, the Company completed a share placement through which 400,000,000 new shares were issued to independent placees at the price of HK$0.28 per placing share and net proceeds of approximately HK$110.8 million was raised by the Company. The Company also issued 329,705,093 consideration shares and zero coupon convertible bond with a five-years maturity in the principal amount of approximately HK$218,222,000 as initial consideration for the acquisition of the exploration and evaluation assets.

Based on the Group's existing cash balances and banking facilities, the Group has adequate financial resources to fund its operational requirements.

Charges on Assets

As at 30th September 2008, bank deposits and property, plant and equipment with respective carrying values of HK$1,703,000 and HK$144,000 were pledged to secure the Group's banking facilities and finance lease obligations. As at 30th September 2008, banking facilities of HK$310,000 were utilized.

Foreign Exchange Risk Management

The majority of the Group's assets and liabilities are either denominated in Hong Kong dollars or United States dollars and most of the Group's cash balances are deposited in Hong Kong dollars with major banks in Hong Kong. Certain portion of the Group's purchases was denominated in foreign currencies which exposed the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management will continue to closely monitor the Group's foreign exchange risk exposure and will consider hedging significant foreign exchange exposure when necessary.

Capital Commitment

As at 30th September 2008, the PF acquisition has not been completed and the total consideration for the GF acquisition is subject to adjustment. Pursuant to the GF and PF sale and purchase agreements, the consideration for the GF acquisition and PF acquisition will be determined based on the quantity and quality of coal ore resources and reserves held by SMI and Sinotum respectively by reference to the technical assessments to be prepared by a technical adviser. The consideration for the GF acquisition and PF acquisition can be up to maximum of RMB760 million and RMB3,600 million respectively.

Contingent Liabilities

As at 30th September 2008, the Group had no significant contingent liabilities.

PROSPECTS AND OUTLOOK

For the Group's coal and energy business, despite the recent global financial crisis and decrease in coal prices, the Group's management remains positive about the long term prospects of the coal and energy segment and expects the continuous growth in energy consumption and demand for coal in PRC in the long term. The Group will focus on coal exploration and exploitation within the licensed areas in Mongolia and will also continue its efforts to identify and pursue other feasible resources projects and the management believes the Group should be in a position to take up such opportunities when they arise.

For its health and beauty business, as a result of the Group's direction to focus more in nurturing the Group's higher margin branded products, the Group will soon launch and distribute the new "Dermagram" brand, a cosmeceutical brand made in and imported from Switzerland. The Group will continue to invest in advertising and marketing activities for the upgraded Swiss-made LaVie and the newly introduced Dermagram to enhance their brand recognition which is vital to the long term success and sales growth of the brands.

The Group will continue to look for strategic acquisitions and partnership opportunities which are in line with the Group's expansion strategy or provide synergy to its principal business activities. The Group will also consider whether any asset disposal, asset acquisition, fixed assets redeployment, business rationalization, business divestment and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Group.

HUMAN RESOURCES

As at 30th September 2008, the Group had a total of 32 employees. The Group believes its success and long-term growth depends primarily on the quality, performance and commitment of its employees. To ensure that the Group attracts and retains competent staff, remuneration packages were reviewed on a regular basis. Discretionary bonuses and share options were offered to qualified employees based on the individual's and Group's performance.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th September 2008, the interests of the directors and chief executives and their associates of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Long positions in ordinary shares of HK$0.10 each of the Company

	Number of shares/underlying shares held			
Name of director	**Personal interests**	**Corporate interests**	**Total**	**% of the issued share capital**
Kwok Wing Leung, Andy	6,752,320	401,533,775 (Note 1)	408,286,095	24.71
Jin Langchuan	10,000,000 (Note 2)	-	10,000,000	0.61
Tse Michael Nam	1,775,596	-	1,775,596	0.11
Yeung Ting Lap, Derek Emory	3,692,660 (Note 3)	-	3,692,660	0.22

Notes:

1. These shares are held by Billion Pacific Ventures Limited, a company incorporated in the British Virgin Islands whose entire issued share capital is held by Mr. Kwok Wing Leung, Andy.

2. The personal interests of Mr. Jin Langchuan represent an interest in underlying shares in respect of 10,000,000 share options granted by the Company entitling Mr. Jin Langchuan to subscribe for 10,000,000 shares of HK$0.10 each in the share capital of the Company as detailed in the section "Share Option Schemes" below.

3. Out of 3,692,660 shares, 3,192,660 shares were issued to Mr. Yeung Ting Lap, Derek Emory pursuant to the service agreement dated 31st January 2008 entered into between the Company and Mr. Yeung Ting Lap, Derek Emory, the details of which were disclosed in the circular of the Company dated 19th May 2008 (the "Circular").

