Annual Report **2009**

SMG

SIBERIAN MINING GROUP COMPANY LIMITED

西伯利亞礦業集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code :1142)

* *For identification only*

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Lim Ho Sok *(Chairman)*	(appointed on 12 September 2008)
Li Wing Sang *(Chief Executive Officer)*	
Chiu Chi Hong	(appointed on 1 September 2008)
Cheung Keng Ching	(resigned on 12 November 2008)
Chou Mei	(resigned on 12 November 2008)

Independent Non-executive Directors

Liew Swee Yean	(appointed on 3 December 2008)
Tam Tak Wah	
Yoshinori Suzuki	(appointed on 20 August 2008)
Lo Siu Tong, Alfred	(resigned on 28 August 2008)
Wong Lai Wah, Ada	(resigned on 5 December 2008)

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Wong Kwan Pui	(appointed on 1 February 2009)
Lo Suet Fan	(resigned on 1 February 2009)

AUTHORISED REPRESENTATIVES

Chiu Chi Hong	(appointed on 14 October 2008)
Wong Kwan Pui	(appointed on 1 February 2009)
Cheung Keng Ching	(resigned on 14 October 2008)
Lo Suet Fan	(resigned on 1 February 2009)

AUDIT COMMITTEE

Liew Swee Yean	(appointed on 3 December 2008)
Tam Tak Wah	
Yoshinori Suzuki	(appointed on 20 August 2008)
Lo Siu Tong, Alfred	(resigned on 28 August 2008)
Wong Lai Wah, Ada	(resigned on 5 December 2008)

REMUNERATION COMMITTEE

Li Wing Sang	(appointed on 12 November 2008)
Liew Swee Yean	(appointed on 3 December 2008)
Tam Tak Wah	
Yoshinori Suzuki	(appointed on 20 August 2008)
Cheung Keng Ching	(resigned on 12 November 2008)
Lo Siu Tong, Alfred	(resigned on 28 August 2008)

AUDITORS

Shu Lun Pan Hong Kong CPA Limited

PRINCIPAL BANKERS

The Hong Kong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

16th Floor
No. 8 Queen's Road Central
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Bank of Bermuda (Cayman) Limited
P.O. Box 513 G.T.
Strathvale House
North Church Street
George Town
Grand Cayman
Cayman Islands
British West Indies

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

HKEX STOCK CODE

1142

CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "Board") of Siberian Mining Group Company Limited (formerly known as Rontex International Holdings Limited) (the "Company"), I am pleased to present to the shareholders the annual results of the Company and its subsidiaries (together the "Group") for the year ended 31 March 2009.

For the year under review, the Group has successfully acquired 51% interests of a digital television technology company in the People's Republic of China ("the PRC") in April 2008. The Group kept on expanding the digital television technology services business, including cable video-on-demand system, digital broadcasting system, embedded television system and browser middleware in set-top-box. The new business has contributed to the Group's turnover and net profit in 2008. Due to the global negative financial impact as a consequence of the US sub-prime crisis, the new business has faced a challenging time during the year as the economic growth of the PRC was not as rapid as expected. With the prevailing perspective of China market keeps on optimistic, the Group is still confident of the digital television technology services business in the PRC.

The Group has continued to seek for business opportunities with a view to improve the competitiveness of the Group. With the increasing importance and demand of energy required in the global market, the Group has taken this opportunity by entering into an agreement in October 2008 to acquire 90% interests in Langfeld Enterprises Limited, which holds 70% interests of its subsidiary, LLC "Shakhta Lapichevskaya" which owns a coal mine in Russia. The acquisition was completed in May 2009 and the Group is confident that this investment will bring significant returns in the future. This acquisition provides a good opportunity for the Group to diversify into businesses which is in the commercial interest of the Group and in turn allows the Group to better compete in the long run. It is expected that coal business will become the core business of the Group in the future.

While the market competition has remained keen, the garments and premium products trading businesses are still declining, notwithstanding a number of changes and measures have undergone for the past years. The Group will gradually step out the garment and premium products segments as the perspective of the businesses is pessimistic. In October 2008, the Group disposed the subsidiary of the garment business in Huzhou and recorded a slight loss.

On behalf of the Board, I would like to take this opportunity to thank our board members, shareholders, business partners and express my gratitude for the dedication and hard work of our staff members during the year.

Lim Ho Sok
Chairman

Hong Kong, 29 June 2009

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 March 2009, the Group recorded a turnover of approximately HK$115.5 million (2008: HK$120.6 million), representing a decrease of approximately 4.16% as compared to the last year. The global financial crisis caused by the sub-prime crisis in the US has made the garment and premium business facing a difficult period, and the turnover reduced approximately 25.55%. The reduction in total turnover has been narrowed by the new source of income of the Group, digital television technology services business, which was acquired by the Group in April 2008. The new business has a higher profit margin and the overall gross profit has increased by 75.28%.

The operating profit of the Group was approximately HK$6.7 million (2008: loss HK$9.3 million). The profit was mainly attributable to (i) the higher profit margin of the digital television technology services business (ii) the gain from the disposal of two properties of the Group during the period.

The Group recorded a loss attributable to shareholders of approximately HK$2.4 million (2008: HK$12.8 million). The improvement was mainly attributable to the fact that the net profit contributed by the digital television technology services business and the gain from the disposal of two properties of the Group.

OPERATION REVIEW

Digital Television Technology Services

The Group acquired 51% interests in DTVChina, Inc. and its subsidiaries, EnReach Information Technology (Shanghai) Company Limited ("EnReach") in April 2008, so as to enter into digital television broadcasting industry in the PRC. This year, EnReach accounted for approximately 22.31% (2008: nil) of the Group's turnover. Revenue derived from EnReach was approximately HK$25.8 million (2008: nil). The revenue generated from EnReach replenished the Group's total revenue which leading to a slightly decrease of 4.16% as compared with last year, notwithstanding the garment and premium product's revenue dropped by 25.55%.

Garment and premium products

For the year ended 31 March 2009, garment and premium products accounted for approximately 77.69% (2008: 100%) of the Group's turnover. Revenue derived from garment products decreased by approximately 25.55% to approximately HK$89.8 million. The decrease in turnover was mainly due to (i) the reduction of garment product's selling prices resulting from the keen competition of the market; (ii) the unsatisfactory performance of the PRC joint venture which was disposed of during the year and (iii) the demand for garment products in the markets of South America and North America, which decreased dramatically due to the global financial recession resulting from the sub-prime crisis in the US.

Geographical

Chile continues to be the Group's major market segment which accounted for approximately 55.32% (2008: 56.9%) of the total revenue. Revenue generated from the PRC increased to approximately 22.52% (2008: 21.42%).

PROSPECTS

During the period under review, the Group is seeking for investment opportunities to enhance the Group's profitability. With the increasing importance and global demand to energy and resources, the Group entered into an agreement in October 2008 to acquire 90% interests in Langfeld Enterprises Limited which holds 70% of its subsidiary, LLC "Shakhta Lapichevskaya" which owns a coal mine in Russia. The transaction was completed in May 2009.

The Group anticipates to start the preliminary infra-structure construction works in the coming year. It is anticipated that the coal mine will start to produce coal products in 2010. The Group is confident that this investment will bring significant returns in the future. This acquisition provides a good opportunity for the Group to diversify into business which is in the commercial interest of Group and in turn allows the Group to better compete in the long run.

With the rapid economic growth and strong market demand in the PRC, it provides an opportunity for the Group to expand the digital television services business in order to increase the market share in digital television technology services industry in the PRC, and also to explore new business opportunities in the industry.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2009, the Group had net current liabilities of approximately HK$63.4 million (2008: net current assets HK$4.3 million). The Group's current ratio, being a ratio of current assets to current liabilities, was approximately 32.94% (2008: 113%) and the Group's gearing ratio, being a ratio of total interest-bearing borrowings to total assets, was lowered to 0% (2008: 13.8%). The net current liabilities of the Group was mainly due to the balance of purchase consideration payable for the acquisition of subsidiaries with an amount of HK$67.6 million, which was a non-cash item and will be settled by releasing the consideration shares held by an escrow agent. Therefore, it will not lead to cash outflows of the Group. The Group had a cash inflow of approximately HK$12.48 million from an investor who exercised 156,000,000 unlisted warrants in May 2009.

The Group generally finances its operations with internally generated cash flow, facilities provided by the capital market in Hong Kong available for listed companies. During the year under review, the Group recorded a net cash outflow of approximately HK$12.3 million (2008: net cash inflow of approximately HK$15.4 million), which decrease the total cash and cash equivalents to approximately HK$7.1 million as at the balance sheet date.

The Group will constantly review its financial resources and will consider various plans to enhance its financial capabilities. The Group believes that to broaden its shareholders base would provide a solid ground for the Group to grow.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND RELATED HEDGES

The interest-bearing bank borrowings of the Group as at 31 March 2009 included no bank loans (2008: 6.9 million). As the Group mainly operated in Hong Kong and the PRC with most of the transactions settled in Hong Kong dollars, Renminbi and United States dollars; the existing currency peg of Hong Kong dollars with United States dollars will likely continue in the near future, the exposure to foreign exchange fluctuation is minimal. However, the use of financial instruments for hedging purpose will be considered when necessary.

MANAGEMENT DISCUSSION AND ANALYSIS

INVESTMENTS, ACQUISITIONS AND DISPOSALS

On 27 October 2008, the Group entered into a sale and purchase agreement with an independent third party to dispose of the Group's entire 52% equity interests of Huzhou Ronco at a cash consideration of RMB770,000 (equivalent to HK$874,000) as set out in the Company's announcement dated 28 October 2008. The disposal of Huzhou Ronco was completed on 10 December 2008 and the cash consideration was fully received at the completion date of the disposal.

CONTINGENT LIABILITIES

As at 31 March 2009, the Group had contingent liabilities arising from long service payments of approximately HK$5,000 (2008: HK$265,000).

LITIGATION

As set out in the Company's announcement dated 25 November 2008, the Securities and Futures Commission has commenced proceedings in the High Court to seek a disqualification order and a compensation order against three former directors of the Group in entering certain transactions during the period between late 2002 and late 2005 for and on behalf of the Group. The financial impacts on the Group in relation to these transactions have already provided for and reflected in the previous financial results of the Group and shall have no further effect on the financial position of the Group.

PLEDGE OF ASSETS

The Group has not pledged any of its assets for bank facilities as at 31 March 2009.

SHARE OPTION SCHEME

The Group has adopted share option scheme whereby Directors, employees and consultants of the Group may be granted options to subscribe for the new shares of the Company. Details of the share option scheme are set out in note 33 to the financial statements.

EMPLOYEES AND REMUNERATION POLICIES

As of 31 March 2009, the Group had approximately 60 staff in Hong Kong and the PRC.

The Group's remuneration policy is reviewed periodically and determined largely based on industry practice, company performance, and individual qualifications and performance. Remuneration packages comprised salary, commissions and bonuses based on individual performance.

FUTURE PLANS FOR MATERIAL INVESTMENT

The Group acquired 90% equity interest in Langfeld Enterprises Limited in May 2009 which holds 70% equity interest in a Russian subsidiary, LLC "Shakhta Lapichevskaya." The subsidiary owns a coal mine in the Petrov region in the state of Kemerovo, Russian Federation.

As set out in the Company's circular dated 30 December 2008 and the announcements dated 14 November 2008 and 25 May 2009 respectively, the acquisition was satisfied by issuing US$253 million Convertibles Note.

The board of directors (the "Board") of Siberian Mining Group Company Limited (formerly known as Rontex International Holdings Limited) (the "Company") presents their report together with the audited financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 March 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note 18 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

CHANGE OF THE COMPANY NAME

Pursuant to a special resolution duly passed by shareholders at the extraordinary general meeting of the Company held on 15 April 2009, the name of the Company was approved to be changed from Rontex International Holdings Limited to Siberian Mining Group Company Limited. On 26 May 2009, the change of the name of the Company was approved by the Registrar of Companies in the Cayman Islands.

RESULTS AND APPROPRIATION

The results of the Group for the year ended 31 March 2009 and the state of affairs of the Group and the Company as at 31 March 2009 are set out on pages 20 to 79.

The Board does not recommend the payment of any dividend for the year ended 31 March 2009 (2008: Nil).

SEGMENT INFORMATION

An analysis of the Group's turnover and contribution to results by principal activities and geographical segments of operations for the year ended 31 March 2009 is set out in note 5 to the financial statements.

FIVE YEAR FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group is set out on page 80.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 32 to the financial statements and consolidated statement of changes in equity respectively.

As at 31 March 2009, the Company's reserves available for cash distribution and/or distribution in specie, calculated in accordance with the Companies Law (2001 Second Revision) of the Cayman Islands, amounted to HK$75,489,000 (2008: HK$23,346,000). Under the laws of the Cayman Island, a company may make distributions to its members out of the contributed surplus account under certain circumstances. In addition, the Company's share premium account amounted to HK$175,022,000 (2008: HK$40,533,000) may be distributed in the form of fully paid bonus shares.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 14 to the financial statement.

SHARE CAPITAL, SHARE OPTIONS AND UNLISTED WARRANTS

Details of movements in the Company's share capital, share options and unlisted warrants are set out in notes 31, 33 and 34 respectively to the financial statements.

REPORT OF THE DIRECTORS

DONATION

The Group did not make any charitable donation during the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company had not redeemed any of its shares during the year. Neither the Company, nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the year.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 54.7% of the Group's total turnover for the year. In particular, sales to the largest customer of the Group accounted for approximately 26.1% of the Group's total turnover for the year.

Purchases from the Group's five largest suppliers accounted for approximately 74% of the Group's total purchases for the year, In particular, purchases from the Group's largest supplier accounted for approximately 24.7% of the Group's total purchases for the year.

None of the directors of the Company, their associates (as defined in the Listing Rules) or any shareholder (which to the knowledge of the directors of the Company own more than 5% of the Company's issued share capital) had any beneficial interests in the Group's five largest customers or suppliers.

DIRECTORS

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

Executive directors

Mr. Lim Ho Sok *(Chairman)*	(appointed on 12 September 2008)
Mr. Li Wing Sang *(Chief Executive Officer)*	
Mr. Chiu Chi Hong	(appointed on 1 September 2008)
Mr. Cheung Keng Ching	(resigned on 12 November 2008)
Ms. Chou Mei	(resigned on 12 November 2008)

Independent non-executive directors

Mr. Liew Swee Yean	(appointed on 3 December 2008)
Mr. Tam Tak Wah	
Mr. Yoshinori Suzuki	(appointed on 20 August 2008)
Mr. Lo Siu Tong, Alfred	(resigned on 28 August 2008)
Ms. Wong Lai Wah, Ada	(resigned on 12 December 2008)

In accordance with the Company's articles of association, Mr. Lim Ho Sok, Mr. Chiu Chi Hong, Mr. Liew Swee Yean and Mr. Yoshinori Suzuki will hold office only until the forthcoming annual general meeting and are then eligible for re-election. In addition, Mr. Li Wing Sang and Mr. Tam Tak Wah shall retire by rotation in the forthcoming annual general meeting and all, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

Mr. Lim Ho Sok has entered into a service contract with the Company for a term of one year commencing from 12 September 2008 and thereafter may be extended for such period as the Company and Mr. Lim may agree in writing. The service may be terminated by either party by giving not less than one month's prior notice in writing to the other party.

Mr. Li Wing Sang has entered into a service contract with the Company for a term of two years commencing from 6 September 2007 and thereafter may be extended for such period as the Company and Mr. Li may agree in writing. The service may be terminated by either party by giving not less than one month's prior notice in writing to the other party.

Mr. Chiu Chi Hong has entered into a service contract with the Company for a term of two years commencing from 1 September 2008 and thereafter may be extended for such period as the Company and Mr. Chiu may agree in writing. The service may be terminated by either party by giving not less than one month's prior notice in writing to the other party.

All the independent non-executive directors of the Company has no fixed term of appointment. No service agreement has been or will be entered into between the Company and either of them.

All Directors are subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the articles of association of the Company.

