ANNUAL REPORT 2008/09

NuBrands Group
滙寶集團

Nubrands Group Holdings Limited

Stock Code: 835

Contents

Corporate Information

DIRECTORS

Executive directors

Hu Suling
Kwok Wing Leung, Andy
Jin Langchuan
Sun David Lee

Non-executive directors

Yeung Ting Lap, Derek Emory
Nie Fei
Li Ruihai

Independent non-executive directors

Chiu Kam Hing, Kathy
Ho Man Kin, Tony
Li Kar Fai, Peter
Lu He
Wang Lijie

REGISTERED OFFICE

Clarendon House
2 Church House
Hamilton HM11
Bermuda

HEAD OFFICE
PRINCIPAL PLACE OF BUSINESS

Room 2002-03
20/F., Fairmont House
8 Cotton Tree Drive, Central
Hong Kong

COMPANY SECRETARY

Chow Kim Hang

AUDITOR

Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway
Hong Kong

PRINCIPAL SHARE REGISTRAR

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

BRANCH SHARE REGISTRAR

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

AUDIT COMMITTEE

Li Kar Fai, Peter
Ho Man Kin, Tony
Yeung Ting Lap, Derek Emory
Wang Lijie

REMUNERATION COMMITTEE

Ho Man Kin, Tony
Li Kar Fai, Peter
Yeung Ting Lap, Derek Emory
Wang Lijie

PRINCIPAL BANKERS

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

LEGAL ADVISERS

Tsun & Partners
Suites 1002-03, 10/F., Aon China Building
29 Queen's Road Central
Hong Kong

WEBSITE ADDRESS

http://www.nubrandsgroup.com

SHARE LISTING

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

The Statement of the Chairman

On behalf of my fellow directors and senior management team, I am pleased to present the Annual Report of Nubrands Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the financial year ended 31st March 2009.

Financial Year 2008/2009 was a pivotal and transitional year for the Group. After analyzing the current economic trends and the impacts and opportunities brought about by the global financial crisis, the executives of the Company decided to reform the Group from focusing on health and beauty operation and medical equipment trading business to an energy company group focusing on coal business.

For this reason, we seized the opportunities and made a series works of reforming and acquisitions during this financial year, implemented the first step of the Company's restructuring. The coal business has gradually become the principal business of the Company, it laid a solid foundation for and took the first step of the development of the Group.

BUSINESS REVIEW OF FINANCIAL YEAR 2008/2009

At the beginning of the year 2008, the Group entered into sale and purchase agreements to acquire two companies which hold two coal deposits in Mongolia ("SS Deposit" and "SO Deposit") with an estimated aggregate coal resource of up to 1 billion tonnes. The acquisitions ("GF acquisition" and "PF acquisition") were approved by the shareholders of the Company on 6th June 2008 and the GF acquisition was completed in July 2008.

During the year, technical advisers have been appointed by the Group to perform technical assessments on both SS Deposit and SO Deposit and the technical assessment reports are expected to be available within 2009.

For the health and beauty sector, the Group has been focusing more on those high margins branded products and launched the new "Dermagram" brand which is made in Switzerland and the revamped "LaVie" in late 2008.

PROSPECTS AND FUTURE

On 30th April 2009, the Company entered into a sale and purchase agreement pursuant to which the Company conditionally agreed to acquire the Seawise Group Limited which indirectly holds 60% equity interest in 蒲縣晟鵬煤焦有限公司 Puxian Shengpeng Coal & Coke Company Limited that owns the exploration licence of the Guyi coal mine in Shanxi Province of PRC and 80% equity interest in 古交市玉峁煤業有限公司 Gujiao City Yumao Coal Mining Company Limited that owns the mining licence and production permit of the Gujiao coal mine in Shanxi Province of PRC. According to the Technical Report from the independent technical adviser, the estimated aggregate coal resource of Guyi Mine was approximately 98.57 million tonnes and the estimated aggregate coal resource of Gujiao Mine was approximately 6.20 million tonnes. The proposed acquisition is subject to the shareholder's approval in a special general meeting to be convened on 28th July 2009.

PROSPECTS AND FUTURE – Continued

On 27th May 2009, the Company also entered into a non-legally binding memorandum of understanding in respect of the possible acquisition of 90% equity interest in 壽陽麥捷實業有限公司 Shouyang Maijie Industry Company Limited which owns the mining licence and mining rights of the Maijie coal mine in Shanxi Province of PRC.

The Group will continue to seek and seize opportunities for a series works of acquisitions, divest in some non-core businesses and finally completed the restructuring.

The strategy of the Group's restructuring should be in accordance with the following principles:

1. Regarding the coal operation as the main business, become a resource company group extending from the coal industry chain.

2. Control different types of coal resources, from coking coal, anthracite and steam coal, at an appropriate proportion.

3. Regulate the proportion of explored resources, coal mine under construction and producing coal mine, to assure the healthy and balanced development of the Company, and pay attention to the business of sales and trading of coal.

4. Expanding our business in China, overseas and other Asian countries.

We believe that after 5 years efforts, the Company will be built into a coal business group with an annual production of 40 million tonnes. It will bring great returns to the Company and our shareholders.

In order to reflect the Group's new position in being dedicated to coal business and to establish a new corporation position and image, the Board of directors (the "Board") proposed to change the official registered English name of the Company from "Nubrands Group Holdings Limited" to "Asia Coal Limited", and the Chinese secondary name will be adopted as "亞洲煤業有限公司". This proposal will be proposed at the special general meeting for approval before the related procedures are processed.

At this time when the corporation restructuring and business expansion are well underway, I would like to extend my deep appreciation to the members of the Board for their consistent hard work, dedication and support, and also appreciate to the customers, cooperators, partners and investors for their continued support.

In order to meet the needs of the corporation restructuring, we have made some essential adjustments to the Board and also the senior managements, mainly involved gathering some technical and operational management expertises for the primary business. We would like to express our appreciation to former directors and management colleagues, ex-Chairman Mr. Kwok Wing Leung, Andy and ex-Chief Executive Officer Mr. Jin Langchuan for their dedication to the Group during the past years.

Hu Suling
Chairman and Chief Executive Officer

Hong Kong, 20th July 2009

Management Discussion and Analysis

BUSINESS REVIEW

During the year, the Group has successfully expanded its business into the coal mining industry. The acquisition of the mining rights to the Saikhan Ovoo coal deposit in the Bulgan province of Mongolia in July 2008 marks the beginning of a new era in the Group's history and represents a major step forward in establishing the Group as a coal mining company. As we move forward, the coal and energy-related business will be the focus of the Group.

In the health and beauty sector, the Group is now focusing more on nurturing the Group's higher margin branded products including the recently revamped "LaVie" and the newly introduced cosmeceutical brand, "Dermagram", both of which were launched in the second half of this financial year.

FINANCIAL REVIEW

Results Analysis

For the year ended 31st March 2009, the Group generated a consolidated turnover of approximately HK$16.4 million, representing a decrease of 67.7% as compared to that of last financial year. The decrease was mainly attributable to the disposal of the medical equipment trading business. The disposal was completed in July 2008 and the turnover from the discontinued business was only consolidated for the 3 months' period before completion. The lower sales from the Group's OEM business of supplying house brands and private label products to multinational healthcare chains and the termination of the distribution business of "Lumene" skincare products also had a negative impact on the turnover.

During the financial year ended 31st March 2009, the Group recorded a gross profit of approximately HK$6.6 million, representing a 55.5% decrease as compared to that of last financial year which was primarily due to the disposal of the medical equipment trading business as mentioned above. Despite the substantial decrease in turnover and gross profit, gross profit margin increased from 29.4% as recorded in the previous year to 40.5% for the year under review as a result of the higher margin contributed by the revamped LaVie brand and the new Dermagram brand launched in the second half of the year.

Loss attributable to equity holders of the Company increased to approximately HK$35 million from HK$28.5 million as recorded in the previous financial year. The increase in loss was mainly due to the increase in finance costs on the convertible bond issued during the year as consideration for acquisition of the exploration and evaluation assets and the impairment loss on the intangible asset of HK$5.4 million recognised during the year.

FINANCIAL REVIEW – Continued

Segmental Analysis

Coal Mining

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

The acquisitions were approved by the shareholders of the Company at the special general meeting held on 6th June 2008 and the acquisition of GF was completed in July 2008, signifying the Group's new venture into coal and energy-related business. Initial consideration for the acquisition of the rights in the Saikhan Ovoo mining area of approximately HK$363,292,000 was settled in the year by issuance of 329,705,093 consideration shares and convertible bond with principal amount of approximately HK$218,222,000. The total consideration for the acquisition of the Saikhan Ovoo mining area is to be determined by reference to the technical assessment to be performed by a technical adviser to assess the quality and quantity of coal deposits in the mining area. The maximum total consideration for the Saikhan Ovoo acquisition is up to RMB760 million. Up to the date of approval of these consolidated financial statements, the PF acquisition has not been completed as not all the conditions precedent of the PF acquisition have been satisfied.

During the reporting year, technical advisers have been appointed by the Group to perform technical assessments on both mining areas and the technical assessment reports are expected to be available within a few months.

To increase the coal reserve of the Group, SMI also acquired two mineral exploration licences in areas adjacent to the Saikhan Ovoo mining area in December 2008 at a cash consideration of USD750,000.