OTHER INFORMATION

Save as disclosed above, none of the directors nor chief executives and their associates of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30th September 2008, which were required to be recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DISCLOSABLE INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS UNDER SFO

Save as disclosed in the section "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures", as at 30th September 2008, the following corporations, other than a director or chief executive of the Company, had the following interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Capacity	Long/Short position	Number of shares and underlying shares held	% of the issued shares capital
China Enterprise Capital Limited (Note 1)	Interests of a controlled corporation	Long position	14,975,402,500	906.20
		Short position	14,975,402,500	906.20
CEC Resources And Minerals Holdings Limited (Note 1)	Interests of a controlled corporation	Long position	14,975,402,500	906.20
		Short position	14,975,402,500	906.20
Sino Minerals Capital Limited (Note 1)	Interests of a controlled corporation	Long position	14,975,402,500	906.20
		Short position	748,770,125	45.31
Sino Mining Investment Limited (Note 1)	Interests of a controlled corporation	Long position	14,975,402,500	906.20
		Short position	748,770,125	45.31
CEC Resources Limited (Note 1)	Beneficial Owner	Long position	14,975,402,500	906.20
		Short position	14,975,402,500	906.20
Billion Pacific Ventures Limited (Note 2)	Beneficial Owner	Long position	401,533,775	24.30

OTHER INFORMATION

Notes:

1. The shares and the underlying shares in the Company were held by CEC Resources Limited ("CEC"). CEC Resources And Minerals Holdings Limited, a wholly-owned subsidiary of China Enterprise Capital Limited, is interested in more than one-third of the issued capital of CEC. Sino Minerals Capital Limited and Sino Mining Investment Limited are interested in more than one-third of the issued capital of CEC. As a result of such relationship as described in this paragraph, China Enterprise Capital Limited, CEC Resources And Minerals Holdings Limited, Sino Minerals Capital Limited and Sino Mining Investment Limited are deemed to be interested in shares and the underlying shares in the Company held by CEC. CEC is beneficially interested in these shares and underlying shares in the Company in accordance with the terms of the agreements dated 25th January 2008 into which CEC and the Company entered, the details of which were disclosed in the Circular.

   The percentage of share capital is shown for illustration purpose only as pursuant to the terms of the convertible bond, the details of which were disclosed in the Circular. The holder of the convertible bond shall have the right to convert the convertible bond into shares of the Company provided that (i) any conversion of the convertible bond does not trigger a mandatory offer obligation under Rule 26 of the Hong Kong Code on Takeovers and Mergers on the part of the holder of the convertible bond which exercised the conversion rights attached to the convertible bond; and (ii) the public float of the shares of the Company shall not be less than 25% (or any given percentage as required by the Listing Rules) of the issued shares at any one time in compliance with the Listing Rules.

2. Billion Pacific Ventures Limited is an investment holding company incorporated in the British Virgin Islands, whose entire issued share capital is held by Mr. Kwok Wing Leung, Andy.

3. The percentage shown was the number of securities the relevant person was interested expressed as an approximate percentage of the number of issued shares as at 30th September 2008.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30th September 2008.

OTHER INFORMATION

SHARE OPTION SCHEMES

Details of the outstanding options under the share option schemes of the Company during the six months ended 30th September 2008 are as follows:

			Number of share options					
Grantee	Date of Grant	Exercisable Period	Exercise price per share	Balance at 01/04/2008	Granted during the period	Exercised during the period	Lapsed during the period	Balance at 30/09/2008
			HK$					
Jin Langchuan Director	01/09/2008	01/09/2008 to 31/08/2018	0.301	-	10,000,000	-	-	10,000,000
Employees	21/08/2006	21/08/2007 to 21/08/2016	0.210	2,272,000	-	1,272,000	-	1,000,000
	22/11/2007	22/11/2007 to 21/11/2017	0.270	25,230,000	-	-	-	25,230,000
	22/11/2007	22/11/2008 to 21/11/2017	0.270	2,850,000	-	-	-	2,850,000
Consultants	21/08/2006	21/08/2006 to 21/08/2016	0.210	5,442,320	-	-	-	5,442,320
	22/11/2007	22/11/2007 to 21/11/2017	0.270	18,060,000	-	-	-	18,060,000

Save as disclosed above, no other options were outstanding, granted, exercised, cancelled or lapsed under the share option schemes of the Company at any time during the period.