Save as disclosed above, no director of the Company has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company, its holding company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted as the end of the year or at any time during the year.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive directors

Mr. Lim Ho Sok, aged 43, has been appointed as an executive director and chairman of the Company with effect from September 2008 and June 2009 respectively. Mr. Lim has over 15 years of experience in the business of banking, securities trading, property investment, financial advisory and related services. Mr. Lim holds a master degree and a bachelor degree in Economics from Brown University, USA and Indiana University, USA respectively.

Mr. Li Wing Sang, aged 51, has been appointed as an executive director, chief executive officer and deputy chairman of the Company with effect from September 2007, September 2008 and October 2008 respectively. Mr. Li has resigned as deputy chairman on 16 June 2009. Mr. Li has extensive marketing and management experience in the fields of household appliances which are in senior management position. He holds a bachelor degree from Kobe University of Commerce, Japan. He is currently an executive director of China Electric Power Technology Holdings Limited, a company listed on the Growth Enterprise Market Board of the Stock Exchange.

Mr. Chiu Chi Hong, aged 44, has been appointed as an executive director of the Company with effect from September 2008. Mr. Chiu holds a bachelor of Business and Finance degree from Griffith University, Australia. He has over 10 years experience in business development, corporate management, financing and accounting fields.

Independent non-executive directors

Mr. Liew Swee Yean, aged 45, was appointed as an independent non-executive director of the Company since December 2008. Mr. Liew has over 20 years of experience in financing and general management. Mr. Liew holds a Master of Business Administration (Executive) Degree from City University of Hong Kong. Mr. Liew is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants respectively. Mr. Liew is currently an independent non-executive director of Kaisun Energy Group Limited, a company listed on the Growth Enterprise Market of the Stock Exchange.

Mr. Tam Tak Wah, aged 43, was appointed as an independent non-executive director of the Company since June 2007. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants of the United Kingdom. He has extensive experience in accounting, corporate finance and corporate development. He was an independent non-executive director of Vertex Group Limited, a company listed on the Growth Enterprise Market of the Stock Exchange, since November 2004 and was resigned in June 2009.

Mr. Yoshinori Suzuki, aged 56, was appointed as an independent non-executive director of the Company since August 2008. He is a merchant who has more than 20 years experience in trading, import and export of household appliances and Japanese pottery businesses in Taiwan, Japan and Mainland China. He holds a bachelor degree from Kobe University of Commerce, Japan.

Senior management

Mr. Wong Kwan Pui, aged 50, joined the Company as financial controller in February 2009. He is also the company secretary, authorized representative and qualified accountant of the Company. He is an associate member of the Hong Kong Institute of Certified Public Accountants. He has over 25 years of experience in international accounting and auditing, financial planning and management.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

At 31 March 2009, the interests and short positions of the directors of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Party XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register to be kept by the Company under Section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

(i) Shares of HK$0.01 each in the Company

Name	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the company
Executive director:			
Mr. Lim Ho Sok ("Mr. Lim") *(Note 1)*	Interests in controlled corporation	560,000,000 (Long position)	19.22%

Note 1: These 560,000,000 shares are beneficially owned by Goldwyn Management Limited ("Goldwyn"). The entire issued share capital of Goldwyn is legally and beneficially owned by Mr. Lim.

Note 2: Mr. Li Wing Sang and Mr. Chiu Chi Hong each owns 19,560,000 share options respectively under the share option scheme of the Company which confer them the rights to acquire 19,560,000 shares respectively. Details of which are separately disclosed in note 33 to the financial statements.

(ii) Shares of US$1.00 each in the share capital of Goldwyn, the associated corporation of the Company

Name	Capacity	Number of Goldwyn shares held	Percentage of the shareholding
Executive director:			
Mr. Lim *(Note)*	Beneficial owner	1	100%

Note: The entire issued share capital of Goldwyn is legally and beneficially owned by Mr. Lim.

Save as disclosed above, and save for nominee shares in certain subsidiaries held in trust for the Group as at 31 March 2009, none of the directors or any of their associates or chief executive of the Company, had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Listed Companies.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the share option scheme in note 33 to the financial statement, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director of the Company or their respective spouse or children under 18 years of age, or were any such rights exercised by them, or was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

On 19 October 2002, the Company had adopted a share option scheme (the "Scheme"). Further details of the Scheme and share options granted during the year to the director of the Company, employees and consultants of the Group are set out in note 33 to the financial statements.

During the year, the movements in the Company's share options under the Scheme outstanding:

Name or category of participant	Number of share options					Date of grant of share options	Expiry date of share options	Exercise price of share options per share
	At 1 April 2008	Granted during the year	Exercised during the year	Forfeited during the year	At 31 March 2009			HK$
Directors								
Chiu Chi Hong	19,560,000	–	–	–	19,560,000	10-09-2007	09-09-2017	0.2226
Li Wing Sang	19,560,000	–	–	–	19,560,000	10-09-2007	09-09-2017	0.2226
	39,120,000	–	–	–	39,120,000			
Consultants								
In aggregate	–	56,000,000	56,000,000	–	–	04-09-2008	03-09-2018	0.1102
Employees								
In aggregate	78,240,000	–	–	–	78,240,000	10-09-2007	09-09-2017	0.2226
Total:	117,360,000	56,000,000	56,000,000	–	117,360,000			

SUBSTANTIAL SHAREHOLDERS

At 31 March 2009, the following persons' interests of 5% or more in the share capital of the Company were recorded in the register of interests to be kept by the Company pursuant to Section 336 of the SFO:

Name	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the company
Goldwyn *(Note 1)*	Beneficial owner	560,000,000 (Long position)	19.22%
Mr. Lim *(Note 2)*	Corporation	560,000,000 (Long position)	19.22%
Lim Chi Wook *(Note 2)*	Deemed	560,000,000 (Long position)	19.22%
DTV China Holdings Limited (DTV China) *(Note 3)*	Beneficial owner	533,760,000 (Long position)	18.32%
Li Yi Nan *(Note 4)*	Corporation	533,760,000 (Long position)	18.32%
Yao Gin Jhi *(Note 4)*	Deemed	533,760,000 (Long position)	18.32%
Plenty Holdings Limited ("Plenty") *(Note 5)*	Beneficial owner	167,100,000 (Long position)	5.74%
Cheong Phau Choo Yvonne (Note 6)	Deemed	167,100,000 (Long position)	5.74%
Ho Yung Pedder *(Note 6)*	Corporation	167,100,000 (Long position)	5.74%
Cordia Global Limited ("Cordia") *(Note 7)*	Beneficial owner	54,327,000,000 (Long position)	999.99%
Choi Sungmin ("Mr. Choi") *(Note 7)*	Corporation	54,327,000,000 (Long position)	999.99%

Note 1: The entire issued share capital of Goldwyn is legally and beneficially owned by Mr. Lim.

Note 2: Goldwyn is wholly and beneficiary owned by Mr. Lim. By virtue of the SFO, Mr. Lim and Ms. Lim Chi Wook, being the wife of Mr. Lim are deemed to be interested in the 560,000,000 shares which Goldwyn has beneficial interests in.

Note 3: The entire issued share capital of DTV China is legally and beneficially owned by Mr. Li Yi Nan.

Note 4: DTV China is wholly and beneficiary owned by Mr. Li Yi Nan. By virtue of the SFO, Mr. Li Yi Nan and Ms. Yao Gin Jhi, being the wife of Mr. Li Yi Nan are deemed to be interested in the 533,760,000 shares which DTV China has beneficial interests in.

Note 5: The entire issued share capital of Plenty is legally and beneficially owned by Mr. Ho Yung Pedder ("Mr.Ho").

Note 6: Plenty is wholly and beneficiary owned by Mr. Ho. By virtue of the SFO, Mr. Ho and Ms. Cheong Phau Choo Yvonne, being the wife of Mr. Ho are deemed to be interested in the 167,100,000 shares which Plenty has beneficial interests in.

Note 7: Pursuant to the Acquisition Agreement entered into among Grandvest International Limited, a wholly owned subsidiary of the Company, as the purchaser, the Company as the guarantor, Cordia as the vendor and Mr. Choi as the warrantor, 54,327,000,000 underlying Shares represent the maximum number of Conversion Shares that may be alloted and issued by the Company to Cordia upon full conversion of the Convertible Notes, being the consideration of the Acquisition Agreement. Cordia is wholly owned by Mr. Choi. Accordingly, Mr. Choi is deemed to be interested in the said 54,327,000,000 underlying Shares which Cordia has beneficial interest in.

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

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" on pages 14 to 17 to the annual report.

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events of the Group are set out in note 44 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of its Directors as at the latest practicable date prior to the issue of this report, there is sufficient public float of more than 25% of the issued share capital of the Company as required under the Listing Rules.

AUDITORS

The financial statements have been audited by Shu Lun Pan Hong Kong CPA Limited (formerly known as Shu Lun Pan Horwath Hong Kong CPA Limited) and will hold office until the conclusion of the forthcoming annual general meeting of the Company and retire (the "Retirement").

On 1 May 2009, Shu Lun Pan Hong Kong CPA Limited has merged their business with BDO McCabe Lo Limited and renamed as BDO Limited on the same date. As such, the Company proposes to appoint BDO Limited as the new auditors of the Company in the forthcoming annual general meeting to fill in the casual vacancy due to the Retirement.

On behalf of the Board

Lim Ho Sok
Chairman

Hong Kong, 29 June 2009

CORPORATE GOVERNANCE REPORT

INTRODUCTION

Maintaining high standards of business ethics and corporate governance practices has always been one of the Company's main goals. The corporate governance principles of the Company emphasize a quality board, sound internal control, transparency and accountability to all shareholders. This report describes its corporate governance practices, explains the applications of the principles of the Code on Corporate Governance (the "Code") as set out in Appendix 14 of the Listing Rules.

The board of directors (the "Board") has reviewed the Company's corporate governance practices and is of the opinion that the Company has complied with the Code except that: (i) the roles of chairman and chief executive officer are not separate and are performed by the same individual, (ii) the non-executive directors are not appointed for a specific term but are subject to retirement by rotation and re-election pursuant to the Company's articles of association (the "Articles").

CORPORATE GOVERNANCE PRACTICES

Save as disclosed in this report, the Company has complied with the provisions of the Code. The Company believes that by achieving high standard of corporate governance, the corporate value and accountability of the Company can be enhanced and the shareholder's interests can be maximized. The Board has continued to monitor and review the Company's progress in respect of corporate governance practices to ensure compliance. Meetings were held throughout the year and where appropriate, circulars and other guidance notes were issued to Directors and senior management of the Company to enhance their awareness of good corporate governance practices and keep them abreast of the latest development of the Listing Rules and other regulatory requirements.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Following specific enquiry by the Company, all Directors confirmed that they have complied with the required standards as set out in the Model Code throughout the year under review.

BOARD OF DIRECTORS

The Board comprises six Directors, of whom three are executive Directors and three are independent non-executive directors (the "INED"). The Board believes that as the number of INEDs is the same as the number of executive Directors, the composition of the Board is adequate to provide checks and balances that safeguard the interests of shareholders and the Group.

The INEDs provide the Group with different expertise and experience. Their participation in Board meetings could bring independent judgement on issues relating to the Group's strategy, internal control and performance to ensure the interests of the shareholders are taken into account.

The Company has received from each of the INEDs an annual confirmation of their independence and considers that all the INEDs are independent under the guidelines set out in Rule 3.13 of the Listing Rules.

The Company has set out the respective functions and responsibilities reserved to the Board and those delegated to management. The Board delegated day-to-day operations of the Group to executive Directors and senior management while reserving certain key matters for its approval. The board is responsible for approving and monitoring the Company's overall strategies and policies, overseeing the financial position of the Group, approving business plans, evaluating the performance of the Company and supervising the performance of the management.

Decisions of the Board are communicated to the management through executive Directors who have attended Board meetings.

The members of the Board during the year under review were:

Executive Directors:

Chiu Chi Hong	(appointed on 1 September 2008)
Li Wing Sang	
Lim Ho Sok	(appointed on 12 September 2008)
Cheung Keng Ching	(resigned on 12 November 2008)
Chou Mei	(resigned on 12 November 2008)

Independent Non-Executive Directors:

Liew Swee Yean	(appointed on 3 December 2008)
Tam Tak Wah	
Yoshinori Suzuki	(appointed on 20 August 2008)
Lo Siu Tong, Alfred	(resigned on 28 August 2008)
Wong Lai Wah, Ada	(resigned on 5 December 2008)

Brief biographical details of the Directors are set out in the "Biographical Details of Directors and Senior Management" section in the Report of the Directors on pages 9 to 10 of this annual report.

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group, in addition to the meetings for reviewing and approving the Group's annual and interim results. During the year under review, 34 Board meetings were held and attendance of each Director at the Board meetings is set out as follows:

Directors		**Attendance**
Executive Directors		
Chiu Chi Hong		24/25
Li Wing Sang		32/34
Lim Ho Sok		21/23
Cheung Keng Ching	(resigned)	14/17
Chou Mei	(resigned)	14/17
Independent Non-Executive Directors		
Liew Swee Yean		5/9
Tam Tak Wah		23/34
Yoshinori Suzuki		16/27
Lo Siu Tong, Alfred	(resigned)	4/7
Wong Lai Wah, Ada	(resigned)	15/25

Under the code provision A4.1 of the Code, non-executive director should be appointed for a specific term and subject to re-election. However, all the INEDs has not been appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance is no less exacting than those in the Code.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be segregated and should not be performed by the same individual. During the year under review, Mr. Li Wing Sang ("Mr. Li") was appointed as the chief executive officer on 1 September 2008. On 14 October 2008, Mr. Cheung Keng Ching had resigned as the chairman and Mr. Li was appointed to act as deputy chairman of the Company, who has combined the role of deputy chairman and chief executive officer. The Board believes that as Mr. Li being vested the roles of both deputy chairman and chief executive officer of the Group in the same person provides the Group with strong and consistent leadership and is beneficial to the Group as he has in-depth understanding of the operation of the Group and considerable experience in the industry. Mr. Lim Ho Sok was appointed as the chairman on 16 June 2009 and the Company has complied with the Code A.2.1.

The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the composition of the Board which comprises experienced and professional INEDs and experienced management team. However, the Board will review the existing structure from time to time.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Board is responsible for the appointment of any potential new directors and the nomination of directors for re-election by shareholders at the annual general meeting of the Company. In accordance with the Articles, the Directors shall have the power from time to time and at any time to appoint any person as a director either to fill a casual vacancy on the Board or as an addition to the existing Board, whom is subject to retirement and re-election at the first annual general meeting after his appointment and shall then be eligible for re-election. Furthermore, every Director shall retire from office no later than the third annual general meeting after he was last elected or re-elected.

REMUNERATION COMMITTEE

The Remuneration Committee was established in December 2005. The chairman of the committee is Mr. Li Wing Sang (executive director) and other members included Mr. Liew Swee Yean (appointed on 3 December 2008), Mr. Tam Tak Wah and Mr. Yoshinori Suzuki (appointed on 20 August 2008).

The Remuneration Committee is responsible for formulating and recommending the Board in relation to the remuneration policy, determining the remuneration of Executive Directors and members of the senior management of the Company, and reviewing and making recommendations on the Company's share option scheme, other compensation-related issues and performance based remuneration.

Individual attendance of each remuneration committee member during the year under is as follows:

Members		Attendance
Li Wing Sang	(appointed on 12 November 2008)	1/1
Liew Swee Yean	(appointed on 3 December 2008)	1/1
Tam Tak Wah		2/2
Yoshinori Suzuki	(appointed on 20 August 2008)	1/1
Cheung Keng Ching	(resigned on 12 November 2008)	1/1
Lo Siu Tong, Alfred	(resigned on 28 August 2008)	1/1

The Remuneration Committee is provided with resources enabling it to discharge its duties including access to relevant and timely information, support of independent professional advice if and when necessary. Regular meetings of the Remuneration Committee will be held to discuss remuneration and compensation related issues.

AUDIT COMMITTEE

The Audit Committee comprises three INEDs, namely Mr. Tam Tak Wah (Chairman), Mr. Liew Swee Yean and Mr. Yoshinori Suzuki. The Committee is responsible for appointing external auditors, reviewing the Group's financial information and overseeing the Group's financial reporting system and internal control procedures. It is also responsible for reviewing the interim and final results of the Group prior to recommending them to the Board for approval. Management of the Company provides the Board with all relevant information the Committee needs for it to discharge its responsibilities.