Health and Beauty Products

During the year under review, sales of health and beauty products amounted to approximately HK$9.8 million, representing a decrease of HK$4.7 million or 32.2% as compared with that of last financial year. The decrease in turnover was mainly attributable to the lower sales from the Group's OEM business of supplying house brands and private label products to multinational healthcare chains and the termination of the distribution business of "Lumene" skincare products as a result of the Group's direction to focus more on nurturing the Group's higher margin branded products.

The gross profit margin of the segment improved from 36.1% recorded in last year to 43.9% for the year under review. This is mainly due to the higher margin contributed by the revamped LaVie brand and the new Dermagram brand launched in late 2008.

The segmental loss for the year increased slightly to approximately HK$14.7 million from HK$13.4 million as recorded in the previous financial year as a result of the lower turnover and gross profit generated during the year and the impairment loss on the intangible asset.

Medical Equipment

The Group has discontinued its medical equipment trading business during the year. On 31st January 2008, the Group entered into a sale and purchase agreement with an independent third party to dispose of its entire 100% equity interest in the medical equipment trading business at a cash consideration of HK$35,000,000. The disposal was completed on 2nd July 2008 and a gain on disposal of investment in subsidiaries of approximately HK$10.5 million was recognised.

FINANCIAL REVIEW – Continued

Financial Resources and Liquidity

As at 31st March 2009, the Group held cash and bank balances amounting to approximately HK$103,756,000 (2008: HK$20,977,000) while the total borrowings were approximately HK$120,505,000 (2008: HK$3,397,000). The gearing ratio, defined as the ratio of total borrowings less cash and bank balances to equity attributable to shareholders of the Company, was 4.6% as at 31st March 2009.

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

With its available cash balances and banking facilities, the Group has sufficient financial resources to fund its operational requirements.

Charges on Assets

As at 31st March 2009, bank deposits and property, plant and equipment with respective carrying values of approximately HK$1,717,000 and HK$147,000 were pledged to secure the Group's banking facilities and finance lease obligations.

Foreign Exchange Risk Management

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

Capital Commitment

As at 31st March 2009, the Group had capital commitments authorised but not contracted for amounting to approximately HK$12.3 million and contracted but not provided for in the consolidated financial statements amounting to approximately HK$6 million in respect of the exploration work to be performed.

As at 31st March 2009, the PF acquisition has not been completed and the total consideration for the GF acquisition is subject to adjustment. Pursuant to the GF and PF sale and purchase agreements, the consideration for the GF acquisition and PF acquisition will be determined based on the quantity and quality of coal ore resources and reserves held by SMI and Sinotum respectively by reference to the technical assessments to be prepared by a technical adviser. The consideration for the GF acquisition and PF acquisition can be up to maximum of RMB760 million and RMB3,600 million respectively.

Contingent Liabilities

As at 31st March 2009, the Group had no significant contingent liabilities.

PROSPECTS AND OUTLOOK

Energy demand has grown vastly in recent years and is believed to keep rising in the years to come. The Directors believe that fossil fuels will continue to provide the majority of the total energy demand well into the future and expects the continuous growth in demand for coal for quite a long time. In the meantime, steel demand in China has risen dramatically in recent years and is expected to stay high in the foreseeable future. Demand for coal associated with steel industry will remain robust. The Directors consider the outlook for the coal industry positive.

The Group has demonstrated its commitment to identifying and capitalizing on new opportunities to achieve substantial and sustainable financial growth for the Group and to maximize shareholders' value.

On 30th April 2009, the Group entered into a Sale and Purchase Agreement to acquire Seawise Group Limited ("Seawise"). Upon the completion of the reorganisation, Seawise will indirectly hold 60% of the Puxian Shengpeng Coal & Coke Company Limited ("Puxian Shengpeng") and 80% of Gujiao City Yumao Coal Mining Company Limited ("Gujiao Yumao"). Puxian Shengpeng holds the exploration licence of Guyi Mine in Shanxi Province of PRC with reported coal resources of 98,570,000 tonnes, and is in the process of applying for the mining licence. Gujiao Yumao holds the mining licence and production permit of Gujiao Mine in Shangxi Province of PRC with reported coal resources of 6,161,000 tonnes. The consideration of the acquisition is HK$1,524,525,000, subject to the adjustment mechanism as described in the Company's circular dated 25th June 2009 and will be settled by the issuance of consideration shares and convertible bonds. The acquisition constitutes a very substantial acquisition and a connected transaction on the part of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and is subject to the approval of the Company's independent shareholders at a special general meeting to be convened.

On 27th May 2009, the Company also entered into a non-legally binding memorandum of understanding in respect of the possible acquisition of 90% of the issued share capital of 壽陽麥捷實業有限責任公司 Shouyang Maijie Industry Company Limited which beneficially owns the mining licence and mining rights of the Maijie coal mine in Shanxi Province of PRC for a total consideration of USD452,700,000. The consideration of the proposed acquisition is intended to be settled by the Company by way of issuing convertible bonds, and/or by way of cash and/or combination thereof.

The directors of the Company believe that the proposed acquisitions will provide the Group with a unique opportunity to diversify from the Group's coal business in Mongolia and invest in the coal industry in the PRC. Upon Completion, the Group will expand its geographic coverage of coal mining business and build up its coal operations with a mixture operating mines and mines in development stage.

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

HUMAN RESOURCES

As at 31st March 2009, the Group had a total of 47 employees. The Group believes its success and long-term growth depends primarily on the quality, performance and commitment of its employees. To ensure that the Group attracts and retains competent staff, remuneration packages are reviewed on a regular basis. Discretionary bonuses and share options are also offered to qualified employees based on individual and Group performance.

Corporate Governance Report

COMPLIANCE OF CORPORATE GOVERNANCE CODE

The Company has, throughout the year ended 31st March 2009, applied the principles and complied with the requirements of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") save and except certain deviations as more specifically described below. The current practices will be reviewed and updated regularly so that the latest development in corporate governance can be followed and observed.

DIRECTORS

Model Code For Securities Transactions By Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. The Company, having made specific enquiry, confirms that all directors of the Company have fully complied with the Model Code throughout the financial year ended 31st March 2009.

Directors and Directors' Independence

The board of directors (the "Board") during the year and up to the date of this report comprised:

Executive directors

Ms. Hu Suling	*(Chairman and Chief Executive Officer)* *(appointed as executive director and Chief Executive Officer on 18th March 2009 and as Chairman on 1st April 2009)*
Mr. Kwok Wing Leung, Andy	
Mr. Jin Langchuan	*(appointed on 1st September 2008)*
Mr. Sun David Lee	*(appointed on 21st August 2008)*
Mr. Tse Michael Nam	*(resigned on 11th April 2009)*

Non-executive directors

Mr. Yeung Ting Lap, Derek Emory	
Ms. Nie Fei	*(appointed on 18th March 2009)*
Mr. Li Ruihai	*(appointed on 18th March 2009)*

Independent non-executive directors

Ms. Chiu Kam Hing, Kathy	
Mr. Ho Man Kin, Tony	
Mr. Li Kar Fai, Peter	
Ms. Lu He	*(appointed on 21st August 2008)*
Professor Wang Lijie	*(appointed on 18th March 2009)*

DIRECTORS – Continued

Directors and Directors' Independence – continued

The Company has received, from each of the independent non-executive directors, the respective confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive directors are independent.

During the financial year ended 31st March 2009, 11 Board meetings, 2 meetings of the Audit Committee of the Company (the "Audit Committee") and 1 meeting of the Remuneration Committee of the Company (the "Remuneration Committee") were held respectively. Attendance by directors at Board and Committee meetings is shown below:

Attendance Record for the Board and Board Committee Meetings During the Year		Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings
		Number of Attendance/Number of Meeting		
Executive directors				
Ms. Hu Suling	*(appointed on 18th March 2009)*	Nil	N/A	N/A
Mr. Kwok Wing Leung, Andy		11/11	N/A	N/A
Mr. Jin Langchuan	*(appointed on 1st September 2008)*	3/11	N/A	N/A
Mr. Sun David Lee	*(appointed on 21st August 2008)*	1/11	N/A	N/A
Mr. Tse Michael Nam	*(resigned on 11th April 2009)*	10/11	N/A	N/A
Non-executive directors				
Mr. Yeung Ting Lap, Derek Emory		11/11	2/2	1/1
Ms. Nie Fei	*(appointed on 18th March 2009)*	Nil	N/A	N/A
Mr. Li Ruihai	*(appointed on 18th March 2009)*	Nil	N/A	N/A
Independent non-executive directors				
Ms. Chiu Kam Hing, Kathy		9/11	N/A	N/A
Mr. Ho Man Kin, Tony		8/11	2/2	1/1
Mr. Li Kar Fai, Peter		8/11	2/2	1/1
Ms. Lu He	*(appointed on 21st August 2008)*	2/11	N/A	N/A
Professor Wang Lijie	*(appointed on 18th March 2009)*	Nil	Nil	Nil

Role and Function

While daily operation and administration are delegated to the management, the Board is responsible for the types of decision relating to the following aspects:

- Formulation of operational and strategic direction of the Group;
- Monitoring the financial performance of the Group;
- Overseeing the performance of the management;
- Ensuring a prudent and effective framework of internal control is in place to enable risks to be assessed and managed; and
- Setting the Company's values and standards.