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

There have been no purchases, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the period under review.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has, throughout the six months ended 30th September 2008, met the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules save and except the deviations as more specifically described below. The current practices will be reviewed and updated regularly so that the latest development in corporate governance can be followed and observed.

OTHER INFORMATION

The Separate Roles of Chairman and Chief Executive Officer

The Company did not have a separate chairman and chief executive officer and Mr. Kwok Wing Leung, Andy held both positions throughout the six months ended 30th September 2008. This constitutes a deviation from code provision A.2.1 of the Code. Although the Board believes that vesting the roles of both chairman and chief executive officer in the same person provides the Group with strong and consistent leadership and allows for more effective planning and execution of long term business strategies, Mr. Kwok Wing Leung, Andy resigned as chief executive officer of the Company with effect from 1st October 2008 but remains as the chairman of the Company. Mr. Jin Langchuan was appointed as chief executive officer of the Company with effect from 1st September 2008.

Appointments and Re-election of Directors

Under code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election. Ms. Lu He, an existing independent non-executive director of the Company, is not subject to a specific term but is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the bye-laws of the Company. The Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code. In order to comply with the Code, the Company would try its best to procure any future appointment of non-executive director with a specific term and subject to re-election.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. The Company, having made specific enquiry, confirms that all directors have fully complied with the Model Code throughout the financial period ended 30th September 2008.

REMUNERATION COMMITTEE

A Remuneration Committee was established by the Company to establish policies, review and determine the remuneration of the directors and the senior management. The Remuneration Committee comprises two independent non-executive directors namely Mr. Ho Man Kin, Tony (chairman) and Mr. Li Kar Fai, Peter, and one non-executive director namely Mr. Yeung Ting Lap, Derek Emory.

The remuneration policies for the Company as well as the directors are market alignment and reward for performance. The Company reviews the remuneration package annually taking into consideration of the market practice, competitive market position and individual performance.

OTHER INFORMATION

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises two independent non-executive directors namely, Mr. Li Kar Fai, Peter (chairman) and Mr. Ho Man Kin, Tony, and one non-executive director namely Mr. Yeung Ting Lap, Derek Emory. Mr. Li Kar Fai, Peter, the chairman of the Audit Committee, has professional qualification and in-depth experience in accounting and corporate finance. No member of the Audit Committee is a member of the former or existing auditors of the Company.

The primarily duties are to review the accounting principles and practices adopted by the Group, as well as to discuss and review the internal control and financial reporting matters of the Company. The Audit Committee has reviewed the unaudited interim financial report for the six months ended 30th September 2008 with the management. At the request of the Board, Deloitte Touche Tohmatsu, the Company's auditor, has carried out a review of the unaudited interim financial report in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The report on review of interim financial information from the auditor is set out in this interim report.

PUBLICATION OF INTERIM REPORT ON THE STOCK EXCHANGE'S WEBSITE

The Company's 2008 interim report containing all the information required by Appendix 16 to the Listing Rules will be published on the Stock Exchange's website in due course.

On behalf of the Board
Nubrands Group Holdings Limited
Kwok Wing Leung, Andy
Chairman

Hong Kong, 18th December 2008

CORPORATE INFORMATION

DIRECTORS

Executive Directors
Kwok Wing Leung, Andy
Jin Langchuan
Tse Michael Nam
Sun David Lee

Non-executive Director
Yeung Ting Lap, Derek Emory

Independent Non-executive Directors
Chiu Kam Hing, Kathy
Ho Man Kin, Tony
Li Kar Fai, Peter
Lu He

REGISTERED OFFICE
Clarendon House
2 Church House
Hamilton HM11
Bermuda

HEAD OFFICE PRINCIPAL PLACE OF BUSINESS
Room 2002-03
20/F., Fairmont House
8 Cotton Tree Drive, Central
Hong Kong

COMPANY SECRETARY
Chow Kim Hang

AUDITOR
Deloitte Touche Tohmatsu

PRINCIPAL SHARE REGISTRAR
Butterfield Fulcrum Group
(Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM 08
Bermuda

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

REMUNERATION COMMITTEE
Ho Man Kin, Tony
Li Kar Fai, Peter
Yeung Ting Lap, Derek Emory

AUDIT COMMITTEE
Li Kar Fai, Peter
Ho Man Kin, Tony
Yeung Ting Lap, Derek Emory

PRINCIPAL BANKERS
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited
Bank of Communications Co., Ltd. Hong Kong Branch
DBS Bank (Hong Kong) Limited

LEGAL ADVISERS
Tsun & Partners

WEBSITE ADDRESS
http://www.nubrandsgroup.com

SHARE LISTING
Listed on The Stock Exchange of Hong Kong Limited
Stock Code: 835