The Audit Committee meets regularly to review financial reporting and internal control matters and has unrestricted access to the support of both the Company's management and auditors.

The Audit Committee held two meetings during the year under review, in which the Audit Committee reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters so as to ensure that an effective control environment is maintained.

Individual attendance of each Audit Committee member during the year under review is as follows:

Members		Attendance
Liew Swee Yean	(appointed on 3 December 2008)	1/1
Tam Tak Wah		2/2
Yoshinori Suzuki	(appointed on 20 August 2008)	1/1
Lo Siu Tong, Alfred	(resigned on 28 August 2008)	1/1
Wong Lai Wah, Ada	(resigned on 5 December 2008)	1/1

AUDITORS' REMUNERATION

During the year under review, total auditors' remuneration charged in relation to statutory audit work of the Group amounted to HK$600,000 (2008: HK$638,000) and non-audit services rendered amounted to HK$2,000,000 (2008: HK$300,000).

NOMINATION OF DIRECTORS

The Board has the power to appoint Directors pursuant to the Articles. During the year ended 31 March 2009, the Board appointed four (4) new Directors in place of outgoing directors to enhance the management functions.

ACCOUNTABILITY AND INTERNAL CONTROL

The Board acknowledges that they are responsible for (i) preparing financial statements for each financial year which give a true and fair view of the state of affairs of the Group, and (ii) presenting a clear, balanced and understandable assessment of the Group's performance and prospects in the Company's annual and interim report, price-sensitive announcements and other financial disclosures required under the Listing Rules and such other matters as the regulators may request. The Board is not aware of any material uncertainties relating to the events or condition that might cast doubt upon the Company's ability to continue as a going concern. Accordingly, the Board has prepared the financial statements of the Company on a going concern basis.

The Board has overall responsibility for monitoring the internal control of the Group and reviewing its effectiveness. The Board is committed to implement an effective and sound internal control system to safeguard the interest of the shareholders and the Group's assets. The Board has delegated to the management the implementation of the internal control system within an established framework.

INVESTORS RELATIONS

To foster effective communications, the Company provided all necessary information to its shareholders in its annual report, interim report and announcements. The Board hosts an annual general meeting each year to meet the shareholders so as to ensure that the shareholders' view is communicated to the Board. The Board will make efforts to attend the annual general meetings so that they could communicate with the shareholders and answer their questions.

INDEPENDENT AUDITORS' REPORT

Shu Lun Pan Hong Kong CPA Limited
香港立信會計師事務所有限公司
20th Floor, Central Plaza
18 Harbour Road
Wanchai, Hong Kong
Telephone : (852) 2598 4100
Facsimile : (852) 2810 0502
audit@slp.com.hk

TO THE SHAREHOLDERS OF SIBERIAN MINING GROUP COMPANY LIMITED
(formerly known as Rontex International Holdings Limited)
(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements of Siberian Mining Group Company Limited (formerly known as Rontex International Holdings Limited) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 20 to 79, which comprise the consolidated and company balance sheets as at 31 March 2009, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and the true and fair presentation of the financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the financial statements based on our audit and to report our opinion 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.

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

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

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

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

SHU LUN PAN HONG KONG CPA LIMITED
Certified Public Accountants

29 June 2009
Shiu Hong Ng
Practising Certificate number P03752

20th Floor, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2009
(Expressed in Hong Kong dollars)

	Notes	2009 HK$'000	2008 HK$'000
Turnover	*6*	**115,531**	120,550
Cost of sales		**(84,326)**	(102,747)
Gross profit		**31,205**	17,803
Other income and gains	*6*	**15,248**	1,910
Allowance for doubtful trade receivables	*24(ii)*	**(1,304)**	(411)
Selling and distribution costs		**(16,149)**	(7,938)
Administrative and other expenses		**(22,333)**	(20,616)
Finance costs	*7*	**(6,417)**	(2,085)
Share of profits less losses of associates	*20*	**(773)**	(670)
Share of loss of a jointly-controlled entity	*19*	**–**	(2,631)
Loss before taxation	*8*	**(523)**	(14,638)
Income tax	*10*	**557**	140
Profit/(loss) for the year		**34**	(14,498)
Attributable to:			
Equity holders of the Company	*11*	**(2,432)**	(12,821)
Minority interests		**2,466**	(1,677)
		34	(14,498)
Dividend	*12*	**–**	–
Loss per share attributable to equity holders of the Company			
Basic (HK cents)	*13*	**0.10**	0.64
Diluted (HK cents)	*13*	**N/A**	N/A

The accompanying notes form part of these financial statements.

CONSOLIDATED BALANCE SHEET

At 31 March 2009

(Expressed in Hong Kong dollars)

	Notes	2009 HK$'000	2008 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*14*	**2,859**	9,587
Leasehold land and land use rights	*15*	**–**	7,530
Goodwill	*16*	**160,016**	–
Other intangible assets	*17*	**39,024**	–
Interest in a jointly-controlled entity	*19*	**–**	–
Interests in associates	*20*	**14,119**	14,670
Deposits paid and direct costs for acquisition of subsidiaries	*21*	**8,717**	12,071
		224,735	43,858
Current assets			
Property held for sale	*22*	**–**	7,332
Inventories	*23*	**341**	2,645
Trade receivables	*24*	**15,702**	7,451
Other receivables, deposits and prepayments		**4,722**	467
Amount due from a minority equity holder of a subsidiary	*40(d)*	**463**	–
Amounts due from related parties	*40(e)*	**2,241**	–
Trading securities	*25*	**587**	278
Cash and cash equivalents	*26*	**7,098**	19,322
		31,154	37,495
Current liabilities			
Interest-bearing bank borrowings, secured	*27*	**–**	11,203
Trade payables	*28*	**3,128**	4,866
Other payables, accrued expenses and trade deposits received		**16,240**	12,795
Balance of purchase consideration payable for acquisition of subsidiaries	*35(i)*	**67,600**	–
Amount due to a former director of the Company	*40(c)*	**1,289**	–
Amount due to a director	*40(b)*	**5,496**	4,277
Tax payables		**820**	39
		94,573	33,180
Net current (liabilities)/assets		**(63,419)**	4,315
Total assets less current liabilities		**161,316**	48,173

CONSOLIDATED BALANCE SHEET

At 31 March 2009
(Expressed in Hong Kong dollars)

	Notes	2009 HK$'000	2008 HK$'000
Non-current liabilities			
Promissory notes held by escrow agent	29	**5,320**	–
Deferred tax liabilities	30	**9,756**	–
		15,076	–
Net assets		**146,240**	48,173
EQUITY			
Share capital	31	**29,135**	20,475
Reserves		**95,536**	26,697
Equity attributable to equity holders of the Company		**124,671**	47,172
Minority interests		**21,569**	1,001
Total equity		**146,240**	48,173

These financial statements were approved and authorised for issue by the board of directors on 29 June 2009.

Lim Ho Sok
Director

Li Wing Sang
Director

The accompanying notes form part of these financial statements.

BALANCE SHEET

At 31 March 2009
(Expressed in Hong Kong dollars)

	Notes	2009 HK$'000	2008 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Interests in subsidiaries	*18*	**174,930**	42,695
Current assets			
Other receivables, deposits and prepayments		**218**	219
Cash and cash equivalents	*26*	**277**	1,263
		495	1,482
Current liabilities			
Other payables and accrued expenses		**1,251**	356
Balance of purchase consideration payable for acquisition of subsidiaries	*35(i)*	**67,600**	–
Amount due to a director	*40(b)*	**1,950**	–
		70,801	356
Net current (liabilities)/assets		**(70,306)**	1,126
Net assets		**104,624**	43,821
EQUITY			
Share capital	*31*	**29,135**	20,475
Reserves	*32*	**75,489**	23,346
Total equity		**104,624**	43,821

These financial statements were approved and authorised for issue by the board of directors on 29 June 2009.

Lim Ho Sok
Director

Li Wing Sang
Director

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2009
(Expressed in Hong Kong dollars)

	Share capital HK$'000 *(Note 31)*	Share premium HK$'000	Contributed surplus HK$'000 *(Note a)*	Translation reserve HK$'000	Equity-settled share option reserve HK$'000 *(Note b(i))*	Warrant reserve HK$'000 *(Note b(ii))*	Capital reserve HK$'000 *(Note b(iii))*	Available-for- sale investment revaluation reserve HK$'000	Accumulated losses HK$'000	Sub-total HK$'000	Minority interests HK$'000	Total equity HK$'000
Balance at 1 April 2007	18,075	22,594	918	1,455	257	1,501	4,233	885	(16,815)	33,103	2,488	35,591
Exchange differences arising on translation of overseas operations and total income recognised directly in equity	–	–	–	920	–	–	–	–	–	920	190	1,110
Recognised in the income statement on disposal of available-for-sale investments	–	–	–	–	–	–	–	(885)	–	(885)	–	(885)
Loss for the year	–	–	–	–	–	–	–	–	(12,821)	(12,821)	(1,677)	(14,498)
Total income and expenses for the year	–	–	–	920	–	–	–	(885)	(12,821)	(12,786)	(1,487)	(14,273)
Premium received on issue of warrants *(Note 34)*	–	–	–	–	–	3,688	–	–	–	3,688	–	3,688
Issue of new shares on exercise of warrants	1,700	7,099	–	–	–	(1,501)	–	–	–	7,298	–	7,298
Grant of share options *(Note 33)*	–	–	–	–	4,566	–	–	–	–	4,566	–	4,566
Issue of shares on exercise of share options	700	10,860	–	–	(257)	–	–	–	–	11,303	–	11,303
At 31 March 2008	20,475	40,553	918	2,375	4,566	3,688	4,233	–	(29,636)	47,172	1,001	48,173

	Share capital HK$'000 *(Note 31)*	Share premium HK$'000	Shares held by escrow agent for settlement of acquisition consideration HK$'000 *(Note c)*	Contributed surplus HK$'000 *(Note a)*	Translation reserve HK$'000	Equity-settled share option reserve HK$'000 *(Note b(i))*	Warrant reserve HK$'000 *(Note b(ii))*	Capital reserve HK$'000 *(Note b(iii))*	Statutory reserve fund HK$'000 *(Note d)*	Accumulated losses HK$'000	Sub-total HK$'000	Minority interests HK$'000	Total equity HK$'000
Balance at 1 April 2008	20,475	40,553	–	918	2,375	4,566	3,688	4,233	–	(29,636)	47,172	1,001	48,173
Exchange differences arising on translation of overseas operations and total income recognised directly in equity	–	–	–	–	3,459	–	–	–	–	–	3,459	222	3,681
(Loss)/profit for the year	–	–	–	–	–	–	–	–	–	(2,432)	(2,432)	2,466	34
Total income and expenses for the year	–	–	–	–	3,459	–	–	–	–	(2,432)	1,027	2,688	3,715
Issue of new shares on acquisition of subsidiaries *(Note 35(i))*	7,900	125,610	(67,600)	–	–	–	–	–	–	–	65,910	–	65,910
Minority interests arising on the acquisition of subsidiaries *(Note 35)*	–	–	–	–	–	–	–	–	–	–	–	17,880	17,880
Premium received on issue of warrants *(Note 34)*	–	–	–	–	–	–	1,648	–	–	–	1,648	–	1,648
Issue of shares on exercise of warrants	200	1,587	–	–	–	–	(187)	–	–	–	1,600	–	1,600
Issue of share options *(Note 33)*	–	–	–	–	–	1,661	–	–	–	–	1,661	–	1,661
Release upon disposal of a subsidiary *(Note 36)*	–	–	–	–	(518)	–	–	–	–	–	(518)	–	(518)
Appropriation into reserve funds	–	–	–	–	–	–	–	–	909	(909)	–	–	–
Issue of shares on exercise of share options	560	7,272	–	–	–	(1,661)	–	–	–	–	6,171	–	6,171
At 31 March 2009	29,135	175,022	(67,600)	918	5,316	4,566	5,149	4,233	909	(32,977)	124,671	21,569	146,240

Notes:

(a) As at the balance sheet date, the contributed surplus of the Group represented the difference between the nominal value of share capital of the subsidiaries acquired pursuant to the group reorganisation during the year ended 31 March 2003, over the nominal value of the shares of the Company issued in exchange therefor.

(b) As at the balance sheet date, the equity-settled share option reserve, warrant reserve and capital reserve of the Group represented (i) the fair value at respective grant dates in respect of the outstanding share options of the Company; (ii) premium received in respect of the outstanding warrants of the Company; and (iii) the contributions from the equity holders of the Company for indemnity of additional taxation liabilities, penalties, surcharges and other relevant costs of the Group in respect of any accounting period ended on or before 31 March 2002.

(c) As further set out in Note 35(i), the Company issued 790,000,000 shares for acquisition of DTVChina, Inc. ("DTVChina") and its subsidiary (the "DTV Group") during the year of which 400,000,000 shares were held by escrow agent as at the balance sheet date and would be released to the vendor when the DTV Group had achieved certain financial thresholds in the forthcoming year after completion of acquisition. These shares, valued at the date of acquisition, amounting to HK$67,600,000 are presented as "Shares held by escrow agent for settlement of acquisition consideration" and deducted from total equity.

(d) According to Articles of Association of the Group's subsidiary operating in the People's Republic of China (the "PRC"), the subsidiary is required to transfer 10% of its net profit as determined in accordance with the PRC Accounting Rules and Regulations to its statutory reserve fund until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to the equity holders of the PRC subsidiary.

The accompanying notes form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2009
(Expressed in Hong Kong dollars)

	2009 HK$'000	2008 HK$'000
Operating activities		
Loss before taxation	**(523)**	(14,638)
Adjustments for:		
Interest income	**(97)**	(265)
Net realised gains on trading securities	**(46)**	(24)
Gains on disposal of available-for-sale investments (including transfer from equity on disposal)	**–**	(1,536)
Gains on disposal of property held for sale	**(10,074)**	–
Gains on disposal of interest in a subsidiary	**(2,581)**	–
Gains on disposal of property, plant and equipment and land use rights	**(2,121)**	–
Loss on disposal of property, plant and equipment	**75**	–
Unrealised loss of trading securities	**384**	–
Equity-settled share option expense	**1,661**	4,566
Depreciation	**655**	853
Amortisation of leasehold land and land use rights	**29**	128
Finance costs	**6,417**	2,085
Share of profits less losses of associates	**773**	670
Share of loss of a jointly-controlled entity	**–**	2,631
Impairment loss on inventories	**2,556**	1,662
Impairment loss on property, plant and equipment	**–**	697
Allowance for doubtful trade receivables	**1,304**	411
Amortisation of other intangible assets	**2,908**	–
Operating cash inflow/(outflow) before working capital changes	**1,320**	(2,760)
Decrease/(increase) in inventories	**953**	(1,346)
(Increase)/decrease in trade receivables	**(5,125)**	6,539
(Increase)/decrease in other receivables, deposits and prepayments	**(2,052)**	4,627
Increase in trade payables	**743**	653
Increase/(decrease) in other payables, accrued expenses and trade deposits received	**7,241**	(3,612)
Increase in amounts due from minority equity holder of a subsidiary	**(2,107)**	–
Increase in amounts due from related parties	**(2,214)**	–
Increase in amounts due to directors	**1,219**	21
Cash (used in)/generated from operations	**(22)**	4,122
Hong Kong profits tax paid	**(39)**	(3,654)
Interest and bank charges paid	**(1,229)**	(2,085)
Tax penalties and surcharges paid	**–**	(2,939)
Taxation refunded in other jurisdictions	**775**	–
Taxation paid in other jurisdictions	**(553)**	–
Net cash used in operating activities	**(1,068)**	(4,556)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2009
(Expressed in Hong Kong dollars)

	Notes	2009 HK$'000	2008 HK$'000
Investing activities			
Deposit received on disposal of property held for sale		–	8,750
Repayment of amount due from an associate		–	1,057
Acquisition of additional interest in an associate		–	(455)
Acquisition of a subsidiary	*35*	(7,370)	–
Disposal of a subsidiary	*36*	(2,868)	–
Deposits paid and direct costs for acquisition of subsidiaries		(4,727)	(12,071)
Interest received		97	265
Purchase of property, plant and equipment		(2,847)	(320)
Proceeds from disposal of property, plant and equipment and land use rights		9,323	–
Investment in trading securities		(971)	(370)
Proceeds from disposal of trading securities		324	116
Proceeds from disposal of property held for sale		8,750	–
Proceeds from disposal of available-for-sale investments		–	2,224
Additions to land use rights		–	(16)
Net cash used in investing activities		(289)	(820)
Financing activities			
Loan received from a former director of the Company		3,110	–
Repayment of loan from a former director of the Company		(1,884)	–
Proceeds from new bank borrowings		30,868	80,065
Repayment of bank borrowings		(32,439)	(84,052)
Repayment of principal of promissory notes		(20,000)	–
Proceeds from issue of warrants		1,648	3,688
Proceeds from issue of shares on exercise of warrants		1,600	7,298
Proceeds from issue of shares on exercise of share options		6,171	11,303
Contribution received from equity holders of the Company		–	2,490
Net cash (used in)/generated from financing activities		(10,926)	20,792
Net (decrease)/increase in cash and cash equivalents		(12,283)	15,416
Cash and cash equivalents at beginning of year		19,322	3,964
Effect of foreign exchange rate changes		59	(58)
Cash and cash equivalents at end of year		7,098	19,322
Analysis of the balances of cash and cash equivalents			
Cash and bank balances		7,098	19,322

The accompanying notes form part of these financial statements.