DIRECTORS – Continued

Role and Function – continued

The Board held meetings from time to time whenever necessary. Minutes of every Board, Audit Committee and Remuneration Committee meetings are circulated to all directors or relevant committee members for their perusal and comments prior to confirmation of the minutes. The Board also ensures that it is supplied in a timely manner with the agenda and all necessary information in a form and of a quality appropriate to enable it to discharge its duties.

The attendance record of individual Board meetings during the year is set out in the table on page 10 of this report.

Every Board member has full access to the advice and services of the company secretary with a view to ensuring that Board procedures, and all applicable rules and regulations are followed and they are also entitled to have full access to Board papers and related materials so that they are able to make an informed decision and to discharge their duties and responsibilities.

The Separate Roles of Chairman and Chief Executive Officer

Mr. Kwok Wing Leung, Andy held both positions of chairman and chief executive officer of the Company during the period from 1st April 2008 to 30th September 2008 within the year ended 31st March 2009. Hence, during the said period from 1st April 2008 to 30th September 2008, the Company did not have a separate chairman and chief executive officer and this constitutes a deviation from code provision A.2.1 of the Code.

Mr. Kwok Wing Leung, Andy resigned as chief executive officer of the Company with effect from 1st October 2008 but remains as chairman of the Company. Mr. Jin Langchuan had been chief executive officer of the Company since 1st September 2008.

Due to his new responsibility in the Group, Mr. Jin Langchuan resigned as chief executive officer of the Company on 18th March 2009 and Ms. Hu Suling was appointed chief executive officer of the Company with effect from 18th March 2009. Following the resignation of Mr. Kwok Wing Leung, Andy as chairman of the Company on 1st April 2009, Ms. Hu Suling was also appointed chairman of the Company as the Board believes that vesting the roles of both chairman and chief executive officer in the same person provides the Group with strong and consistent leadership and allows for more effective planning and execution of long term business strategies.

The Board also believes that the Company already has a strong corporate governance structure in place to ensure effective supervision of management. Such a structure provides many of the benefits of having a separate chairman and chief executive officer. The structure includes:

- Having the Audit Committee comprising a majority of independent non-executive directors;

- Having the Remuneration Committee comprising a majority of independent non-executive directors; and

- Ensuring that independent non-executive directors have free and direct access to both Company's external auditors and independent professional advice where considered necessary.

The Board believes that these measures will ensure that our independent non-executive directors continue to effectively supervise the Group's management and to provide vigorous control of key issues relating to strategy, risk and integrity. The Board continually reviews the effectiveness of the Group's corporate governance structure to assess whether any changes, including the separation of the positions of chairman and chief executive officer, are necessary.

DIRECTORS – Continued

Appointments and Re-election of Directors

No nomination committee is established in view of the current business size of the Company. Currently, the Board is responsible for reviewing its composition, identifying and selecting suitable Board members, assessing independence of the independent non-executive directors, considering appointment or re-appointment of the directors and succession planning for the directors. The appointment of new directors will be considered and approved by the Board based on the proposed director's knowledge, experience and contribution to the Group. Newly appointed directors are subject to re-election by shareholders of the Company at the general meetings in the first year of the appointment pursuant to the Company's Bye-laws.

Under code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election. During the year ended 31st March 2009, the Company has entered into service contracts with all three existing non-executive directors of the Company, and all five independent non-executive directors of the Company (including Ms. Lu He who was once not subject to a specific term) for specific terms of two years, directorships of which are all subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-laws.

Directors' Responsibility for Financial Statements

The directors acknowledge their responsibility in overseeing the preparation of the financial statements that give a true and fair view of the state of affairs of the Group. Having made appropriate enquiries, the directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future, and that, for this reason, it is appropriate to adopt the going concern basis in preparing the financial statements. With the assistance of the finance department, the directors ensures that the financial statements of the Group are being prepared, and published in a timely manner, in accordance with the applicable accounting standards and statutory requirements. The directors' statements of responsibility for the financial statements should be read in conjunction with – but distinguished from – the Independent Auditor's Report on pages 27 to 28 of this Annual Report, which acknowledges the reporting responsibilities of the external auditors.

REMUNERATION COMMITTEE

The Remuneration Committee was established by the Company to establish policies, review and determine the remuneration of the directors and the senior management. The Remuneration Committee comprises three independent non-executive directors namely Mr. Ho Man Kin, Tony (chairman), Mr. Li Kar Fai, Peter and Professor Wang Lijie (appointed on 18th March 2009) and one non-executive director namely Mr. Yeung Ting Lap, Derek Emory.

According to the terms of reference of the Remuneration Committee, its major roles and functions are as follows:

(1) To make recommendations to the Board on the Group's policy and structure for all remuneration packages of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration.

(2) To have the delegated responsibility to determine the specific remuneration packages for all executive directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive directors. The Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the Group and desirability of performance-based remunerations.

REMUNERATION COMMITTEE – Continued

(3) To review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

(4) To review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company.

(5) To review and approve compensation arrangement relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate.

(6) To ensure that no director or any of his/her associate is involved in deciding his/her own remuneration. It shall advise shareholders of the Company on how to vote with respect to any service contracts of directors that require shareholders' approval.

The Remuneration Committee held one meeting during the year. The complete attendance record of individual committee members is set out in the table on page 10 of this report.

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

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for overseeing the internal control system of the Group. To facilitate the effectiveness and efficiency of operations and to ensure compliance with relevant laws and regulations, the Group emphasises on the importance of a sound internal control system which is also indispensable for mitigating the Group's risk exposures. The Group's internal control system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage and eliminate risks of failure in operational systems and fulfillment of the business objectives.

The internal control system is reviewed on an ongoing basis by the Board in order to make it practical and effective in providing reasonable assurance in relation to protection of material assets and identification of business risks. The Board is satisfied that, based on information furnished to it and on its own observations, the present internal controls of the Group are satisfactory.

The Group is committed to the identification, monitoring and management of risks associated with its business activities and has implemented a practical and effective control system which includes a defined management structure with limits of authority, a sound cash management system and periodic review of the Group's performance by the Audit Committee and the Board.

The Board has conducted review of the effectiveness of its internal control system and is of the view that the internal control system adopted for the year ended 31st March 2009 is sound and is effective to safeguard the interests of the shareholders' investment and the Group's assets.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors namely, Mr. Li Kar Fai, Peter (chairman), Mr. Ho Man Kin, Tony and Professor Wang Lijie (appointed on 18th March 2009) and one non-executive director namely Mr. Yeung Ting Lap, Derek Emory. Mr. Li Kar Fai, Peter, the chairman of the Audit Committee, has professional qualification and in-depth experience in accounting and corporate finance. No member of the Audit Committee is a member of the former or existing auditors of the Company.

According to the existing terms of reference of the Audit Committee, its major roles and functions are, amongst others, (i) to oversee the relationship with the Company's auditors; (ii) to review the interim and annual financial statements; and (iii) to review the Company's financial reporting system and internal control and risk management procedures.

The Audit Committee held two meetings during the year. The complete attendance record of individual committee members is set out in the table on page 10 of this report.

In performing its duties in accordance with its terms of reference, the Audit Committee reviewed and supervised the financial reporting process and internal control and risk management systems of the Group and reviewed the Group's financial statements for the relevant period with reference to the scope of the terms of reference. The Audit Committee also conducted discussion with external auditors on financial reporting and compliance and reported relevant matters to the Board.

AUDITORS

The financial reporting responsibilities of the auditors are set out on pages 27 to 28 of this annual report.

During the financial year ended 31st March 2009, the fees paid/payable to the external auditors, Deloitte Touche Tohmatsu, in respect of audit and non-audit services provided by the auditors to the Group were as follows:

Nature of services rendered	**Fee paid/payable**
	HK$'000
Audit services	1,180
Non-audit services	446
	1,626

CORPORATE COMMUNICATION/INVESTOR RELATIONS

The Code requires the Company to have a dialogue with shareholders and the Board recognises the importance of maintaining effective communications with shareholders. Annual reports and interim reports provide shareholders with comprehensive information on the Group's operational and financial performances while general meetings offer a platform for shareholders to state and exchange views with the Board directly.

The management communicates continually with analysts and institutional investors and provides them up-to-date and comprehensive information regarding the Group's development. The Company practices timely dissemination of information including annual reports, interim reports, announcements and press releases, and is updated in a timely manner to ensure transparency.

Biographical Details of Directors

EXECUTIVE DIRECTORS

Ms. Hu Suling

Ms. Hu, aged 46, has been an executive director and chief executive officer of the Company since March 2009, and was appointed chairman of the Board in April 2009. Ms. Hu holds a Bachelor's degree in Mechanical and Engineering from E&M Department, Science and Technology University of Inner Mongolia, which was previously known as Baotou Iron and Steel College, and completed her graduate studies in Economy Management at Chinese Academy of Social Sciences in the People's Republic of China. Since 1993, Ms. Hu has been engaging in the consulting of investment and management relating to coal and coking. Prior to that, Ms. Hu has 10 years experience in design and manufacture of the mechanical equipments of mining and melting.