(Expressed in Hong Kong dollars)

1. ORGANISATION AND OPERATIONS

The Company is a public limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in Note 18.

Subsequent to the balance sheet date, the name of the Company was changed from Rontex International Holdings Limited to Siberian Mining Group Company Limited. Further details are set out in Note 44(c).

2. ADOPTION OF NEW AND REVISED STANDARDS

In the current year, the Group has adopted all of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operations and effective for the current accounting period of the Group and the Company. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies.

The adoption of HK(IFRIC) – Int 11 "HKFRS 2 – Group and treasury share transactions", HK(IFRIC) – Int 12 "Service concession arrangements", HK(IFRIC) – Int 14 "HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction" and HKAS 39 & HKFRS 7 Amendments "Reclassification of financial assets" has no impact on these financial statements.

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

		Effective date
HKAS 1 (Revised)	Presentation of financial statements	(i)
HKAS 23 (Revised)	Borrowing costs	(i)
HKAS 32 & HKAS 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation	(i)
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate	(i)
HKFRS 8	Operating segments	(i)
HK(IFRIC) – Int 15	Agreements for the construction of real estates	(i)
HKFRS 2 (Amendment)	Vesting conditions and cancellations	(i)
HKFRS 7 (Amendment)	Improving disclosures about financial instruments	(i)
HKAS 27 (Revised)	Consolidated and separate financial statements	(ii)
HKAS 39 (Amendment)	Eligible hedged items	(ii)
HKFRS 1 (Revised)	First-time adoption of HKFRSs	(ii)
HKFRS 3 (Revised)	Business combinations	(ii)
HK(IFRIC) – Int 17	Distributions of non-cash assets to Owners	(ii)
HK(IFRIC) – Int 13	Customer loyalty programmes	(iii)
HK(IFRIC) – Int 16	Hedges of a net investment in a foreign operation	(iv)
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded derivatives	(v)
HK(IFRIC) – Int 18	Transfers of assets from customers	(vi)
2008 Improvements to HKFRSs that may result in accounting changes for presentation, recognition or measurement	– HKAS 1, HKAS 16, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 36, HKAS 38, HKAS 39, HKAS 40 & HKAS 41	(i)
	– HKFRS 5	(ii)
2009 Improvements to HKFRSs that may result in accounting changes for presentation, recognition or measurement	– HKAS 39 (80)	(i)
	– HKAS 38, HKFRS 2, HK(IFRIC) – Int 9, HK(IFRIC) – Int 16	(ii)
	– HKAS 1, HKAS 7, HKAS 17, HKAS 36, HKAS 39, HKFRS 5, HKFRS 8	(vii)

2. ADOPTION OF NEW AND REVISED STANDARDS (continued)

Effective date

(i) Annual periods beginning on or after 1 January 2009
(ii) Annual periods beginning on or after 1 July 2009
(iii) Annual periods beginning on or after 1 July 2008
(iv) Annual periods beginning on or after 1 October 2008
(v) Annual periods ending on or after 30 June 2009
(vi) Transfers of assets from customers received on or after 1 July 2009
(vii) Annual periods beginning on or after 1 January 2010

The Group is in the process of making an assessment of what the impact of these new or revised Standards or Interpretations is expected to be in the period of their initial application.

3. PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable HKFRSs, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

(b) Basis of preparation of financial statements

These consolidated financial statements have been prepared under the historical cost convention, as modified for the revaluation of trading securities which are carried at fair value.

The financial statements have been prepared on a going concern basis notwithstanding the fact that the Group reported consolidated net current liabilities of HK$63,419,000 as at 31 March 2009 (2008: net current assets of HK$4,315,000). This condition may indicate the existence of material uncertainty which may cast significant doubts on the Group's ability to continue as a going concern and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the above, the directors of the Company have considered the following situations and are satisfied that it is appropriate to prepare the Group's consolidated financial statements on a going concern basis:

(i) Included in the net current liabilities of the Group as at 31 March 2009 is a balance of purchase consideration payable for acquisition of subsidiaries of HK$67,600,000 which is to be settled by shares held in an escrow agent as further explained in note (c) to the consolidated statement of changes in equity. Such balance is to be settled by shares issued and released to the vendor by the escrow agent and therefore it will not lead to cash outflows of the Group.

(ii) As disclosed in Note 44(b), the Company raised working capital of HK$12,480,000 in aggregate by way of issue of its new shares on exercise of certain warrants of the Company after the balance sheet date; and

3. PRINCIPAL ACCOUNTING POLICIES (continued)

(b) Basis of preparation of financial statements (continued)

(iii) As disclosed in Note 44(d), the Company entered into a loan facility agreement of up to US$70,000,000 for the development of a coal mine acquired from the acquisition of subsidiaries. The Company had utilised US$11,000,000 out of the facility up to the date of approval of these financial statements.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

The results of subsidiaries acquired and disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions, balances and unrealised gains on transactions between group enterprises are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment on the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Minority interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

(d) Business combinations

Acquisition of subsidiaries and business is accounted for using the purchase method. The cost of the acquisition is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised in accordance with the accounting policy for goodwill in Note 3(g) below.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

(e) Subsidiaries

Subsidiaries are entities in which the Group has the power to govern the financial and operating policies, so as to obtain benefits from their activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Interests in subsidiaries are included in the Company's balance sheet at cost less any impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

(f) Associates and jointly-controlled entities

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

A jointly-controlled entity is an entity which operates under a contractual arrangement between the Group or Company and other parties, which the contractual arrangement establishes the Group and one or more of the other parties share joint control over the economic activity of the entity.

The results and assets and liabilities of associate or jointly-controlled entity are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates or jointly-controlled entity are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates or jointly-controlled entities, less impairment in the value of individual investments. Losses of an associate or a jointly-controlled entity in excess of the Group's interest in that associate or jointly-controlled entity, which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or jointly– controlled entity are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or jointly-controlled entity.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate or jointly-controlled entity recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate or jointly-controlled entity of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate or jointly-controlled entity, except where unrealised losses provide evidence of an impairment of the assets transferred, in which case they are recognised immediately in profit or loss.

(g) Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other asset of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the income statement.

On the disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

(h) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Historical cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance and overhaul costs, is charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the assets, the expenditure is capitalised as an additional cost of the asset or a separate asset.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method. The useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The principal annual rates are as follows:

Buildings	2% to 5% or the terms of the leasehold land and land use rights, if shorter
Leasehold improvements	20% or over the lease terms, if shorter
Plant and machinery	6.67%
Furniture and fixtures	20%
Equipment	10% to 20%
Motor vehicles	10% to 30%

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

(i) Intangible assets excluding goodwill

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is stated at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the estimated useful economic life and assessed for impairment whenever there is an indication that an intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in the income statement.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

(j) Impairment of tangible and intangible assets excluding goodwill and financial assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and cost necessary to make the sale.

(l) Financial assets

Financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. These financial assets are subsequently accounted for as follows, depending on their classification:

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

Trading securities are classified as at fair value through profit or loss. Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in the income statement incorporates any dividend or interest earned on the financial assets.

(ii) Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

(l) Financial assets (continued)

(iii) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For all other financial assets, objective evidence of impairment could include:

– significant financial difficulty of the issuer or counterparty; or

– default or delinquency in interest or principal payments; or

– it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

  Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade and other receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in the income statement.

(iv) Effective interest method

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

3. PRINCIPAL ACCOUNTING POLICIES (continued)

(l) Financial assets (continued)

(v) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(m) Financial liabilities and equity instrument issued by the Group

(i) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangement.

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

(iii) Warrants

The premium received on issue of warrants is included in warrant reserve under equity of the Company and the Group until the warrants expire when it is released directly to accumulated losses.

(iv) Financial guarantee contract liabilities

Financial guarantee contract liabilities of the Company are measured initially at their fair value and are subsequently measured at the higher of:

– the amount of the obligation under the contract, as determined in accordance with accounting policy in Note 3(o), or

– the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies in Note 3(v).

(v) Financial liabilities

Financial liabilities, including trade and other payables, interest-bearing bank borrowings, promissory notes, and amounts due to a director and a former director of the Company are initially measured at fair value, net of transaction costs.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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

(vi) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(o) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term.

(p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(q) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

(ii) Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

(q) Taxation (continued)

(ii) Deferred tax (continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and jointly-controlled entity, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(r) Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates ("functional currency"). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Hong Kong dollar which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the income statement in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in translation reserve and recognised in the income statement on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Hong Kong dollar using exchange rates prevailing at the balance sheet date. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation or underlying asset is disposed of.

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

3. PRINCIPAL ACCOUNTING POLICIES (continued)

(s) Employees' benefits

i) Short-term benefits

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

ii) Pension obligations

Contributions to the Mandatory Provident Fund scheme as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are charged to income statement when incurred. The Group has no further payment obligations once the contribution has been made.

The employees of the Group's subsidiary which operates in the PRC are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

iii) Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured using the Black-Scholes option pricing model. 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.

(t) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

(u) Related parties

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

(v) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business. Revenue is reduced for estimated customer returns, rebates and other similar allowances and excludes value added tax or other sales related taxes.

i) Revenue from the sale of products is recognised when the Group has delivered products to the customers, the customers have accepted the products and collectibility of the related receivable is reasonably assured.

ii) Revenue from the provision of digital television technology services is recognised when the services are rendered; and

iii) Interest income is accrued on a time-apportioned basis by reference to the principal outstanding and the effective interest rate applicable.

(w) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This conclusion is regarded as met only when the sale is highly probable and the assets are available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

(x) Shares held by escrow agent for settlement of acquisition consideration

The Company issues shares to an escrow agent to settle acquisition consideration payable to the vendors upon the acquired entities achieved certain financial thresholds in the year following the completion of acquisition. The shares, valued at the date of issue, including any directly attributable incremental costs, are presented as “Shares held by escrow agent for settlement of acquisition consideration” and deducted from total equity. The number of shares held by escrow agent for settlement of acquisition consideration would be eliminated against the corresponding number of shares issued in the calculation of the loss per share for loss attributable to the equity holders of the Company.

(y) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments

Estimates and judgments 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.

In determining whether an asset including goodwill is impaired or the event previously causing the impairment no longer exists, the Group has to exercise judgment in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

Estimation uncertainty

The Group also makes estimates and assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date. 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.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in the use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Equity-settled share option expense

Equity-settled share option expense is subject to the limitations of the option pricing models adopted and the uncertainty in estimates used by management in the assumptions. Should the estimates including limited early exercise behaviour, expected interval and frequency of open exercise periods in the share option life and the relevant parameters of the share option model be changed, there would be material changes in the amount of share option benefits recognised in the income statement and equity-settled share option reserve.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets including property, plant and equipment and intangible assets at each reporting date. If the circumstances indicate that the carrying values of non-financial assets may not be recoverable, the assets may be considered "impaired", and an impairment loss may be recognised in accordance with HKAS 36 "Impairment of assets". Under HKAS 36, these assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the net selling price and the value in use. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to level of sale volume, selling price and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sale volume, selling price and amount of operating costs. However, actual sale volume, selling price and operating costs may be different from assumptions which may require a material adjustment to carrying amount of the assets affected.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limited on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from previous estimates. Useful lives and residual values are reviewed at each financial year end date based on changes in circumstances.

Impairment loss for bad and doubtful debts

The Group maintains an impairment loss for bad and doubtful debts for estimated losses resulting from the inability of the debtors to make required payments. The Group estimates future cash flows based on the ageing of the trade receivables balance, debtors' credit-worthiness, and historical write-off experience. If the financial condition of the debtors were to deteriorate, actual write-offs would be higher than estimated.

Write down of inventories

The Group performs regular review of the carrying amounts of inventories with reference to aged inventories analysis, expected future consumption and management judgement. Based on this review, write down of inventories will be made when the carrying amount of the inventories decline below the estimated net realisable value. However, actual consumption may be different from estimation and the income statement could be affected by differences in this estimation.

Income taxes

The Group is subject to income taxes in Hong Kong and PRC jurisdictions. The Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and makes tax provision accordingly. However, judgement is required in determining the Group's provision for income taxes as there are many transactions and calculations of which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

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

(i) Garment and premium segment engages in the manufacture and trading of garment and premium products.

(ii) Digital television technology services segment engages in the provision of digital television technology services, including sale of cable video-on demand systems, information broadcasting systems and embedded television systems.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

5. SEGMENT INFORMATION (continued)

(a) Business segments

The following tables present revenue, results and certain asset, liabilities and expenditure information for the Group's business segments for the years ended 31 March 2009 and 2008.

For the year ended 31 March 2009

	Garment and premium HK$'000	Digital television technology services HK$'000	Corporate and others HK$'000	Consolidated total HK$'000
Segment revenue:				
Sales and services to external customers	89,753	25,778	–	115,531
Other gains	3,271	276	11,551	15,098
Segment results	1,813	(2,294)	7,120	6,639
Unallocated incomes				150
Unallocated expenses				(122)
Finance costs				(6,417)
Share of profits less losses of associates				(773)
Loss before taxation				(523)
Income tax				557
Profit for the year				34
Attributable to:				
Equity holders of the Company				(2,432)
Minority interests				2,466
				34

	Garment and premium HK$'000	Digital television technology services HK$'000	Other HK$'000	Consolidated total HK$'000
Assets and liabilities:				
Segment assets	25,182	220,448	9,717	255,347
Unallocated assets				542
Total assets				255,889
Segment liabilities	(9,679)	(87,912)	(11,231)	(108,822)
Unallocated liabilities				(827)
Total liabilities				(109,649)
Other segment information:				
Depreciation	415	221	19	655
Amortisation of leasehold land and land use rights	26	–	3	29
Amortisation of other intangible assets	–	2,908	–	2,908
Impairment loss on inventories	2,556	–	–	2,556
Allowance for doubtful trade receivables	906	398	–	1,304
Capital expenditure	55	2,792	–	2,847

5. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

For the year ended 31 March 2008

	Garment and premium HK$'000	Consolidated total HK$'000
Segment revenue	120,550	120,550
Segment results	(3,305)	(3,305)
Unallocated corporate income		1,819
Unallocated corporate expenses		(7,766)
Finance costs		(2,085)
Share of profits less losses of associates		(670)
Share of loss of a jointly-controlled entity		(2,631)
Loss before taxation		(14,638)
Income tax		140
Loss for the year		(14,498)
Attributable to:		
Equity holders of the Company		(12,821)
Minority interests		(1,677)
		(14,498)

	Garment and premium HK$'000	Other HK$'000	Consolidated total HK$'000
Assets and liabilities:			
Segment assets	19,908	–	19,908
Unallocated assets		61,445	61,445
Total assets			81,353
Segment liabilities	12,849	–	12,849
Unallocated liabilities		20,331	20,331
Total liabilities			33,180
Other segment information:			
Depreciation	734	119	853
Amortisation of leasehold land and land use rights	42	86	128
Impairment loss on inventories	1,662	–	1,662
Allowance for doubtful trade receivables	411	–	411
Impairment loss on property, plant and equipment	697	–	697
Capital expenditure	21	315	336

5. SEGMENT INFORMATION (continued)

(b) Geographical segments

For the year ended 31 March 2009

	Chile HK$'000	PRC HK$'000	Others HK$'000	Consolidated HK$'000
Segment revenue	63,906	26,012	25,613	115,531
Other segment information:				
Segment assets	4,817	234,850	9,717	249,384
Unallocated assets				6,505
Total assets				255,889
Capital expenditure	–	2,807	40	2,847

For the year ended 31 March 2008

	Chile HK$'000	PRC HK$'000	Others HK$'000	Consolidated HK$'000
Segment revenue	68,579	25,820	26,151	120,550
Other segment information:				
Segment assets	4,947	23,961	–	28,908
Unallocated assets				52,445
Total assets				81,353
Capital expenditure	–	21	315	336

6. TURNOVER, OTHER INCOME AND GAINS

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and the net invoiced value of digital television technology services rendered during the year.

An analysis of the Group's turnover, other income and gains is as follows:

	2009 HK$'000	2008 HK$'000
Turnover:		
Sale of goods	**89,753**	120,550
Provision of digital television technology services	**25,778**	–
	115,531	120,550
Other income and gains:		
Interest income	**97**	265
Sundry income	**329**	85
Gains on disposal of property held for sale	**10,074**	–
Gains on disposal of property, plant and equipment and land use rights	**2,121**	–
Gains on disposal of a subsidiary *(Note 36)*	**2,581**	–
Gains on disposal of available-for-sale investments (including transfer from equity on disposal)	**–**	1,536
Net realised gains on trading securities	**46**	24
	15,248	1,910

7. FINANCE COSTS

	2009 HK$'000	2008 HK$'000
Interest expense:		
Bank loans and overdrafts wholly repayable within five years	**239**	607
Import and export loans wholly repayable within five years	**197**	463
Loan from a former director of the Company *(Note 40(c))*	**63**	–
Imputed interest on promissory notes *(Note 29)*	**5,125**	–
	5,624	1,070
Bank charges	**793**	1,015
	6,417	2,085

8. LOSS BEFORE TAXATION

	2009 HK$'000	2008 HK$'000
Loss before taxation is arrived at after charging:–		
Employees benefit expenses		
(excluding directors' remuneration *(Note 9(a))*):–		
Wages and salaries	**6,206**	7,397
Pension fund contributions	**307**	706
Equity-settled share option expense *(Note 33)*	**–**	3,805
	6,513	11,908
Depreciation *(Note 14)**	**655**	853
Amortisation of leasehold land and land use rights *(Note 15)*	**29**	128
Amortisation of other intangible assets *(Note 17)**	**2,908**	–
Equity-settled share option expense to directors *(Note 33)*	**–**	761
Equity-settled share option expense to consultants *(Note 33)*	**1,661**	–
Auditors' remuneration	**600**	638
Minimum lease payments in respect of premises under operating leases	**2,691**	348
Loss on disposal of property, plant and equipment	**75**	–
Impairment loss on property, plant and equipment *(Note 14)**	**–**	697
Unrealised loss on trading securities	**384**	–
Net exchange losses	**257**	21
Cost of inventories sold*	**78,105**	92,580
Impairment loss on inventories (included in cost of sales) *(Note 23)**	**2,556**	1,662

* *Cost of sales disclosed on the face of the consolidated income statement represents cost of inventories sold; wages and salaries of HK$Nil (2008: HK$1,721,000) disclosed under employee benefit expenses above, depreciation charges and other expenses of HK$757,000 (2008: HK$6,087,000) and, impairment loss on inventories of HK$2,556,000 (2008: HK$1,662,000), amortisation of other intangible assets of HK$2,908,000 (2008: HK$Nil) and impairment loss on property, plant and equipment of HK$Nil (2008: HK$697,000) as disclosed above.*

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' remuneration

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

Name of directors	Fees		Salaries and allowances		Pension fund contributions		Equity-settled share option expense		Total	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000	**2009 HK$'000**	2008 HK$'000	**2009 HK$'000**	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Executive directors										
Li Wing Sang	**215**	–	**600**	402	**23**	7	**–**	761	**838**	1,170
Chiu Chi Hong	**140**	–	**224**	–	**14**	–	**–**	–	**378**	–
Lim Ho Sok	**133**	–	**595**	–	**7**	–	**–**	–	**735**	–
Cheung Keng Ching*	**–**	–	**148**	1,186	**7**	12	**–**	–	**155**	1,198
Chou Mei*	**–**	–	**–**	725	**–**	7	**–**	–	**–**	732
	488	–	**1,567**	2,313	**51**	26	**–**	761	**2,106**	3,100
Independent non-executive directors										
Tam Tak Wah, Louis	**180**	145	**–**	–	**–**	–	**–**	–	**180**	145
Yoshinori Suzuki	**74**	–	**–**	–	**–**	–	**–**	–	**74**	–
Liew Swee Yean	**39**	–	**–**	–	**–**	–	**–**	–	**39**	–
Lo Siu Tong, Alfred*	**5**	12	**–**	–	**–**	–	**–**	–	**5**	12
Wong Lai Wah, Ada*	**49**	72	**–**	–	**–**	–	**–**	–	**49**	72
	347	229	**–**	–	**–**	–	**–**	–	**347**	229
Total	**835**	229	**1,567**	2,313	**51**	26	**–**	761	**2,453**	3,329

* *Cheung Keng Ching, Chou Mei, Lo Siu Tong, Alfred and Wong Lai Wah, Ada resigned as directors of the Company during the year.*

In the prior year, a director was granted share options, in respect of his services to the Group, under the share option scheme of the Company, further details of which are set out in Note 33. The fair value of such options which had been expensed in the consolidated income statement over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the prior year is included in the above directors' remuneration disclosures. There was no share option granted to any director of the Company during the current year.

During the current and prior years, no remuneration was paid by the Group to any director as an inducement to join or upon joining the Group or as compensation for loss of office.

In the prior year, Cheung Keng Ching and Chou Mei agreed to partially waive their directors' remuneration by the aggregate amount of HK$1,020,000. Except for the above, there was no other arrangement under which a director waived or agreed to waive any remuneration during the current and prior years.

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (continued)

(b) Five highest paid individuals

The five highest paid employees during the year included three (2008: three) directors, details of whose remuneration are set out in Note (a) above. Details of the remuneration of the remaining two (2008: two) non-director, highest paid employees for the year are as follows:

	2009 **HK$'000**	2008 HK$'000
Salaries and other benefits	**1,101**	1,287
Pension fund contributions	**24**	21
	1,125	1,308

The number of non-director, highest paid individuals whose remuneration fell within the following band is as follows:

	2009	2008
Nil to HK$1,000,000	**2**	2

10. INCOME TAX

(i) Taxation in the consolidated income statement represents:

	2009 **HK$'000**	2008 HK$'000
Group:		
Current – Hong Kong		
Charge for the year	**32**	–
Over-provision in prior years	**–**	(140)
Current – PRC		
Charge for the year	**138**	–
Deferred taxation *(Note 30)*	**(727)**	–
	(557)	(140)

Provision for Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the year ended 31 March 2009. In the prior year, no provision had been made for Hong Kong profits tax as the group companies sustained losses during the year ended 31 March 2008. Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant countries.

10. INCOME TAX (continued)

(ii) Taxation for the year can be reconciled to the accounting loss as follows:

For the year ended 31 March 2009

	Hong Kong HK$'000	PRC HK$'000	Total HK$'000
(Loss)/profit before taxation	**(2,649)**	**2,126**	**(523)**
Tax calculated at the weighted average statutory tax rate	**(437)**	**531**	**94**
Tax effect of expenses not deductible for taxation purposes	**2,552**	**–**	**2,552**
Tax effect of income not taxable for taxation purposes	**(2,081)**	**–**	**(2,081)**
Effect on income tax exemption	**–**	**(2,167)**	**(2,167)**
Profits and losses attributable to associates	**–**	**193**	**193**
Utilisation of previously unrecognised tax losses	**(858)**	**–**	**(858)**
Tax effect of tax losses not recognised	**856**	**854**	**1,710**
Income tax charge/(credit) for the year	**32**	**(589)**	**(557)**

For the year ended 31 March 2008

	Hong Kong HK$'000	PRC HK$'000	Total HK$'000
Loss before taxation	(7,843)	(6,795)	(14,638)
Tax calculated at the weighted average statutory tax rate	(1,373)	(2,106)	(3,479)
Tax effect of expenses not deductible for taxation purposes	962	–	962
Tax effect of income not taxable for taxation purposes	(498)	–	(498)
Profits and losses attributable to associates and a jointly-controlled entity	–	953	953
Over-provision in prior years	(140)	–	(140)
Tax effect of tax losses not recognised	909	1,153	2,062
Income tax credit for the year	(140)	–	(140)

10. INCOME TAX (continued)

On 16 March 2007, the PRC corporate income tax ("CIT") law (the "New CIT Law") was approved by the National People's Congress and became effective on 1 January 2008. The New CIT Law introduces a wide range of changes which include, but are not limited to, the unification of the CIT rate for domestic-invested and foreign-invested enterprises at 25% since 1 January 2008.

Tax holidays were also granted by the relevant authorities to a PRC subsidiary of the Group, where CIT is exempted for the first two profitable years of the subsidiary and is chargeable at half of the applicable rate for the subsequent three years.

11. LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated loss from ordinary activities attributable to equity holders of the Company for the year ended 31 March 2009 includes a loss of HK$16,187,000 (2008: a loss of HK$16,235,000) which has been dealt with in the financial statements of the Company (Note 32).

12. DIVIDEND

The board of directors did not recommend the payment of any dividend for the year ended 31 March 2009 (2008: HK$Nil).

13. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic loss per share is based on the loss for the year attributable to the equity holders of the Company and the weighted average number of ordinary shares in issue during the year. The number of shares held by escrow agent for settlement of acquisition consideration was eliminated against the corresponding number of shares issued in the calculation of the loss per share attributable to the equity holders of the Company.

The calculation of diluted loss per share amounts is based on the loss for the year attributable to the equity holders of the Company, adjusted to reflect the issue of share options and warrants. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic loss per share are based on:

	2009 HK$'000	2008 HK$'000
Loss		
Loss attributable to the equity holders of the Company	**2,432**	12,821

	Number of shares	
	2009	2008
Shares		
Weighted average number of ordinary shares in issue during the year	**2,434,054,625**	1,989,747,533

13. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (continued)

Diluted loss per share amounts for the years ended 31 March 2008 and 2009 have not been disclosed, as share options and warrants outstanding during the current and prior years had an anti-dilutive effect on the basic loss per share for the current and prior years.

14. PROPERTY, PLANT AND EQUIPMENT

The Group	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At cost:							
At 1 April 2007	18,809	3,146	968	962	1,051	980	25,916
Additions	–	234	–	11	75	–	320
Reclassification into property held for sale *(Note 22)*	(5,963)	(127)	–	–	–	–	(6,090)
Exchange realignments	729	72	94	28	–	42	965
At 31 March 2008 and 1 April 2008	13,575	3,325	1,062	1,001	1,126	1,022	21,111
Additions	–	–	–	438	1,696	713	2,847
Acquisition of subsidiaries *(Note 35)*	–	–	–	51	35	–	86
Disposal of a subsidiary *(Note 36)*	(7,703)	(808)	–	(337)	–	(468)	(9,316)
Disposals	(5,799)	(2,040)	(1,052)	–	–	–	(8,891)
Exchange realignments	(73)	(7)	(10)	12	51	(6)	(33)
At 31 March 2009	**–**	**470**	**–**	**1,165**	**2,908**	**1,261**	**5,804**
Accumulated depreciation and impairment:							
At 1 April 2007	8,551	2,445	245	820	963	746	13,770
Charge for the year *(Note 8)*	514	84	87	56	31	81	853
Impairment loss *(Note 8)*	–	–	697	–	–	–	697
Reclassification into property held for sale *(Note 22)*	(4,004)	–	–	–	–	–	(4,004)
Exchange realignments	125	9	33	17	–	24	208
At 31 March 2008 and 1 April 2008	5,186	2,538	1,062	893	994	851	11,524
Charge for the year *(Note 8)*	279	44	–	134	105	93	655
Disposal of a subsidiary *(Note 36)*	(1,851)	(146)	–	(242)	–	(348)	(2,587)
Disposals	(3,600)	(1,965)	(1,052)	–	–	–	(6,617)
Exchange realignments	(14)	(1)	(10)	(2)	–	(3)	(30)
At 31 March 2009	**–**	**470**	**–**	**783**	**1,099**	**593**	**2,945**
Net carrying value:							
At 31 March 2009	**–**	**–**	**–**	**382**	**1,809**	**668**	**2,859**
At 31 March 2008	8,389	787	–	108	132	171	9,587

14. PROPERTY, PLANT AND EQUIPMENT (continued)

For the year ended 31 March 2008, certain items of plant and machinery were under-utilised. As a result, the Group assessed the recoverable amounts of these machines. Based on this assessment, the carrying value of these items of plant and machinery was written down by HK$697,000 (included in "cost of sales"). The recoverable amount of the relevant assets has been determined on the basis of their value in use with reference to the probable cash flows from those items of plant and machinery.

In the prior year, the Group's buildings with a carrying value of HK$2,218,000 were pledged to banks under fixed charges for banking facilities granted to the Group (Notes 27 and 39(a)).

15. LEASEHOLD LAND AND LAND USE RIGHTS

		The Group	
	Notes	**2009 HK$'000**	2008 HK$'000
Cost:			
At beginning of year		**7,906**	13,667
Reclassification into property held for sale	*22*	**–**	(5,962)
Additions		**–**	16
Disposal of a subsidiary	*36*	**(2,088)**	–
Disposals		**(5,799)**	–
Exchange realignments		**(19)**	185
At end of year		**–**	7,906
Accumulated amortisation:			
At beginning of year		**327**	897
Charge for the year	*8*	**29**	128
Reclassification into property held for sale	*22*	**–**	(716)
Disposal of a subsidiary	*36*	**(249)**	–
Disposals		**(105)**	–
Exchange realignments		**(2)**	18
At end of year		**–**	327
Net carrying value:			
At end of year		**–**	7,579
Current portion included in other receivables, deposits and prepayments		**–**	49
Non-current portion		**–**	7,530
		–	7,579

15. LEASEHOLD LAND AND LAND USE RIGHTS (continued)

The Group's leasehold land and land use rights represent prepaid operating lease payments and their carrying value is analysed as follows:

	2009 HK$'000	2008 HK$'000
Current portion:		
Located in Hong Kong, held under long-term leases	–	7
Located in the PRC, held under medium-term leases	–	42
	–	49
Non-current portion:		
Located in Hong Kong, held under long-term leases	–	1,840
Located in the PRC, held under medium-term leases	–	5,690
	–	7,530
	–	7,579

As at 31 March 2008, the Group's leasehold land and land use rights with an aggregate carrying value of HK$7,579,000 were pledged to secure banking facilities granted to the Group (Notes 27 and 39(a)).

16. GOODWILL

	2009 HK$'000	2008 HK$'000
At beginning of year:		
Cost	19,458	19,458
Acquisition of subsidiaries *(Note 35)*	205,041	–
Adjustment to the cost of acquisition *(Note (i)) (Note 29(a))*	(47,875)	–
Accumulated impairment	(19,458)	(19,458)
Exchange realignments	2,850	–
Net carrying amount	160,016	–
Net carrying amount:		
At beginning of year	–	–
Acquisition of subsidiaries *(Note 35)*	205,041	–
Adjustment to the cost of acquisition *(Note (i)) (Note 29(a))*	(47,875)	–
Exchange realignments	2,850	–
At end of year	160,016	–
At 31 March:		
Cost	179,474	19,458
Accumulated impairment	(19,458)	(19,458)
Net carrying amount	160,016	–

16. GOODWILL (continued)

Goodwill arising during the year relates to the acquisition of 51% equity interests of the DTV Group.