Mr. Kwok Wing Leung, Andy

Mr. Kwok, aged 35, has been an executive director of the Company and chairman of the Board since September 2005, and resigned as chairman of the Board but remaining as an executive director of the Company in April 2009. Mr. Kwok has over 10 years of local and overseas financial and general management experience and has experience in the trading business in the People's Republic of China. Mr. Kwok holds a Master's degree in Business Administration from Tsinghua University and a Bachelor's degree in Economics from the University of Sydney. Mr. Kwok is a member of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia. Mr. Kwok is the sole director and beneficial owner of Billion Pacific Ventures Limited, a substantial shareholder of the Company. Mr. Kwok is also the independent non-executive director of AGTech Holdings Limited which shares are listed in the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("the "Stock Exchange").

Mr. Jin Langchuan

Mr. Jin, aged 66, has been an executive director of the Company and chief executive officer of the Company since September 2008. Mr. Jin ceased to be chief executive officer of the Company but remaining as an executive director of the Company and was appointed as vice president of the Company (in charge of power-related matters) in March 2009. Mr. Jin graduated from Nanjing Power Institute (南京電力專科學校) in 1962. Mr. Jin recently served as the senior advisor to Huaneng International Power Development Company (華能國際電力開發公司). Prior to that, Mr. Jin was the chief engineer and senior vice president of China Huaneng Group Company (中國華能集團公司), the largest independent power company in the People's Republic of China. Before Mr. Jin joined China Huaneng Group Company (中國華能集團公司) in 1995, he was the deputy director of Northeastern Power Administration Bureau (東北電業管理局副局長). Mr. Jin has over 44 years of management and operation experiences in the power industry of the People's Republic of China.

EXECUTIVE DIRECTORS – Continued

Mr. Sun David Lee

Mr. Sun, aged 43, has been an executive director of the Company since August 2008. Mr. Sun holds a Juris Doctor from the University of Illinois College of Law and a Bachelor of Art degree from Cornell University, USA. Mr. Sun is currently an executive director of BIO-DYNAMIC GROUP LIMITED (formerly known as Wealthmark International (Holdings) Limited which shares are listed in the main board of the Stock Exchange. Mr. Sun is currently responsible for the international affairs of BIO-DYNAMIC GROUP LIMITED and a director of CEC Management Limited. Mr. Sun is also a director of CEC Resources Limited, a substantial shareholder of the Company, which is ultimately controlled by a fund managed by CEC Management Limited. Prior to helping form CEC Management Limited, he was the Managing Director and General Counsel of Pacific Alliance Group Limited. Mr. Sun was the Director for Strategy and Business Development Asia at InBev (formerly known as Interbrew SA). Prior to his position at InBev, he was a consultant in the Corporate Finance and Strategy Practice of McKinsey & Company, Inc. in Hong Kong.

NON-EXECUTIVE DIRECTORS

Mr. Yeung Ting Lap, Derek Emory

Mr. Yeung, aged 36, has been a non-executive director of the Company since September 2005. Mr. Yeung holds a Bachelor's degree in Applied Mathematics and Economics from Brown University and a Master's degree in Business Administration and Accounting from Northeastern University, both in the United States of America. Mr. Yeung is a member of the American Institute of the Certified Public Accountants. Mr. Yeung is presently the chief executive officer and co-founder of She.Com International Holdings Limited and She. Communications Limited, a leading female-centric cross-media communications company and an associate company of a Hong Kong listed company, the TOM Group Limited. Mr. Yeung is currently a non-executive director of BIO-DYNAMIC GROUP LIMITED (formerly known as Wealthmark International (Holdings) Limited) which shares are listed in the main board of the Stock Exchange.

Ms. Nie Fei

Ms. Nie, aged 46, has been a non-executive director of the Company since March 2009. Ms. Nie holds a Bachelor's degree in Chemical Engineering from Tsinghua University in the People's Republic of China, a Master's degree in Management Information Systems from United States International University and a Master's degree in Chemistry from Rochester Institute of Technology, both in the United States of America. Ms. Nie has over 15 years experience in marketing and business development. Ms. Nie is the general manager of ChangJiang ZhongJi DaDi Mining Co. Ltd., private-owned iron ore mining company in Hainan.

Mr. Li Ruihai

Mr. Li, aged 69, has been a non-executive director of the Company since March 2009. Mr. Li completed his studies in the training courses of the leading cadres of large and medium-sized enterprises at University of International Business and Economics in the People's Republic of China. Mr. Li has over 30 years experience in management and international trading. He was the deputy director of Tianjin Baodi Foreign Trade Bureau, the chief manager of Tianjin Huanong Import & Export Corporation and Tianjin Zhongsi Import & Export Corporation. Currently, Mr. Li is the director of a private-owned company, Tianjin KINHOM Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Chiu Kam Hing, Kathy

Ms. Chiu, Justice of the Peace, aged 60, has been an independent non-executive director of the Company since June 2006. Ms. Chiu holds a Bachelor's degree in Business Administration in Canada and a Diploma in Economics, Finance & Political Studies from Beijing University in China. Ms. Chiu is an associate and a fellow of the Institute of Canadian Bankers, has almost 30 years of banking experience in both Canada and Asia Pacific region and has held key position in a major bank of the United States of America. Ms. Chiu is an independent non-executive director of Qianlong Technology International Holdings Limited which shares are listed in the Growth Enterprise Market of the Stock Exchange.

Mr. Ho Man Kin, Tony

Mr. Ho, aged 38, has been an independent non-executive director of the Company since March 2006. Mr. Ho holds a Bachelor's degree in Management Science from the University of St. Andrews. Mr. Ho is currently the Head of Special Situation Investments – Greater China, LaSalle Investment Management in Hong Kong and has held key positions in various corporate advisory assignments. Mr. Ho has also worked as an equity investment analyst for various major investment banks in Hong Kong.

Mr. Li Kar Fai, Peter

Mr. Li, aged 44, has been an independent non-executive director of the Company since March 2006. Mr. Li holds a Bachelor's degree in Accountancy from the City University of Hong Kong and is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Li has extensive experience in corporate finance and accounting.

Ms. Lu He

Ms. Lu, aged 35, has been an independent non-executive director of the Company since August 2008. Ms. Lu holds a Bachelor's Degree in Engineering from Northern Jiaotong University in the People's Republic of China, a Master's Degree in Economics from Peking University in the People's Republic of China and has also been awarded a Master of Business Administration from London Business School. Ms. Lu was most recently a vice president in corporate finance at Credit Suisse and prior to that held a similar position at Deutsche Bank. Ms. Lu is experienced in both corporate advisory and equity capital market transactions, including mergers and acquisitions, capital raisings and privatizations.

Professor Wang Lijie

Professor Wang, aged 56, has been an independent non-executive director of the Company since March 2009. Professor Wang holds a Doctor's degree in Management Science & Engineering from China University of Mining & Technology (Beijing) in the People's Republic of China. Professor Wang is professor of school of management of China University of Mining & Technology (Beijing), tutor of postgraduate candidates and dean. Professor Wang has over 20 years experience in teaching and research work in the fields of mining, policy and management of energy sources and enterprise strategy management. Professor Wang has accomplished numerous scientific research items provided by National Natural Science Foundation of China and Ministry and Coal enterprises and gained national and ministry awards in science and technology. Professor Wang is an expert in coal system. He is the associate director of Economy & Management Special Committee of China Coal Academy and director of China Coal Economic Seminar. Professor Wang is also the independent director of Pingdingshan Tianan Coal Mining Co., Ltd., a Shanghai-listed company.

Directors' Report

The directors have pleasure in presenting their annual report and the audited consolidated financial statements of the Company for the year ended 31st March 2009.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. Its subsidiaries are principally engaged in the coal and energy-related business and the manufacturing and distribution of personal care and beauty products.

RESULTS

The results of the Group for the year are set out in the consolidated income statement on page 29.

RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 32 of the annual report.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years, as extracted from the audited consolidated financial statements, is set out on page 84.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Group during the year are set out in note 17 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 18 to the consolidated financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital are set out in note 31 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

There are no distributable reserves of the Company at 31st March 2009, calculated under The Companies Act 1981 of Bermuda (as amended). The Company's share premium account, in the amount of HK$249,005,000 at 31st March 2009 (2008: HK$64,829,000), may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate purchases attributable to the Group's largest supplier and five largest suppliers taken together accounted for 11% and 43% respectively of the Group's total purchases for the year.

The aggregate sales attributable to the Group's largest customer and five largest customers taken together accounted for 55% and 76% respectively of the Group's total turnover for the year.

None of the directors, their associates or any shareholders of the Company (which to the knowledge of the directors of the Company own more than 5% of the Company's share capital) had any interest in the five largest suppliers or customers.

DIRECTORS

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

Executive directors

Ms. Hu Suling	*(Chairman and Chief Executive Officer)* *(appointed as executive director and Chief Executive Officer on 18th March 2009 and as Chairman on 1st April 2009)*
Mr. Kwok Wing Leung, Andy	
Mr. Jin Langchuan	*(appointed on 1st September 2008)*
Mr. Sun David Lee	*(appointed on 21st August 2008)*
Mr. Tse Michael Nam	*(resigned on 11th April 2009)*

Non-executive directors

Mr. Yeung Ting Lap, Derek Emory	
Ms. Nie Fei	*(appointed on 18th March 2009)*
Mr. Li Ruihai	*(appointed on 18th March 2009)*

Independent non-executive directors

Ms. Chiu Kam Hing, Kathy	
Mr. Ho Man Kin, Tony	
Mr. Li Kar Fai, Peter	
Ms. Lu He	*(appointed on 21st August 2008)*
Professor Wang Lijie	*(appointed on 18th March 2009)*

In accordance with Bye-law 110 of the Company's Bye-laws, Messrs. Kwok Wing Leung, Andy, Yeung Ting Lap, Derek Emory and Li Kar Fai, Peter will retire as directors of the Company by rotation at the forthcoming annual general meeting and they, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

In accordance with Bye-law 113 of the Company's Bye-laws, Ms. Hu Suling, Ms. Nie Fei, Mr. Li Ruihai and Professor Wang Lijie will retire as directors of the Company by rotation at the forthcoming annual general meeting and they, being eligible, will offer themselves for re-election at the forthcoming annual general meeting, if they are re-elected as directors of the Company at the special general meeting of the Company to be held on 28th July 2009 pursuant to Bye-law 101 of the Company's Bye-laws (the details of their re-election as directors of the Company at the said special general meeting may be referred to in the circular of the Company dated 25th June 2009).

DIRECTORS – Continued

None of the directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

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

As at 31st March 2009, the interests of the directors and chief executives and their associates of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

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

	Number of shares/underlying shares held			
Name of director	**Personal interests**	**Corporate interests**	**Total**	**% of the issued share capital**
Kwok Wing Leung, Andy	6,942,320	401,533,775 *(Note 1)*	408,476,095	24.72
Jin Langchuan	10,000,000 *(Note 2)*	–	10,000,000	0.61
Yeung Ting Lap, Derek Emory	3,692,660 *(Note 3)*	–	3,692,660	0.22

Notes:

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

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

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

Mr. Tse Michael Nam, who resigned as director of the Company on 11th April 2009, had personal interests in 1,775,596 shares of the Company, representing 0.11% of the issued share capital of the Company, as at 31st March 2009.

Save as disclosed above, none of the directors nor chief executives and their associates of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 31st March 2009, as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEMES

Particulars of the Company's share option schemes are set out in note 32 to the consolidated financial statements.

2003 Scheme

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

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

The 2003 Scheme was terminated when the 2007 Scheme as defined below came into effect on 28th September 2007. Upon the termination of the 2003 Scheme, no further options would be granted, but the options granted prior to such termination continue to be valid and exercisable in accordance with provisions of the 2003 Scheme.

2007 Scheme

A share option scheme (the "2007 Scheme") was adopted by the Company pursuant to a resolution passed on 28th September 2007.

A summary of the principal terms of the 2007 Scheme is given below:

(I)	Purpose of the scheme	:	The purpose of the 2007 Scheme is to encourage the participants to perform their best in achieving the goals of the Group and at the same time allow the participants to enjoy the results of the Company attained through their efforts and contributions and to provide the participants with incentives and help the Company in retaining its existing employees and recruiting additional employees.
(II)	Participants of the scheme	:	The directors of the Company may invite any director (including non-executive director and independent non-executive director), employee of the Company or any of its subsidiaries or associated companies or any suppliers of goods or services to the Group to take up options to subscribe for share of HK$0.10 each in the capital of the Company.
(III)	Total number of shares available for issue under the scheme and percentage of issued share capital as at the date of this report	:	The number of shares available for issue under the 2007 Scheme was 90,323,472 shares representing approximately 5.47% of the issued share capital as at the date of this report.

SHARE OPTION SCHEMES – Continued

2007 Scheme – continued

(IV)	Maximum entitlement of each participant under the scheme	:	The maximum number of shares issued and which may fall to be issued upon exercise of the options granted under the 2007 Scheme to each participant in any 12-month period up to the date of grant must not exceed 1% of the shares in issue unless it is approved by shareholders (other than the grantees and/or their respective associates) in a general meeting of the Company. 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 in issue and with an aggregate value (based on the closing price of the shares at the date of the grant) in excess of HK$5 million, in any 12-month period, are subject to shareholders' approval in general meeting of the Company.
(V)	The period within which the shares must be taken up under an option	:	The period within which the options must be exercised will be specified by the Company at the time of grant. This period shall not be more than 10 years from the relevant date of grant.
(VI)	The minimum period for which an option must be held before it can be exercised	:	The Company may specify any minimum period(s) for which an option must be held before it can be exercised at the time of grant of the options. The 2007 Scheme does not contain any such minimum period.
(VII)	The amount payable upon acceptance of option	:	Upon acceptance of the option, a nominal consideration of HK$1.00 will be paid by each grantee for each lot of share option granted within 21 days from the date of making offer of option.
(VIII)	The basis of determining the exercise price	:	The exercise price must not be less than the higher of: (i) the closing price of the shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a trading day; (ii) the average closing prices of the shares as stated in the daily quotation sheet of the Stock Exchange for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a share.
(IX)	The remaining life of the scheme	:	The 2007 Scheme has the period of 10 years commencing from 28th September 2007.

SHARE OPTION SCHEMES – Continued

Details of the share options granted under the 2003 Scheme and the 2007 Scheme are as follows:

Grantee	Option Scheme Type	Date of Grant	Exercisable Period	Exercise price per share HK$	Number of share options Balance at 01/04/2008	Granted during the year	Exercised during the year	Lapsed during the year	Balance at 31/03/2009
Jin Langchuan Director	2007	01/09/2008	01/09/2008 to 31/08/2018	0.301	–	10,000,000	–	–	10,000,000
Employees	2003	21/08/2006	21/08/2007 to 21/08/2016	0.210	2,272,000	–	(1,272,000)	(1,000,000)	–
	2007	22/11/2007	22/11/2007 to 21/11/2017	0.270	25,230,000	–	–	(4,950,000)	20,280,000
	2007	22/11/2007	22/11/2008 to 21/11/2017	0.270	2,850,000	–	–	(1,800,000)	1,050,000
	2007	03/03/2009	03/03/2009 to 02/03/2019	0.270	–	2,000,000	–	–	2,000,000
Consultants	2003	21/08/2006	21/08/2006 to 21/08/2016	0.210	5,442,320	–	–	–	5,442,320
	2007	22/11/2007	22/11/2007 to 21/11/2017	0.270	18,060,000	–	–	–	18,060,000
					53,854,320	12,000,000	(1,272,000)	(7,750,000)	56,832,320

The closing price of the Company's shares immediately before the date of the aforesaid grants of the options on 1st September 2008 and 3rd March 2009, being 29th August 2008 and 2nd March 2009, were HK$0.285 and HK$0.23 respectively.

The weighted average closing price of the Company's shares immediately before the date of the aforesaid exercise of the options was HK$0.36.

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

Save as disclosed above, none of the directors or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Other than the share option schemes disclosed above, at no time during the year was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

DISCLOSABLE INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS UNDER SFO

Save as disclosed in the section "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures", as at 31st March 2009, the following corporations, other than a director or chief executive of the Company, had the following interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

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

Notes:

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

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

DISCLOSABLE INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS UNDER SFO – Continued

Notes: – continued

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

3. The percentage shown was the number of securities the relevant person was interested expressed as an approximate percentage of the number of issued shares as at 31st March 2009.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31st March 2009.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year and up to the date of this annual report, no directors of the Company are considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, pursuant to Rule 8.10 of the Listing Rules, other than those businesses of which the directors of the Company were appointed as directors to represent the interests of the Company.

DIRECTORS' INTERESTS IN CONTRACTS

On 31st January 2008, the Group entered into a service agreement with Mr. Yeung Ting Lap, Derek Emory ("Mr. Yeung"), a director of the Company, pursuant to which the Company agreed to appoint Mr. Yeung as an agent of the Company in consideration of the successful introduction to the Company the business opportunities as contemplated under two acquisition agreements and for procuring the completion of the acquisitions in accordance with the agreements. The Company issued and allotted to Mr. Yeung 3,192,660 new shares in the Company during the year ended 31st March 2009 in accordance with the terms of the said service agreement. The maximum limit for the number of new shares to be issued shall be 50,000,000. The details of the said service agreement were disclosed in the Circular.

Except for Mr. Yeung's service agreement disclosed above, no contracts of significance 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, existed at the end of the year or at any time during the year.

CONNECTED TRANSACTIONS

On 31st January 2008, the Group entered into a service agreement with Mr. Yeung Ting Lap, Derek Emory ("Mr. Yeung"), a director of the Company, pursuant to which the Company agreed to appoint Mr. Yeung as an agent of the Company in consideration of the successful introduction to the Company the business opportunities as contemplated under two acquisition agreements and for procuring the completion of the acquisitions in accordance with the agreements. The Company issued and allotted to Mr. Yeung 3,192,660 new shares in the Company during the year ended 31st March 2009 in accordance with the terms of the said service agreement. The maximum limit for the number of new shares to be issued shall be 50,000,000. The details of the said service agreement were disclosed in the Circular.

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

At no time during the year, did the Company nor any of its subsidiaries purchase, sell or redeem any of the Company's listed securities.

MANAGEMENT CONTRACTS

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

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, the directors confirm that the Company has maintained the amount of public float as required under the Listing Rules as at the latest practicable date prior to the issue of this report.