Notes:

(i) According to the sale and purchase agreement of the acquisition of 51% equity interests in the DTV Group, DTV China Holdings Limited (the "Vendor") provided profit guarantee to the Group that the actual audited consolidated net profits before tax and minority interests and any extraordinary or exceptional items (the "Actual Profit") of the DTV Group for the twelve months commencing from the completion date of the acquisition (i.e. 25 April 2008) would not be less than RMB70 million (the "Guaranteed Profit"). Pursuant to an extension letter dated 29 June 2009 entered into among the Group, the vendor and the 100% equity owner of the vendor, the expiry date of the actual profit was extended from 24 April 2009 to 30 April 2009. As the DTV Group's results for the period from 25 April 2008 to 30 April 2009 were determined before the date of this report and less than the Guaranteed Profit, the Group offset the promissory notes issued and held by escrow agent as partial consideration of the acquisition in the amount of HK$47,875,000 and the carrying value of goodwill has been adjusted for the same amount accordingly. Further details of the adjustment are set out in Note 29(a).

(ii) Impairment testing of goodwill

Goodwill acquired during the year through business combination has been allocated to the digital television technology service cash-generating units (the "DTV CGU"), which is a reportable segment, for impairment testing.

The recoverable amount of the DTV CGU was determined based on a value in use calculation using a cash flow projection based on financial budgets covering a 5-year period approved by senior management. The discount rate and growth rate applied to the cash flow projection was 18.79% and 60%, respectively. The directors of the Company are of the opinion, based on the valuation, that goodwill associated with the DTV CGU was not impaired.

The key assumptions on which management and valuers have based its cash flow projection to undertake impairment testing of goodwill are as follows:

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the past performance of the unit and management's expectation of market development.

Discount rate – The discount rate used is before tax and reflects specific risks relating to the relevant unit.

The values assigned to key assumptions are consistent with external information sources.

17. OTHER INTANGIBLE ASSETS

	Customer base HK$'000
Cost	
At 1 April 2007 and 1 April 2008	–
Arising from acquisition of subsidiaries *(Note 35)*	41,237
Exchange realignments	748
At 31 March 2009	41,985
Accumulated amortisation:	
At 1 April 2007 and 1 April 2008	–
Charge for the year *(Note 8)*	2,908
Exchange realignments	53
At 31 March 2009	2,961
Net carrying value	
At 31 March 2009	39,024
At 31 March 2008	–

Other intangible assets represent customer base relating to the DTV CGU acquired as part of the acquisition of the DTV Group, and has a finite useful live, over which the assets are amortised. The amortisation period for the customer base is 13 years.

The customer base purchased as part of a business combination during the year is initially recognised at their fair values on acquisition with reference to professional valuation performed by RHL Appraisal Limited.

18. INTERESTS IN SUBSIDIARIES

	The Company	
	2009 HK$'000	2008 HK$'000
Unlisted shares, at cost	**42,779**	42,779
Amounts due from subsidiaries	**217,651**	72,216
	260,430	114,995
Less: impairment loss on investment costs	**(27,246)**	(7,212)
impairment loss on amounts due from subsidiaries	**(58,254)**	(65,088)
	174,930	42,695

The amounts due from subsidiaries are unsecured, interest-free and are not repayable within twelve months after the balance sheet date. The carrying amount of the amounts due from subsidiaries approximates their fair value and in substance represents the Company's interests in the subsidiaries in the form of quasi-equity loans.

An impairment loss on investment costs and amounts due from subsidiaries of HK$27,246,000 (2008: HK$7,212,000) and HK$58,254,000 (2008: HK$65,088,000) respectively was recognised as at 31 March 2009 because the related recoverable amounts of the investment costs and the balances due from subsidiaries with reference to the net assets values of the respective subsidiaries were estimated to be less than their carrying amounts. Accordingly, the carrying amounts of the related investment costs and amounts due therefrom are reduced to their recoverable amounts.

Particulars of the principal subsidiaries as at 31 March 2009 are as follows:–

Name of company	Place of incorporation/ establishment and operation	Particulars of issued and paid-up share capital/ registered capital	Percentage of equity attributable to the Company 2009	2008	Principal activities
Falcon Vision Limited	The British Virgin Islands ("BVI")	Ordinary US$1,000	**100**	100	Investment holding
Rontex Apparel Limited	Hong Kong	Ordinary HK$10,000	**100**	100	Trading of garment and premium products
Rontex Holdings Limited	Hong Kong	Ordinary HK$100,000	**100**	100	Investment in trading securities
Ronco Trading Company Limited	Hong Kong	Ordinary HK$1,000,000	**100**	100	Trading of garment and premium products and investment holding
Take Luck Development Limited	Hong Kong	Ordinary HK$10,000	**100**	100	Property holding and investment holding

18. INTERESTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation/ establishment and operation	Particulars of issued and paid-up share capital/ registered capital	Percentage of equity attributable to the Company 2009	2008	Principal activities
Wisefull International Limited	Hong Kong	Ordinary HK$10,000	**100**	100	Investment holding
湖州朗迪毛衫有限公司 (Huzhou Ronco Sweater Co., Ltd.) *(Notes 1 and 3)*	The PRC	US$1,380,000	**–**	52	Manufacture and sale of garment products
Digital New Century Company Limited	Hong Kong	Ordinary HK$100	**100**	100	Investment holding
Century Power (China) Limited ("Century Power")	Hong Kong	Ordinary HK$10,000	**100**	100	Investment holding
DTVChina, Inc.	BVI	Ordinary US$1,000	**51**	–	Investment holding
EnReach Information Technology (Shanghai) Company Limited ("EnReach") *(Notes 2 and 3)*	PRC	US$1,000,000	**51**	–	Provision of digital television technology services
Grandvest International Limited	BVI	Ordinary US$1	**100**	–	Investment holding

Notes:

1. Huzhou Ronco Sweater Co., Limited ("Huzhou Ronco") was established as a Sino-foreign equity joint venture in the PRC. The Group's entire 52% equity interest in Huzhou Ronco was disposed of during the year. Further details are set out in Note 36.

2. EnReach was registered in the PRC as a wholly-owned foreign enterprise under the PRC law.

3. The statutory financial statements of these subsidiaries are not audited by Shu Lun Pan Hong Kong CPA Limited or any of its member firms.

Except for Falcon Vision Limited, Rontex Apparel Limited, Grandvest International Limited and Digital New Century Company Limited, which are directly held by the Company, all other subsidiaries are indirectly held by the Company.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

19. INTEREST IN A JOINTLY-CONTROLLED ENTITY

	The Group	
	2009 HK$'000	2008 HK$'000
Share of net assets	**–**	–

19. INTEREST IN A JOINTLY-CONTROLLED ENTITY (continued)

Particulars of the Group's jointly-controlled entity as at 31 March 2009 are as follows:–

Name of company	Form of business structure	Place of establishment and operation	Percentage of equity interest indirectly held by the Company	Principal activities
Rontex Co., Ltd. ("Rontex Ningbo")	Corporate	PRC	51	Manufacture and sale of garment products

The financial statements of the above company are not audited by Shu Lun Pan Hong Kong CPA Limited or any of its member firms.

The Group shares joint control over the financial and operating policy of this jointly-controlled entity with other investor notwithstanding that the Group has a 51% equity interest thereon.

During the years ended 31 March 2008 and 2009, the Group had not recognised its share of loss of Rontex Ningbo in excess of the Group's interest in this jointly-controlled entity. Summarised financial information of the Group's jointly-controlled entity is as follows:

	2009 HK$'000	2008 HK$'000
Non-current assets	**14,528**	16,166
Current assets	**943**	3,250
Current liabilities	**(16,803)**	(19,767)
Non-current liabilities	**–**	(17)
Net liabilities	**(1,332)**	(368)
Amount in excess of the Group's interest in the jointly-controlled entity	**1,332**	368
Net assets of the jointly-controlled entity attributable to the Group	**–**	–
Income	**18,109**	14,114
Expenses	**(19,075)**	(17,249)
Loss for the year	**(966)**	(3,135)
Amount in excess of the Group's interest in the jointly-controlled entity	**966**	504
Loss of the jointly-controlled entity attributable to the Group	**–**	(2,631)

20. INTERESTS IN ASSOCIATES

	The Group	
	2009	2008
	HK$'000	HK$'000
Share of net assets	**14,119**	14,670

Particulars of the Group's associates as at 31 March 2009, all of which are unlisted entities, are as follows:–

Name of company	Form of business structure	Place of establishment and operation	Percentage of equity interest attributable to the Company	Principal activities
北京朗迪服裝有限公司 (Beijing Rontex Garments Co., Ltd.	Corporate	PRC	44	Manufacture and sale of garment products
北京朗坤服裝有限公司 (Rontex Pukuno Garments Co., Ltd.	Corporate	PRC	30	Manufacture and sale of garment products

The financial statements of the above companies are not audited by Shu Lun Pan Hong Kong CPA Limited or any of its member firms.

Summarised financial information of the Group's associates is set out below:

	2009	2008
	HK$'000	HK$'000
Turnover	**139,921**	157,773
Loss for the year	**(3,510)**	(1,125)
Loss attributable to the Group	**(773)**	(670)
Total assets	**126,138**	136,510
Total liabilities	**(78,574)**	(84,979)
Net assets	**47,564**	51,531
Net assets attributable to the Group	**14,119**	14,670

21. DEPOSITS PAID AND DIRECT COSTS FOR ACQUISITION OF SUBSIDIARIES

	The Group	
	2009	2008
	HK$'000	HK$'000
Deposits paid for acquisition of subsidiaries	**–**	10,000
Direct costs for the acquisition of subsidiaries	**8,717**	2,071
	8,717	12,071

As at 31 March 2009, the amount represented costs directly attributable to the acquisition of a 90% equity interest in Langfeld Enterprises Limited ("Langfeld") and its subsidiaries. The acquisition was subsequently completed on 25 May 2009. Further details are set out in the announcement of the Company dated 25 May 2009 and Note 44(d).

As at 31 March 2008, the amount represented deposits paid and costs directly attributable to the acquisition of equity interest of the DTV Group. The acquisition was completed on 25 April 2008. Further details are set out in Note 35.

22. PROPERTY HELD FOR SALE

		The Group	
		2009	2008
	Notes	**HK$'000**	HK$'000
Carrying value:			
At beginning of year		**7,332**	–
Reclassified from property, plant and equipment	*14*	**–**	2,086
Reclassified from land use rights	*15*	**–**	5,246
Disposal		**(7,332)**	–
At end of year		**–**	7,332

On 22 January 2008, the Group entered into a provisional sale agreement to dispose of one of its properties for a cash consideration of HK$17,500,000. A deposit of HK$8,750,000 was received and included in the Group's other payables, accrued expenses and trade deposits received as at 31 March 2008. The disposal was completed on 19 April 2008. As at 31 March 2008, the property comprising the above building and land use rights was classified as property held for sale under current assets of the Group. The property was located in Hong Kong and held under long term leases. Further details of the disposal of the property are disclosed in Notes 6, 14 and 15.

As at 31 March 2008, the Group's property held for sale was pledged to a bank under fixed charge for banking facilities granted to the Group (Notes 27 and 39(a)).

23. INVENTORIES

	The Group	
	2009	2008
	HK$'000	HK$'000
Raw materials	**–**	1,034
Work in progress	**–**	2,422
Finished goods	**341**	1,315
	341	4,771
Less: impairment loss	**–**	(2,126)
	341	2,645

During the year, the Group carried out its regular reviews on the carrying amounts of inventories with reference to aged inventories analysis, expected future consumption and management judgement. As a result, the carrying values of certain inventories were determined to decline below their estimated net realisable values. Based on this assessment, the carrying value of inventories was written down by HK$2,556,000 (2008: HK$1,662,000) (Note 8) for the year ("included in 'cost of sales").

24. TRADE RECEIVABLES

	The Group	
	2009	2008
	HK$'000	HK$'000
Trade receivables	**16,100**	7,528
Less: allowance for doubtful debts	**(398)**	(77)
	15,702	7,451

(i) The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The Group generally allows an average credit term of 60 to 120 days (2008: 60 to 90 days) to its trade customers for garment trading business. For digital television technology services business, because of the industry nature in the PRC, certain well-established customers have strong financial strength, good repayment history and creditworthiness, where the terms are extended beyond 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

24. TRADE RECEIVABLES (continued)

(ii) The movements in the allowance for doubtful debts during the year, including both specific and collective loss components, are as follows:

	The Group	
	2009	2008
	HK$'000	HK$'000
At beginning of year	**77**	354
Additional allowance for doubtful debts	**1,304**	411
Uncollectible amounts written off	**(982)**	(695)
Exchange realignments	**(1)**	7
At end of year	**398**	77

As at 31 March 2009, the Group's trade receivables of HK$398,000 (2008: HK$77,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that none of the receivables is expected to be recovered. Consequently, specific and full allowances for doubtful debts were recognised. The Group does not hold any collateral over these balances.

Except for the above, no allowance has been made for estimated irrecoverable amounts from the sale of goods or provision of services.

(iii) The ageing analysis of the Group's trade receivables as at the balance sheet date, based on invoice date, is as follows:

	The Group	
	2009	2008
	HK$'000	HK$'000
Within 30 days	**8,074**	707
30 to 60 days	**1,604**	1,884
61 to 90 days	**2,398**	2,923
Over 90 days	**4,024**	2,014
	16,100	7,528
Less: allowance for doubtful debts	**(398)**	(77)
	15,702	7,451

24. TRADE RECEIVABLES (continued)

(iv) The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	The Group	
	2009	2008
	HK$'000	HK$'000
Neither past due nor impaired	**13,313**	5,514
Past due and not impaired	**2,389**	1,937
	15,702	7,451

Receivables that were neither past due nor impaired relate to a large number of diversified customers for which there is no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

The carrying amounts of the trade receivables approximate their fair values.

25. TRADING SECURITIES

	The Group	
	2009	2008
	HK$'000	HK$'000
Listed equity securities – Hong Kong, at market value	**587**	278

The above trading securities were classified as held for trading. They are stated at fair value based on quoted market prices as at the balance sheet date.

26. CASH AND CASH EQUIVALENTS

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances are deposited with creditworthy financial institutions with no recent history of default. The carrying amounts of the cash and cash equivalents approximate their fair values.

	The Group	
	2009	2008
	HK$'000	HK$'000
Cash and cash equivalents were denominated in:		
Renminbi ("RMB")	**1,068**	690
United States dollars ("US$")	**5,048**	2,141
Australian dollar ("AUD")	**459**	–
HK$	**523**	16,491
Total	**7,098**	19,322

	The Company	
	2009	2008
	HK$'000	HK$'000
Cash and cash equivalents were denominated in:		
HK$	**277**	1,263

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

27. INTEREST-BEARING BANK BORROWINGS, SECURED

The following bank borrowings were repayable on demand or within one year:

	The Group	
	2009	2008
	HK$'000	HK$'000
Bank loans – secured	**–**	6,882
Import and export loans – secured	**–**	4,321
	–	11,203

As at 31 March 2009, the Group had no bank borrowing. During the current year, all the bank borrowings were floating-rate borrowings, thus exposing the Group to cash flow interest rate risk. The effective interest rates during the year ranged from 4.43% to 7.12% (2008: 4.84% to 7.9%) per annum.

The Group's bank loans and import and export loans were denominated in RMB and US$ respectively. The directors consider that the carrying amounts of the bank and other borrowings approximated their fair values as at 31 March 2008.

27. INTEREST-BEARING BANK BORROWINGS, SECURED (continued)

As at 31 March 2008, the Group had available undrawn committed borrowing facilities HK$18,179,000 in respect of which all conditions precedent had been met. Group had no borrowing facility as at 31 March 2009.

As at 31 March 2008, the Group's bank borrowings were secured by the property held for sale, leasehold land and buildings held by the Group with carrying values of HK$7,332,000 (Note 22), HK$7,579,000 (Note 15) and HK$2,218,000 (Note 14), respectively.