PRE-EMPTIVE RIGHTS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS' CONFIRMATION OF INDEPENDENCE

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

EMOLUMENT POLICY

The emolument policy regarding the employees of the Group is set up by the Remuneration Committee and is based on their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted share option schemes as an incentive to directors and eligible employees. Details of the schemes are set out in note 32 to the consolidated financial statements.

POST BALANCE SHEET EVENTS

Details of significant post balance sheet events are set out in note 41 to the consolidated financial statements.

AUDITOR

A resolution will be submitted to the annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Hu Suling
Chairman and Chief Executive Officer

Hong Kong, 20th July 2009

Deloitte.
德勤

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

We have audited the consolidated financial statements of Nubrands Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 29 to 83, which comprise the consolidated balance sheet as at 31st 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 CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated 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 the consolidated 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.

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated 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 of the Company, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
20th July 2009

	Notes	Continuing Operations 2009 HK$'000	Continuing Operations 2008 HK$'000	Discontinued Operations 2009 HK$'000	Discontinued Operations 2008 HK$'000	Total 2009 HK$'000	Total 2008 HK$'000
Revenue	7	**9,819**	14,485	**6,592**	36,274	**16,411**	50,759
Cost of sales		**(5,508)**	(9,256)	**(4,253)**	(26,556)	**(9,761)**	(35,812)
Gross profit		**4,311**	5,229	**2,339**	9,718	**6,650**	14,947
Other income	9	**691**	304	**943**	4,319	**1,634**	4,623
Impairment loss on an intangible asset	20	**(5,400)**	(2,600)	**–**	–	**(5,400)**	(2,600)
Selling and distribution expenses		**(10,662)**	(10,473)	**(1,101)**	(5,259)	**(11,763)**	(15,732)
Administrative expenses		**(25,146)**	(20,991)	**(1,405)**	(5,808)	**(26,551)**	(26,799)
Loss on rescission of contract for acquisition of a subsidiary	10	**–**	(3,300)	**–**	–	**–**	(3,300)
Finance costs	11	**(10,560)**	(117)	**(15)**	–	**(10,575)**	(117)
(Loss) profit before tax		**(46,766)**	(31,948)	**761**	2,970	**(46,005)**	(28,978)
Taxation	12	**390**	455	**–**	(25)	**390**	430
Gain on disposal of subsidiaries	34	**–**	–	**10,539**	–	**10,539**	–
(Loss) profit for the year	13	**(46,376)**	(31,493)	**11,300**	2,945	**(35,076)**	(28,548)
Attributable to:							
Equity holders of the Company						**(35,076)**	(28,540)
Minority interests						**–**	(8)
						(35,076)	(28,548)
(LOSS) EARNINGS PER SHARE (HK cent(s))	15						
From continuing and discontinued operations							
Basic and diluted						**(2.43)**	(3.17)
From continuing operations							
Basic and diluted						**(3.22)**	(3.50)
From discontinued operations							
Basic and diluted						**0.78**	0.33

The directors of the Company do not recommend the payment of a final dividend for the year (2008: Nil).

Consolidated Balance Sheet

At 31st March 2009

	Notes	2009 HK$'000	2008 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	17	–	2,628
Property, plant and equipment	18	**815**	3,476
Prepaid lease payments – non-current portion	19	–	8,136
Intangible asset	20	**800**	6,200
Exploration and evaluation assets	21	**370,704**	–
Temporary payments for exploration and evaluation assets	22	**12,222**	–
		384,541	20,440
Current assets			
Inventories – finished goods		**1,806**	5,128
Prepaid lease payments – current portion	19	–	219
Trade and other receivables	23	**5,642**	10,855
Pledged bank deposits	24	**1,717**	1,689
Bank balances and cash	24	**102,039**	19,288
		111,204	37,179
Current liabilities			
Trade and other payables and accrued charges	25	**10,382**	20,036
Amount due to a related party	26	**200**	1,808
Taxation payable		–	33
Obligations under finance leases – due within one year	27	**85**	87
Secured bank overdrafts	28	–	1,589
		10,667	23,553
Net current assets		**100,537**	13,626
Total assets less current liabilities		**485,078**	34,066
Non-current liabilities			
Obligations under finance leases – due after one year	27	**55**	99
Deferred taxation	29	–	390
Convertible bond	30	**120,505**	–
		120,560	489
NET ASSETS		**364,518**	33,577

	Note	2009 HK$'000	2008 HK$'000
CAPITAL AND RESERVES			
Share capital	31	**165,254**	91,837
Reserves		**199,264**	(58,260)
Equity attributable to equity holders of the Company		**364,518**	33,577

The consolidated financial statements on pages 29 to 83 were approved and authorised for issue by the Board of Directors on 20th July 2009 and are signed on its behalf by:

Hu Suling *Chairman*	**Sun David Lee** *Director*

Consolidated Statement of Changes in Equity

For the year ended 31st March 2009

	Attributable to the equity holders of the Company								
	Share capital HK$'000	Share premium HK$'000	Share options reserve HK$'000	Convertible bond equity reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
At 1st April 2007	84,891	51,002	2,751	–	4	(98,514)	40,134	8	40,142
Exchange differences on translating foreign operation representing net expense recognised directly in equity	–	–	–	–	(158)	–	(158)	–	(158)
Loss for the year	–	–	–	–	–	(28,540)	(28,540)	(8)	(28,548)
Total recognised income and expense for the year	–	–	–	–	(158)	(28,540)	(28,698)	(8)	(28,706)
Sub-total	84,891	51,002	2,751	–	(154)	(127,054)	11,436	–	11,436
Recognition of share-based payment expense	–	–	3,819	–	–	–	3,819	–	3,819
Transfer on forfeiture of share options	–	–	(347)	–	–	347	–	–	–
Issue of shares upon exercise of share options	3,908	6,751	(2,451)	–	–	–	8,208	–	8,208
Issue of shares for cash	3,038	7,139	–	–	–	–	10,177	–	10,177
Share issue expenses	–	(63)	–	–	–	–	(63)	–	(63)
At 31st March 2008	91,837	64,829	3,772	–	(154)	(126,707)	33,577	–	33,577
Exchange differences on translating foreign operation representing net expense recognised directly in equity	**–**	**–**	**–**	**–**	**(1,110)**	**–**	**(1,110)**	**–**	**(1,110)**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(35,076)**	**(35,076)**	**–**	**(35,076)**
Total recognised income and expense for the year	**–**	**–**	**–**	**–**	**(1,110)**	**(35,076)**	**(36,186)**	**–**	**(36,186)**
Sub-total	**91,837**	**64,829**	**3,772**	**–**	**(1,264)**	**(161,783)**	**(2,609)**	**–**	**(2,609)**
Recognition of equity component of convertible bond	**–**	**–**	**–**	**108,238**	**–**	**–**	**108,238**	**–**	**108,238**
Recognition of share-based payment expense	**–**	**–**	**1,377**	**–**	**–**	**–**	**1,377**	**–**	**1,377**
Transfer on forfeiture of share options	**–**	**–**	**(603)**	**–**	**–**	**603**	**–**	**–**	**–**
Issue of shares upon exercise of share options	**127**	**221**	**(81)**	**–**	**–**	**–**	**267**	**–**	**267**
Issue of shares for cash	**40,000**	**72,000**	**–**	**–**	**–**	**–**	**112,000**	**–**	**112,000**
Issue of shares on acquisition of exploration and evaluation assets	**33,290**	**113,185**	**–**	**–**	**–**	**–**	**146,475**	**–**	**146,475**
Share issue expenses	**–**	**(1,230)**	**–**	**–**	**–**	**–**	**(1,230)**	**–**	**(1,230)**
At 31st March 2009	**165,254**	**249,005**	**4,465**	**108,238**	**(1,264)**	**(161,180)**	**364,518**	**–**	**364,518**

	Notes	2009 HK$'000	2008 HK$'000
OPERATING ACTIVITIES			
Loss before tax		**(46,005)**	(28,978)
Adjustments for:			
Finance costs		**10,575**	117
Interest income		**(741)**	(624)
Equity-settled share-based payment expense		**1,377**	3,819
Loss on disposal of property, plant and equipment		**274**	178
Loss on rescission of contract for acquisition of a subsidiary		**–**	3,300
Impairment loss recognised in respect of trade and other receivables		**78**	456
Impairment loss on an intangible asset		**5,400**	2,600
Release of prepaid lease payments		**55**	219
Depreciation of investment properties and property, plant and equipment		**752**	1,017
Write-down of inventories		**1,285**	–
Operating cash flows before movements in working capital		**(26,950)**	(17,896)
(Increase) decrease in inventories		**(738)**	2,982
(Increase) decrease in trade and other receivables		**(100)**	364
Increase (decrease) in trade and other payables and accrued charges		**4,524**	(1,221)
Increase in amount due to a related party		**200**	–
Net cash used in operations		**(23,064)**	(15,771)
Interest income received		**741**	624
Hong Kong Profits Tax refunded		**–**	3
Hong Kong Profits Tax paid		**(11)**	–
NET CASH USED IN OPERATING ACTIVITIES		**(22,334)**	(15,144)
INVESTING ACTIVITIES			
Disposal of subsidiaries	34	**17,378**	–
Proceeds from disposal of property, plant and equipment		**6**	6
Increase in temporary payment for exploration and evaluation assets		**(12,222)**	–
Additions of exploration and evaluation assets		**(5,576)**	–
Acquisition of subsidiaries	33	**(1,811)**	–
Purchase of property, plant and equipment		**(422)**	(1,120)
(Increase) decrease in pledged bank deposits		**(28)**	963
Payment in relation to contract for acquisition of a subsidiary		**–**	(3,300)
NET CASH USED IN INVESTING ACTIVITIES		**(2,675)**	(3,451)