28. TRADE PAYABLES

The ageing analysis of trade payables of the Group at the balance sheet date, based on the invoice date, is as follows:

	The Group	
	2009 HK$'000	2008 HK$'000
Within 30 days	**1,370**	2,182
31 to 60 days	**387**	1,028
61 to 90 days	**88**	645
Over 90 days	**1,283**	1,011
	3,128	4,866

The trade payables are interest free and normally settled on 90-day terms.

The Group considers that the carrying amount of the Group's trade payables approximates their fair value.

29. PROMISSORY NOTES HELD BY ESCROW AGENT

	Notes	HK$'000
At 1 April 2008		–
Issued during the year	*(a) & (b)*	68,070
Repaid during the year	*(b)*	(20,000)
Interest charge	*7*	5,125
Adjustment to cost of acquisition	*16*	(47,875)
At 31 March 2009 and included in non-current liabilities		5,320

On 25 April 2008, three promissory notes in the aggregate principal amount of HK$100,000,000 were issued by Century Power, an indirect wholly-owned subsidiary of the Company, in connection with the acquisition of 51% equity interest in the DTV Group.

29. PROMISSORY NOTES HELD BY ESCROW AGENT (continued)

(a) Pursuant to the sale and purchase agreement dated 29 January 2008 entered into by Century Power, the Vendor and the 100% equity owner of the Vendor (the "Agreement"), two promissory notes in the aggregate principal amount of HK$80,000,000 were issued by the Company as partial consideration upon the completion of the Group's acquisition of 51% equity interest in the DTV Group. The promissory notes are non-interest-bearing and are payable in one lump sum on maturity of five years. The fair value of the two promissory notes in the aggregate principal amount of HK$80,000,000 is HK$48,539,000, as at the issue date, based on the professional valuation performed by RHL Appraisal Limited. The effective interest rate of the promissory notes is determined to be 10.035% per annum. The promissory notes are classified as non-current liabilities and are carried at amortised cost until extinguished on redemption. The principal amount of the two promissory notes are subject to the Guaranteed Profit (i.e. RMB70 million) from the Vendor, of which the Vendor had given warranty and guarantee to the Group that the Actual Profit would not be less than RMB70 million. If the Actual Profit was less than the Guaranteed Profit, the Vendor should pay to the Group an amount calculated as follows:

Shortfall amount = (Guaranteed Profit – Actual Profit) x 2 x 51%

In such event, the shortfall would be compensated by off-setting the promissory notes held by the escrow agent. As the Actual Profit for the period from 25 April 2008 to 30 April 2009 was determined before the date of this report and fell short of the Guaranteed Profit by HK$70,525,000, the principal amount of the promissory notes as at 31 March 2009 was therefore reduced by HK$72,000,000 as calculated in accordance with the above terms of the Agreement. An adjustment of HK$47,875,000 arose, after discounted with an appropriate effective interest rate, which was debited to the promissory notes and credited to goodwill in Note 16.

As at 31 March 2009, these promissory notes were held by an escrow agent and presented as "Promissory notes held by escrow agent" on the balance sheets of the Group and the Company as at 31 March 2009.

(b) Pursuant to the supplemental agreement dated 24 April 2008 entered into by Century Power and the Vendor, another promissory note in the principal amount of HK$20,000,000 was issued by Century Power as partial consideration for the acquisition of 51% equity interest in the DTV Group. The promissory note was non-interest-bearing and was repayable in one lump sum on 30 September 2008. The fair value of the promissory note in the principal amount of HK$20,000,000 was HK$19,531,000, as at the issue date, based on the professional valuation performed by RHL Appraisal Limited. The effective interest rate of the promissory note was determined to be 4.75% per annum. The promissory note was fully repaid in cash during the year ended 31 March 2009.

30. DEFERRED TAX LIABILITIES

The component of deferred tax liabilities recognised in the consolidated balance sheet and the movements during the year are as follows:

	The Group Customer base	
	2009 HK$'000	2008 HK$'000
At beginning of the year	**–**	–
Acquisition of subsidiaries *(Note 35)*	**10,309**	–
Credited to the consolidated income statement *(Note 10(i))*	**(727)**	–
Exchange realignment	**174**	–
At end of year	**9,756**	–

At 31 March 2009, the Group had unused tax losses of HK$17,127,000 (2008: HK$27,800,000) available for offset against future profits indefinitely. No deferred tax asset has been recognised as at 31 March 2008 and 2009 in respect of such losses and temporary differences due to the unpredictability of future profit streams of the respective group entities. There was no other significant unrecognised deferred tax as at 31 March 2008 and 2009.

31. SHARE CAPITAL

	2009 HK$'000	2008 HK$'000
Authorised:		
100,000,000,000 (2008: 10,000,000,000) ordinary shares of HK$0.01 each	**1,000,000**	100,000
Issued and fully paid:		
2,913,501,200 (2008: 2,047,501,200) ordinary shares of HK$0.01 each	**29,135**	20,475

31. SHARE CAPITAL (continued)

A summary of the movements in the issued and fully paid share capital of the Company during the year is as follows:

	Number of shares		Nominal value	
	2009	2008	**2009 HK$'000**	2008 HK$'000
Ordinary shares of HK$0.01 each:				
Authorised *(Note (iii))*	**100,000,000,000**	10,000,000,000	**1,000,000**	100,000
Issued and fully paid:				
At beginning of the year	**2,047,501,200**	1,807,497,200	**20,475**	18,075
Shares issued on exercise of warrants *(Note (i))*	**20,000,000**	170,000,000	**200**	1,700
Shares issued on exercise of share options *(Note (ii))*	**56,000,000**	70,004,000	**560**	700
Issue of shares for acquisition of subsidiaries *(Note 35(i))*	**790,000,000**	–	**7,900**	–
At end of the year	**2,913,501,200**	2,047,501,200	**29,135**	20,475

All shares issued by the Company rank pari passu with the then existing shares in all respects.

Notes:

(i) During the year ended 31 March 2009, 20,000,000 (2008: 170,000,000) new ordinary shares of par value HK$0.01 (2008: HK$0.01) each were issued at a subscription price of HK$0.080 (2008: HK$0.043) each on exercise of 20,000,000 (2008: 170,000,000) warrants with an aggregate consideration of HK$1,600,000 (2008: HK$7,298,000), of which HK$200,000 (2008: HK$1,700,000) was credited to share capital and the remaining balance of HK$1,400,000 (2008: HK$5,598,000) was credited to the share premium account. In addition, the related net premium of HK$187,000 (2008: HK$1,501,000) received on issue of warrants has been transferred from warrant reserve to the share premium account.

(ii) During the year ended 31 March 2009, 56,000,000 (2008: 70,004,000) new ordinary shares of par value HK$0.01 (2008: HK$0.01) each were issued at subscription prices HK$0.1102 (2008: ranging from HK$0.044 to HK$0.333) each on exercise of 56,000,000 (2008: 70,004,000) (Note 33) share options at an aggregate consideration of HK$6,171,000 (2008: HK$11,303,000), of which HK$560,000 (2008: HK$700,000) was credited to share capital and the remaining balance of HK$5,611,000 (2008: HK$10,603,000) was credited to the share premium account. In addition, an amount attributable to the related share options of HK$1,661,000 (2008: HK$257,000) has been transferred from equity-settled share option reserve to the share premium account.

(iii) Pursuant to an ordinary resolution passed on 16 January 2009, the authorized share capital of the Company was increased from HK$100,000,000 to HK$1,000,000,000 by the creation of 90,000,000,000 additional shares of HK$0.01 each, ranking pari passu in all respects with the existing share capital of the Company.

32. RESERVES

	Share premium HK$'000	Shares held by escrow agent for settlement of acquisition consideration HK$'000 *(Note 35(i))*	Contributed surplus HK$'000 *(Note (a))*	Equity-settled share option reserve HK$'000 *(Note (b)(i))*	Warrant reserve HK$'000 *(Note (b)(ii))*	Accumulated losses HK$'000	Total HK$'000
The Company							
At 1 April 2007	22,594	–	42,569	257	1,501	(51,795)	15,126
Premium received on issue of warrants *(Note 34)*	–	–	–	–	3,688	–	3,688
Issue of new shares on exercise of warrants	7,099	–	–	–	(1,501)	–	5,598
Issue of share options *(Note 33)*	–	–	–	4,566	–	–	4,566
Issue of shares on exercise of share options	10,860	–	–	(257)	–	–	10,603
Loss for the year *(Note 11)*	–	–	–	–	–	(16,235)	(16,235)
At 31 March 2008 and 1 April 2008	40,553	–	42,569	4,566	3,688	(68,030)	23,346
Issue of new shares on acquisition of subsidiaries *(Note 35(i))*	125,610	(67,600)	–	–	–	–	58,010
Premium received on issue of warrants *(Note 34)*	–	–	–	–	1,648	–	1,648
Issue of shares on exercise of warrants	1,587	–	–	–	(187)	–	1,400
Issue of share options *(Note 33)*	–	–	–	1,661	–	–	1,661
Issue of shares on exercise of share options	7,272	–	–	(1,661)	–	–	5,611
Loss for the year *(Note 11)*	–	–	–	–	–	(16,187)	(16,187)
At 31 March 2009	**175,022**	**(67,600)**	**42,569**	**4,566**	**5,149**	**(84,217)**	**75,489**

Notes:

(a) At the balance sheet date, the contributed surplus of the Company represents the excess of the fair value of the subsidiaries acquired pursuant to the group reorganisation, over the nominal value of the shares of the Company issued in exchange therefor.

Under the Companies Law (2001 Second Revision) of the Cayman Islands, the contributed surplus account is distributable to the shareholders of the Company under certain circumstances.

(b) At the balance sheet date, the equity-settled share option reserve and warrant reserve of the Company represents (i) the fair value at the respective grant dates in respect of the outstanding share options of the Company; and (ii) premium received in respect of the outstanding warrants of the Company, respectively.

33. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives or rewards to eligible persons for their contributions to the Group. Eligible persons of the Scheme include any full-time or part-time employees of the Company or any member of the Group, including any directors, advisors or consultants of the Group. The Scheme became effective upon the listing of the Company's shares on the Stock Exchange on 8 November 2002, and unless otherwise cancelled or amended, will remain in force for a period of 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme must not exceed 30% of the shares in issue from time to time.

Share options granted to a director, chief executive or substantial shareholder of the company, or to any of their associates (as defined under the Listing Rule), are subject to approval by all independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted for a period of 28 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercisable period of the share options granted is determined by the directors, which the share options must be exercised in any event not later than 10 years or a shorter period as specified, from the date of grant. The Scheme does not require a minimum period for which the share options must be held or a performance target which must be achieved before the share options can be exercised.

The exercise price of the share options granted is not recorded in the balance sheet of the Company nor the Group until such time as the options are vested. Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which are cancelled prior to their exercisable date are deleted from the register of outstanding options.

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

(Expressed in Hong Kong dollars)

33. SHARE OPTION SCHEME (continued)

The following is the movement of share options outstanding under the Scheme during the period from 1 April 2008 to 31 March 2009:

Name or category of participant	At 01/04/2008 Number	Granted during the year Number	Exercised during the year Number *(Note 31(ii))*	At 31/03/2009 Number	Date of grant of share options	Exercise period of share options	Adjusted exercise price of share options HK$ *(Note a)*
Directors							
Li Wing Sang	19,560,000	–	–	19,560,000	10/09/2007	10/09/2007 to 09/09/2017	0.2226
Chiu Chi Hong *	19,560,000	–	–	19,560,000	10/09/2007	10/09/2007 to 09/09/2017	0.2226
Employees other than directors							
In aggregate	78,240,000	–	–	78,240,000	10/09/2007	10/09/2007 to 09/09/2017	0.2226
Consultants							
In aggregate	–	56,000,000	(56,000,000)	–	04/09/2008	04/09/2008 to 04/09/2018	0.1102
	117,360,000	56,000,000	(56,000,000)	117,360,000			

* *During the year, a director of a wholly-owned subsidiary of the Company was appointed to act as director of the Company. As at 1 April 2008 and the date of the appointment, the director owns 19,560,000 share option of the Company, as such the amount of share options held by the director were reclassified from employees other than directors to directors in the current year.*

(Expressed in Hong Kong dollars)

33. SHARE OPTION SCHEME (continued)

The following is the movements of share options outstanding under the Scheme during the year from 1 April 2007 to 31 March 2008:

Name or category of participant	At 01/04/2007 Number	Granted during the year Number	Exercised during the year Number *(note 31(ii))*	At 31/03/2008 Number	Date of grant of share options	Exercise period of share options	Adjusted exercise price of share options HK$ *(note a)*	Adjusted closing price of the Company's shares where applicable HK$ *(note b)*
Directors								
Cheung Keng Ching	7,400,000	–	(7,400,000)	–	04/11/2003	04/11/2003 to 03/11/2008	0.3325	0.35
	5,500,000	–	(5,500,000)	–	20/01/2007	20/01/2007 to 19/01/2010	0.0444	N/A
Chou Mei	7,400,000	–	(7,400,000)	–	04/11/2003	04/11/2003 to 03/11/2008	0.3325	0.35
Li Wing Sang	–	19,560,000	–	19,560,000	10/09/2007	10/09/2007 to 09/09/2017	0.2226	N/A
Employees other than directors								
In aggregate	13,704,000	–	(13,704,000)	–	04/11/2003	04/11/2003 to 03/11/2008	0.3325	0.35
	–	89,980,000	–	89,980,000	10/09/2007	10/09/2007 to 09/09/2017	0.2226	N/A
Consultants								
In aggregate	36,000,000	–	(36,000,000)	–	20/01/2007	20/01/2007 to 19/01/2010	0.0444	N/A
	–	7,820,000	–	7,820,000	10/09/2007	10/09/2007 to 09/09/2017	0.2226	N/A
	70,004,000	117,360,000	(70,004,000)	117,360,000				

Notes:

a. The number of issuable shares and the exercise price of the share options are subject to adjustment in the case of capitalisation issue, rights issue, sub-division or consolidation of the Company's shares or reduction of capital of the Company. On 20 February 2004, an ordinary resolution was passed in an extraordinary general meeting in connection with the bonus issue of shares on the basis of three bonus shares for every one existing share. The exercise price before adjustment was $1.33 per share.

b. Before the adjustment for the bonus issue of shares on 20 February 2004, the closing price of the Company's share immediately before the grant date of the share options was $1.40 per share.

(Expressed in Hong Kong dollars)

33. SHARE OPTION SCHEME (continued)

At 31 March 2009, the Company has 117,360,000 (2008: 117,360,000) share options outstanding under the Scheme accounting for 4.0% (2008: 5.7%) of the Company's issued share capital. The exercise of the entire outstanding share options would, under the capital structure of the Company as at 31 March 2009, result in the issue of 117,360,000 (2008: 117,360,000) additional ordinary shares of HK$0.01 (2008: HK$0.01) each of the Company and additional share capital of HK$1,173,000 (2008: HK$1,173,000) and share premium account of HK$24,951,000 (2008: HK$24,951,000) (before issue expense). In addition, amount attributable to the related share options of HK$4,566,000 (2008: HK$4,566,000) will be transferred from equity-settled share option reserve to the share premium account.

Valuation of share options

Based on a professional valuation report issued by RHL Appraisal Limited, the fair value of the share options granted during the year ended 31 March 2009 was estimated at HK$1,661,000 (2008: HK$4,566,000) (Note 8) which was recognised as an equity-settled share option expense during the year.

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

Exercise price of option	HK$0.1102
Spot price of shares	HK$0.1100
Expected volatility (%)	67.83
Risk-free interest rate (%)	2.968
Expected life of option (year)	1
Expected dividend yield (%)	0.00

The expected life of the options is determined with reference to the vesting term and is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

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

34. WARRANTS

During the year, the Company entered into two warrant placing agreements with two independent third parties in relation to the private placing of an aggregate of 176,000,000 unlisted warrants ("Warrants"), at the premium price of HK$0.01 each and the aggregate premium, net of issue expense, of HK$1,648,000 was received. The amount was credited to warrant reserve. Each Warrant was issued at a premium price of HK$0.01 in registered form and entitles the holder thereof to subscribe for fully-paid new ordinary shares at the initial subscription price of HK$0.08 per share, subject to adjustment from the date of issue, which was on 21 August 2008, to the date of expiry of two years from the date of issue, which is 20 August 2010 (both days inclusive in accordance with the terms of Warrants).