Consolidated Cash Flow Statement

For the year ended 31st March 2009

	2009 HK$'000	2008 HK$'000
FINANCING ACTIVITIES		
Proceeds from issue of shares	**112,267**	18,385
(Repayment to) advance from a related party	**(1,808)**	1,600
Decrease in bank overdrafts	**(1,589)**	(611)
Share issue expenses paid	**(1,230)**	(63)
Repayment of obligations under finance leases	**(87)**	(94)
Finance costs paid	**(54)**	(117)
NET CASH FROM FINANCING ACTIVITIES	**107,499**	19,100
NET INCREASE IN CASH AND CASH EQUIVALENTS	**82,490**	505
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**19,288**	18,751
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**261**	32
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**102,039**	19,288

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability under The Companies Act 1981 of Bermuda (as amended) and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information Section.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 42.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following amendments to Hong Kong Accounting Standards ("HKASs") and Hong Kong (IFRIC) Interpretations ("HK(IFRIC) – Int") (collectively the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
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

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – Continued

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

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 23 (Revised)	Borrowing Costs[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[3]
HKAS 39 (Amendment)	Eligible Hedged Items[4]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[3]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[3]
HKFRS 3 (Revised)	Business Combinations[4]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[3]
HKFRS 8	Operating Segments[3]
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[5]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[6]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[3]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[7]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[4]
HK(IFRIC) – Int 18	Transfers of Assets from Customers[8]

1 Effective for annual periods beginning on or after 1st January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July 2009
2 Effective for annual periods beginning on or after 1st January 2009, 1st July 2009 and 1st January 2010, as appropriate
3 Effective for annual periods beginning on or after 1st January 2009
4 Effective for annual periods beginning on or after 1st July 2009
5 Effective for annual periods ending on or after 30th June 2009
6 Effective for annual periods beginning on or after 1st July 2008
7 Effective for annual periods beginning on or after 1st October 2008
8 Effective for transfers on or after 1st July 2009

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after the beginning of the Group's annual reporting period beginning on or after 1st January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31st March each year. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or 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.

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.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets 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.

Revenue recognition

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

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

Revenue from the provision of maintenance service is recognised on a straight-line basis over the life of the maintenance contract.

Revenue from the provision of repair services is recognised when the services are rendered.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income, including rental invoiced in advance, from properties let under operating leases, is recognised on a straight-line basis over the period of relevant leases.

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year in which the item is derecognised.

Property, plant and equipment

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

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives, and after taking into account of their estimated residual value, using the straight-line method.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Inventories

Inventories, which represent trading stocks, are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method for inventories of health and beauty products and weighted average method for inventories of medical equipment.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognised as income immediately.

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Intangible assets

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Intangible assets with indefinite useful lives are tested for impairment annually by comparing their carrying amounts with their recoverable amounts, irrespective of whether there is any indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years.

Exploration and evaluation assets

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

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

Impairment of exploration and evaluation assets

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

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.

- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Exploration and evaluation assets – continued

Impairment of exploration and evaluation assets – *continued*

- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.

- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the exchange reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Borrowing costs

All borrowing costs are recognised as and included in finance costs in the consolidated income statement in the period in which they are incurred.

Taxation

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

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Taxation – continued

Deferred tax is recognised on differences between the carrying amount of assets and liabilities in the consolidated 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 recognised to the extent that it is probable that taxable profits will be available against which 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 tax profit nor the accounting profit.

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

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 profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Leasing

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

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss.

Rentals payable under operating leases are charged to profit or loss 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 recognised as a reduction of rental expense over the lease term on a straight-line basis.

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Leasing – continued

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases.

Retirement benefits scheme contributions

Payments to defined contribution retirement benefit plans, the Mandatory Provident Fund Scheme ("MPF Scheme") and state-managed retirement benefit schemes are charged as an expense when employees have rendered services entitling them to the contributions.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables.

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 (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, pledged bank deposits and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets 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 financial assets have been affected.

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Financial instruments – continued

Financial assets – *continued*

Impairment of financial assets – continued

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.

For certain categories of financial asset, such as trade and other receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are generally classified into other financial liabilities.

Effective interest method

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.

Interest expense is recognised on an effective interest basis.

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Financial instruments – continued

Financial liabilities and equity *– continued*

Other financial liabilities

Other financial liabilities (including trade and other payables, amount due to a related party, obligations under finance leases, bank overdrafts and convertible bond) are subsequently measured at amortised cost, using the effective interest rate method.

Convertible bond

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

On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate of similar non-convertible debts. For the convertible bond issued in connection to the acquisition of the exploration and evaluation assets, the conversion option component is recognised at fair value and included in equity (convertible bond equity reserve).

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

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

Equity instruments

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

Embedded derivatives

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

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses.

Share options issued in exchange for services are measured at the fair values of the services received unless that fair value cannot be reliably measured, in which case the services received are measured by reference to the fair value of the share options granted. The fair values of the services received are recognised as expenses, with a corresponding increase in equity (share option reserve), when the counterparties render services, unless the services qualify for recognition as assets. Corresponding adjustment is made to equity (share options reserve).

Share options issued for unidentifiable services are measured at the fair value of the share options granted and are recognised as expenses immediately. Corresponding adjustment is made to equity (share options reserve).

Equity instruments granted for acquisitions of assets

Equity instruments (shares and conversion options) issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the equity instruments granted. The fair values of the goods or services received are recognised as expenses immediately, unless the goods or services qualify for recognition as assets.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY – Continued

Critical judgments in applying the entity's accounting policies

The following is the critical judgment, apart from those involving estimations (see below), that the directors have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Exploration and evaluation assets

When there are events or changes in the circumstances which indicate the carrying amount of the exploration and evaluation assets may not be recoverable, the Group will take into consideration of the recoverable amounts of the relevant cash generating unit ("CGU"). After taking into account of the current economic environment, the directors of the Company have reviewed the development and exploration plans and confirmed that there is no indicator for impairment on the exploration and evaluation assets. As at 31st March 2009, the carrying amount of the exploration and evaluation assets was HK$370,704,000.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment on an intangible asset

Determining whether the intangible asset with indefinite useful life is impaired requires an estimation of the value in use of the cash-generating units to which the intangible asset has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31st March 2009, the carrying amount of the intangible asset net of accumulated impairment loss of HK$5,400,000 (2008: HK$2,600,000) is HK$800,000 (2008: HK$6,200,000). Details of the recoverable amount calculation are disclosed in note 20.

Estimated impairment of trade and other receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31st March 2009, the carrying amount of trade and other receivables was HK$5,642,000 (2008: HK$10,855,000). Impairment loss for trade and other receivables of HK$78,000 (2008: HK$456,000) has been recognised during the year.

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt, which includes advance from a related party, obligations under finance leases, bank overdrafts and convertible bond, net of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital, reserves and accumulated losses.

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risk associated with each class of capital. Based on recommendation of the directors, the Group will balance its overall capital structure through the payment of dividends, the issue of new debt or the redemption of existing debt, as well as the issue of new shares.

6. FINANCIAL INSTRUMENTS

6a. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, pledged bank deposits, bank balances, trade and other payables, amount due to a related party, obligations under finance leases, bank overdrafts and convertible bond. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk and currency risk), credit risk and liquidity risk and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets, financial liabilities and equity instruments are disclosed in note 3.

(ii) Categories of financial instruments

	2009 HK$'000	2008 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**105,862**	28,330
Financial liabilities		
Amortised cost	**125,119**	8,372
Obligations under finance leases	**140**	186
	125,259	8,558

6. FINANCIAL INSTRUMENTS – Continued

6a. Financial risk management objectives and policies – continued

(iii) Currency risk

The Group have sales and purchases transactions denominated in currencies other than the functional currency of the relevant group entities and the Group's foreign currency risks exposure mainly arises from fluctuations in the US dollars, Euro dollars and Renminbi against Hong Kong dollars. Exchange rate fluctuations and market trends have always been the concern of the Group. The Group currently does not have a foreign currency hedging policy. However, management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities as at 31st March 2009 and 2008 are as follows:

	2009	2008
	HK$'000	HK$'000
Assets		
Renminbi	**102**	17
US dollars	**7,548**	9,136
Liabilities		
Renminbi	**243**	1,016
US dollars	**467**	2,601
Euro dollars	**93**	120

Sensitivity analysis

The Group is mainly exposed to the currency of Renminbi and Euro dollars against Hong Kong dollars. As Hong Kong dollars is pegged to US dollars, the effect of changes in US dollars against Hong Kong dollars is insignificant and is therefore not analysed.

The Group's sensitivity analysis is prepared by using a 5% increase and decrease in the functional currencies of the group entities against Renminbi and Euro dollars. 5% is the sensitivity rate used by management for the assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. Where the relevant foreign currencies strengthen 5% against the functional currencies of the group entities, the Group's post-tax loss for the year would be increased by approximately HK$12,000 (2008: HK$56,000). For 5% weakening of the relevant foreign currencies against the functional currencies of the group entities, there would be an equal and opposite impact on the post-tax loss for the year.