In the prior year, 391,000,000 Warrants were issued and subscribed by independent investors at a premium price of HK$0.01 each and the aggregate premium, net of issue expense, of HK$3,688,000 was received. The amount was credited to warrant reserve.

35. BUSINESS COMBINATION

On 25 April 2008, the Group acquired 51% equity interest in the DTV Group from the Vendor, an independent third party, at a total consideration of HK$253,510,000, of which HK$20,000,000 was satisfied in cash, HK$100,000,000 by way of issuing the promissory notes and HK$133,510,000 was satisfied by the issue of 790,000,000 ordinary shares (Note 31) of HK$0.01 each of the Company.

The DTV Group is engaged in provision of digital television technology services, including digital video-on-demand system, information broadcasting system and embedded television system.

Details of net assets acquired and goodwill are as follows:

	Notes	**Acquirees' carrying amount before business combination** HK$'000	**Fair value adjustments** HK$'000	**Fair value as at the acquisition date** HK$'000
Property, plant and equipment	*14*	86	–	86
Other intangible assets	*17*	–	41,237	41,237
Inventories		1,205	–	1,205
Trade receivables		4,429	–	4,429
Other receivables, deposits and prepayments		2,297	–	2,297
Amount due from a related party		27	–	27
Cash and cash equivalents		2,630	–	2,630
Trade payables		(986)	–	(986)
Amounts due to minority shareholders		(1,644)	–	(1,644)
Other payables, accrued expenses and trade deposits received		(2,067)	–	(2,067)
Tax payables		(415)	–	(415)
Deferred tax liabilities	*30*	–	(10,309)	(10,309)
Net assets acquired		5,562	30,928	36,490
Less: 49% of interest owned by minority shareholders				(17,880)
Fair value of net assets acquired				18,610
Goodwill arising from acquisition *(Note (ii))*				205,041
Total consideration *(Note (i))*				223,651
Consideration satisfied by:				
Cash paid in the current year				10,000
Ordinary shares of the Company-at fair value *(Note (i))*				133,510
Promissory notes at fair value *(Note (ii) & Note 29)*				68,070
Deposits and direct costs paid for acquisition of subsidiaries in the prior year *(Note 21)*				12,071
				223,651
Net cash outflow arising on acquisition:				
Consideration paid in cash				(10,000)
Cash and cash equivalent balances acquired				2,630
				(7,370)

35. BUSINESS COMBINATION (continued)

Notes:

(i) The fair value of the 790,000,000 ordinary shares (Note 31) of the Company issued as part of the consideration was determined with reference to the market share price of HK$0.169 of the Company's shares at the completion date, at the total fair value of HK$133,510,000 of which HK$7,900,000 was credited to share capital and the remaining balance of HK$125,610,000 was credited to the share premium account, of which the 400,000,000 consideration shares are held by an escrow agent, valued at the date of completion of the acquisition of DTV Group, amounting to HK$67,600,000 and are presented as "Shares held by escrow agent for settlement of acquisition consideration" and deducted from total equity.

The acquisition was completed on 25 April 2008. The revenue and the profit for the period of the Group would be approximately the same if the acquisition had been completed on 1 April 2008. During the year ended 31 March 2009, the subsidiary generated revenue and net profit of HK$25,778,000 and HK$6,759,000, respectively. Since the acquisition date, the subsidiary contributed HK$25,778,000 to the Group's revenue and HK$6,889,000 to the Group's consolidated profit for the period.

(ii) The consideration on acquisition is subject to adjustment of consideration in relation to the difference between the Guaranteed Profit and the Actual Profit, details of which are set out in Notes 16 and 29.

36. DISPOSAL OF A SUBSIDIARY

On 27 October 2008, the Group entered into a sale and purchase agreement with an independent third party to dispose of the Group's entire 52% equity interests of Huzhou Ronco at a cash consideration of RMB 770,000 (equivalent to HK$874,000) as set out in the Company's announcement dated 27 October 2008. The disposal of Huzhou Ronco was completed on 10 December 2008 and the cash consideration was fully received at the completion date of the disposal.

The assets and liabilities of Huzhou Ronco on 10 December 2008 are as follows:

	Notes	2009 HK$'000
Net liabilities disposed of:		
Property, plant and equipment	*14*	6,729
Leasehold land and land use rights	*15*	1,839
Other receivables, deposits and prepayments		45
Cash and cash equivalents		3,742
Trade payables		(2,777)
Other payables, accrued expenses and trade deposits received		(1,369)
Interest-bearing bank borrowings, secured		(9,570)
		(1,361)
Translation reserve realised upon disposal		(518)
Direct costs incurred for the disposal		172
Gain on disposal of a subsidiary	*6*	2,581
		874
Satisfied by cash		874

36. DISPOSAL OF A SUBSIDIARY (continued)

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiary is as follows:

Net cash outflow arising on disposal:	**2009 HK$'000**
Cash consideration	**874**
Cash and cash equivalents disposed of	**(3,742)**
Net outflow of cash and cash equivalents in respect of the disposal of subsidiary	**(2,868)**

37. OPERATING LEASE COMMITMENTS

The Group leases its office premises under operating lease arrangements, with leases negotiated for terms ranging from one to two years. None of the leases includes contingent rentals.

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

	The Group	
	2009 HK$'000	2008 HK$'000
Within one year	**5,728**	473
In the second to fifth years, inclusive	**3,072**	182
	8,800	655

38. CONTINGENT LIABILITIES

As at 31 March 2009 and 2008, there were contingent liabilities in respect of:

	The Group	
	2009 HK$'000	2008 HK$'000
Long service payments	**5**	265

The Group is liable to make long service payments upon the termination of employment of certain employees who have completed the required number of years of services and met the required circumstances under the Employment Ordinance. No provision has been made therefor in the financial statements as the directors are of the view that it is not probable that the amount will crystallise in the foreseeable future.

At 31 March 2008, the Company had given a financial guarantee to a bank for the purpose of obtaining bank facilities by certain subsidiaries. Based on a professional valuation report issued by RHL Appraisal Limited, the fair value of the financial guarantee during the year ended 31 March 2008 was estimated at HK$Nil. At 31 March 2009, there was no such financial guarantee.

39. PLEDGE OF ASSETS

As at 31 March 2009, the Group had not pledged any asset for bank facilities. As at 31 March 2008, the Group's banking facilities were secured by the following:

(a) Pledge of certain of the Group's property held for sale, leasehold land and buildings with aggregate net carrying values of HK$7,332,000 (Note 22), HK$7,579,000 (Note 15) and HK$2,218,000 (Note 14), respectively;

(b) Cross guarantees among the subsidiaries of the Company;

(c) Assignment of documentary credit issued in favour of a subsidiary;

(d) Corporate guarantee executed by a third party; and

(e) Corporate guarantee executed by the Company.

40. RELATED PARTY TRANSACTIONS

(a) On 1 August 2008, the Group entered into a sale agreement to dispose of one of its properties for a cash consideration of HK$9,500,000 to the former executive director of the Company, Mr. Cheung Keng Ching. The disposal was completed on 26 September 2008. As at 31 March 2009, the total cash consideration had been fully received by the Group.

(b) The amount due to a director is unsecured, interest-free and has no fixed terms of repayment.

(c) As at 31 March 2009, the balance represents an amount due to a former executive director of the Company, Mr. Cheung Keng Ching. The balance bore interest at 12% per annum and repayable in full together with accrued interest on or before 30 September 2009, which was subsequently repaid by the Group in April 2009. Interests paid on this balance during the year amounted to HK$63,000 (Note 7).

(d) The amount due to a minority equity holder of a subsidiary of HK$463,000 (2008: HK$Nil) is unsecured, interest-free and has no fixed terms of repayment.

(e) As at 31 March 2009, the Group had aggregate amounts due from a director of subsidiary of the Company and a substantial shareholder of the Company. The amounts are unsecured, interest-free and have no fixed terms of repayment. The maximum outstanding balance due from the related parties was in the aggregate amount of HK$2,241,000 (2008: HK$Nil).

(f) Members of key management during the year comprised only of the executive directors of the Company whose remuneration is set out in Note 9(a).

41. CAPITAL RISK MANAGEMENT

The Group's objective of managing capital is 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 cost of capital.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the Company and comprising share capital and reserves as disclosed in the consolidated statement of changes in equity.

42. FINANCIAL RISK MANAGEMENT

The main risks arising from the Group's financial instruments in the normal course of the Group's business are credit risk, liquidity risk, interest rate risk, currency risk and price risk.

These risks are limited by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's credit risk is primarily attributable to its trade receivables and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customers' past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Normally, the Group does not obtain collateral from customers.

Investments are normally only in liquid securities quoted on a recognised stock exchange. Given their high credit standing, management does not expect any investment counterparty to fail to meet its obligations.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At the balance sheet date, the Group has a certain concentration of credit risk as 22% (2008: 53.4%) and 53.7% (2008: 82.6%) of the total trade receivable due from the Group's largest debtor, and the five largest debtors respectively within the Group.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in Note 24.

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

(c) Interest rate risk

The Group's fair value interest-rate risk mainly arises from borrowings as disclosed in Note 27. Borrowings were issued at fixed rates which expose the Group to fair value interest-rate risk. The Group has no cash flow interest-rate risk as there are no borrowings which bear floating interest rates. The Group has not used any financial instruments to hedge potential fluctuations in interest rates.

(d) Currency risk

The Group mainly operated in Hong Kong and the PRC with most of the transactions settled in Hong Kong dollars and RMB respectively and did not have significant exposure to risk resulting from changes in foreign currency exchange rates.

42. FINANCIAL RISK MANAGEMENT (continued)

(e) Price risk

The Group is exposed to equity price changes arising from its trading securities. The carrying amount of the trade securities included in the consolidated balance sheet represents the Group's maximum exposure to price risk in relation to the Group's financial assets.

(f) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2009 and 2008.

(g) Fair values estimation

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments set out in Note (f) above.

Fair value of trading securities are based on quoted market prices at the balance sheet date without any deduction for transaction costs.

43. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 March 2009 and 2008 may be categorised as follows:

	2009 **HK$'000**	2008 HK$'000
Financial assets		
Fair value through profit or loss		
– Held for trading, measured at fair value	**587**	278
Loans and receivables (including cash and cash equivalents), measured at amortised cost	**27,886**	26,857
Financial liabilities		
Financial liabilities, measured at amortised cost	**(29,787)**	(20,704)

44. SIGNIFICANT POST BALANCE SHEET EVENTS

(a) On 14 November 2008, Grandvest, a wholly-owned subsidiary of the Company, Cordia Global Limited ("Cordia"), an independent corporate entity, the Company and the Cordia's sole beneficial owner entered into an acquisition agreement to acquire 90% equity interest in Langfeld, which indirectly holds mining rights of a coal mine in Russia and will be engaged in mining of coal at the consideration of US$253,000,000 as set out in the Company's announcement dated 3 December 2008 and circular dated 30 December 2008. On 16 January 2009, a resolution was duly passed by the independent shareholders in an extraordinary general meeting ("EGM") and the acquisition was subsequently completed on 25 May 2009 as set out in the Company's announcement dated 25 May 2009. Adjustment will be made to reflect the consideration at fair value in the year ending 31 March 2010. It is impractical to disclose the pro forma revenue and profit of the Group for the year had the acquisition been effected at the beginning of the year because the relevant financial information of Langfeld and its subsidiary was not yet available for the preparation of such pro forma financial information at the date of approval of these financial statements.

44. SIGNIFICANT POST BALANCE SHEET EVENTS (continued)

(b) In April and May 2009, an aggregate of 156,000,000 new ordinary shares of par value HK$0.01 each were issued at a subscription price of HK$0.08 each on exercise of 156,000,000 Warrants at an aggregate consideration of HK$12,480,000 (before issue expense) of which HK$1,560,000 was credited to share capital and the remaining balance of HK$10,920,000 was credited to the share premium account. In addition, the related net premium of HK$1,460,000 received on issue of Warrants was transferred from warrant reserve to the share premium account. At the date of approval of these financial statement, the Company has 391,000,000 Warrants outstanding.

(c) Pursuant to a special resolution duly passed by shareholders at the extraordinary general meeting of the Company held on 15 April 2009, the name of the Company was approved to be changed from Rontex International Holdings Limited to Siberian Mining Group Company Limited. On 26 May 2009, the change of the name of the Company was approved by the Registrar of Companies in the Cayman Islands.

(d) On 25 May 2009, the Company and Cordia, the vendor of Langfeld, entered into a loan facility agreement prior to the completion of acquisition of Langfeld, pursuant to which Cordia has made available to the Company loan facilities of up to US$70,000,000 for the development of the coal mine acquired from the acquisition of Langfeld during the period of 24 months commencing from the date of completion of the acquisition of the 90% equity interest in Langfeld, details of which were disclosed in the Company's announcement dated 25 May 2009. At the date of approval of these financial statement, the Company had utilised US$11,000,000 out of the facility.

(e) On 25 May 2009, five convertible notes ("Convertible Note") in the aggregate principal amount of US$253,000,000 were issued by the Company to Cordia upon the completion of the Group's acquisition of the 90% equity interest in Langfeld. Assuming full conversion of the aforesaid Convertible Notes at the conversion price of HK$0.12 per share, the Convertible Notes can be converted into 16,445,000,000 ordinary shares of the Company. The Convertible Notes are not interest-bearing and are payable in one lump sum on maturity of five years. The redemption prices of the Convertible Notes are equal to 115% of the outstanding principal amount of the Convertible Notes on their respective maturity date. On 25 May 2009, Cordia had exercised the conversion rights attaching to the Convertible Notes in the principal amount of US$15,400,000, pursuant to which 1,001,000,000 new shares were allotted and issued by the Company. On the same date, the Company was informed by Cordia that Cordia had entered into a sale and purchase agreement with an independent third party to sell 4,000,000,000 shares of the Company to be issued and allotted to Cordia upon the exercise of the conversion rights attaching to the Convertible Notes. Details of which were disclosed in the Company's circular dated 30 December 2008, and announcements of the Company dated 3 December 2008 and 25 May 2009.

(f) On 5 June 2009, the Company entered into two placing agreements with China Everbright Securities (HK) Limited, the placing agent, to procure independent third parties to subscribe for the convertible bonds to be issued in two tranches up to an aggregate principal amount of US$100,000,000 (the "Convertible Bonds"). The proceeds to be received are intended to be used for the development of coal mine acquired from the acquisition of the 90% equity interest in Langfeld, details of which were disclosed in the Company's circular dated 9 June 2009. At the date of approval of these financial statements, the convertible bonds have not been subscribed. On 26 June 2009, a resolution was duly passed by the independent shareholders in an EGM on the two placing agreements and the issue of the Convertible Bonds.

FINANCIAL SUMMARY

(Expressed in Hong Kong dollars)

The following is a summary of the published results and of the assets and liabilities of the Group for the five years ended 31 March 2009.

Results

	as at 31 March				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**115,531**	120,550	166,429	194,281	162,122
Loss before tax and minority interests	**(523)**	(14,638)	(31,523)	(38,607)	(7,428)
Income Tax	**557**	140	(7,831)	–	(440)
Profit/(loss) after tax and before minority interests	**34**	(14,498)	(39,354)	(38,607)	(7,868)
Minority interests	**(2,466)**	1,677	670	1,662	1,371
Loss attributable to equity holders of the Company	**(2,432)**	(12,821)	(38,684)	(36,945)	(6,497)

Assets and liabilities

	as at 31 March				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	**224,735**	43,858	44,106	78,491	100,972
Current assets	**31,154**	37,495	30,447	23,575	33,979
Current liabilities	**(94,573)**	(33,180)	(38,962)	(39,018)	(32,315)
Non-current liabilities	**(15,076)**	–	–	–	(1,512)
Minority interests	**(21,569)**	(1,001)	(2,488)	(7,610)	(9,823)
Equity attributable to equity holders of the Company	**124,671**	47,172	33,103	55,438	91,301