(iv) Interest rate risk

The Group's bank balances and bank overdrafts (see note 28 for details) carry floating-rate of interests and have exposure to cash flow interest rate risk due to the fluctuation of the prevailing market interest rates.

6. FINANCIAL INSTRUMENTS – Continued

6a. Financial risk management objectives and policies – continued

(iv) Interest rate risk – continued

The Group is exposed to fair value interest rate risk in relation to the fixed-rate pledged bank deposits, finance leases and the liability component of convertible bond (see notes 24, 27 and 30 respectively for details).

The Group's exposures to interest rates risk on financial liabilities are detailed in the liquidity risk management section of this note.

The Group currently do not have a hedging policy on interest rate risk. However, management closely monitors interest rate exposure and will consider hedging significant interest rate change exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates on its variable rate bank balances and bank overdraft at the balance sheet date (see notes 24 and 28 respectively for details) and the stipulated change taking place at the beginning of the financial year and held constant throughout the relevant period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used by management for the assessment of the possible change in interest rates.

If interest rates had been 50 basis point higher and all other variables were held constant, the Group's loss for the year ended 31st March 2009 would decrease by HK$479,000 (2008: HK$88,000). If interest rates had been 50 basis point lower and all other variables were held constant, the Group's loss for the year ended 31st March 2009 would increase by HK$120,000 (2008: HK$88,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate bank balances and bank overdrafts.

(v) Credit risk

As at 31st March 2009, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet. In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has significant concentration of credit risk as 99% (2008: 30%) of the total trade receivables was due from the Group's largest customer within the health and beauty products business segment. The directors of the Company considered that the receivable balances from the largest customer do not represent a significant credit risk based on past collection experience.

The credit risk on liquid funds is limited because the counterparties are banks with good reputation.

6. FINANCIAL INSTRUMENTS – Continued

6a. Financial risk management objectives and policies – continued

(vi) Liquidity risk management

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of borrowings from time to time.

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

	Weighted average interest rate	On demand	3 months or less	More than 3 months but within 1 year	Over 1 year	Total undiscounted cash flows	Total carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31st March 2009							
Trade and other payables	**–**	**2,269**	**2,145**	**–**	**–**	**4,414**	**4,414**
Amount due to a related party	**–**	**200**	**–**	**–**	**–**	**200**	**200**
Obligations under finance leases	**10.03**	**–**	**24**	**72**	**65**	**161**	**140**
Convertible bond	**–**	**–**	**–**	**–**	**218,222**	**218,222**	**120,505**
		2,469	**2,169**	**72**	**218,287**	**222,997**	**125,259**
At 31st March 2008							
Trade and other payables	–	2,878	659	1,438	–	4,975	4,975
Amount due to a related party	–	1,808	–	–	–	1,808	1,808
Obligations under finance leases	8.53	–	36	63	105	204	186
Bank overdrafts	6.00	1,589	–	–	–	1,589	1,589
		6,275	695	1,501	105	8,576	8,558

6b. Fair value

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions for similar instruments.

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

7. REVENUE

Revenue represents the amounts received and receivable for goods sold, net of discounts, to outside customers during the year.

	2009 HK$'000	2008 HK$'000
Continuing operations		
Sales of health and beauty products	**9,819**	14,485
Discontinued operations		
Sales of medical equipment	**6,592**	36,274
	16,411	50,759

8. BUSINESS AND GEOGRAPHICAL SEGMENTS

(a) Business segments

During the year ended 31st March 2009, the Group has an additional business segment of coal mining and accordingly, the Group was principally engaged in three main businesses, namely sale and distribution of health and beauty products, coal mining and sale of medical equipment. As set out in note 34, the Group disposed of its entire interests in the medical equipment business on 2nd July 2008.

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

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

Consolidated Income Statement

	Continuing operations						Discontinued operations		Total	
	Health and beauty products		Coal mining		Total		Medical equipment			
	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
Revenue – external	**9,819**	14,485	**–**	–	**9,819**	14,485	**6,592**	36,274	**16,411**	50,759
Segment results	**(14,712)**	(13,435)	**(3,326)**	–	**(18,038)**	(13,435)	**602**	2,210	**(17,436)**	(11,225)
Unallocated corporate income					**659**	233	**174**	760	**833**	993
Unallocated corporate expenses					**(18,827)**	(15,329)	**–**	–	**(18,827)**	(15,329)
Loss on rescission of contract for acquisition of a subsidiary					**–**	(3,300)	**–**	–	**–**	(3,300)
Finance costs					**(10,560)**	(117)	**(15)**	–	**(10,575)**	(117)
(Loss) profit before tax					**(46,766)**	(31,948)	**761**	2,970	**(46,005)**	(28,978)
Taxation					**390**	455	**–**	(25)	**390**	430
Gain on disposal of subsidiaries					**–**	–	**10,539**	–	**10,539**	–
(Loss) profit for the year					**(46,376)**	(31,493)	**11,300**	2,945	**(35,076)**	(28,548)

8. BUSINESS AND GEOGRAPHICAL SEGMENTS – Continued

(a) Business segments – continued

Consolidated Balance Sheet

	Continuing operations						Discontinued operations		Total	
	Health and beauty products		Coal mining		Total		Medical equipment			
	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
ASSETS										
Segment assets	**5,754**	12,473	**383,597**	–	**389,351**	12,473	**–**	13,249	**389,351**	25,722
Unallocated corporate assets									**106,394**	31,897
Consolidated total assets									**495,745**	57,619
LIABILITIES										
Segment liabilities	**4,896**	2,734	**3,667**	–	**8,563**	2,734	**–**	15,875	**8,563**	18,609
Unallocated corporate liabilities									**122,664**	5,433
Consolidated total liabilities									**131,227**	24,042

Other Information

	Continuing operations								Discontinued operations		Total	
	Health and beauty products		Coal mining		Unallocated		Total		Medical equipment			
	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	**2009 HK$'000**	2008 HK$'000
Capital expenditure	**79**	261	**372,308**	–	**159**	1,004	**372,546**	1,265	**3**	135	**372,549**	1,400
Depreciation of property, plant and equipment	**187**	332	**17**	–	**478**	397	**682**	729	**51**	215	**733**	944
Depreciation of investment properties	**–**	–	**–**	–	**–**	–	**–**	–	**19**	73	**19**	73
Release of prepaid lease payments	**–**	–	**–**	–	**–**	–	**–**	–	**55**	219	**55**	219
Impairment loss recognised in respect of trade and other receivables	**78**	456	**–**	–	**–**	–	**78**	456	**–**	–	**78**	456
Impairment loss on an intangible asset	**5,400**	2,600	**–**	–	**–**	–	**5,400**	2,600	**–**	–	**5,400**	2,600
Loss on disposal of property, plant and equipment	**274**	20	**–**	–	**–**	81	**274**	101	**–**	77	**274**	178
Write-down of inventories	**1,285**	–	**–**	–	**–**	–	**1,285**	–	**–**	–	**1,285**	–
Equity-settled share-based payment expense	**–**	–	**–**	–	**1,377**	3,819	**1,377**	3,819	**–**	–	**1,377**	3,819

8. BUSINESS AND GEOGRAPHICAL SEGMENTS – Continued

(b) Geographical segments

The Group's operations are primarily located in Hong Kong while the coal mining business is located in Mongolia.

Over 95% of the Group's revenue for both continuing and discontinued operations by geographical market, irrespective of the origin of the goods, was derived from Hong Kong.

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment and exploration and evaluation assets, analysed by the geographical area in which the assets are located:

	Carrying amount of assets		Additions to capital assets	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Hong Kong	**5,754**	19,422	**241**	1,154
The People's Republic of China (the "PRC")	**–**	6,300	**–**	246
Mongolia	**383,597**	–	**372,308**	–
	389,351	25,722	**372,549**	1,400
Unallocated corporate assets	**106,394**	31,897		
	495,745	57,619		

9. OTHER INCOME

	Continuing operations		Discontinued operations		Total	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Interest income	**658**	183	**83**	441	**741**	624
Rental income	**–**	50	**91**	319	**91**	369
Repair and maintenance income	**–**	–	**769**	3,370	**769**	3,370
Others	**33**	71	**–**	189	**33**	260
	691	304	**943**	4,319	**1,634**	4,623

10. LOSS ON RESCISSION OF CONTRACT FOR ACQUISITION OF A SUBSIDIARY

On 19th March 2008, the Group and the vendors entered into a settlement agreement pursuant to which the parties mutually agreed to rescind a sale and purchase agreement entered into by the same parties in relation to the acquisition of an aggregate 51% issued share capital of Speed Growth Trading (H.K.) Company Limited, an independent third party, and the shareholder's loan for a total consideration of approximately HK$15.31 million.

Pursuant to the settlement agreement, the vendors and the Group mutually agreed that the settlement agreement represented the full and final settlement of all claims and liabilities that the parties have or may have against each other under the sale and purchase agreement. A loss of HK$3,300,000 arose from this settlement, represented the write-off of the amounts previously paid to the vendors for the investment, and was recognised in the consolidated income statement during the year ended 31st March 2008.

11. FINANCE COSTS

	Continuing operations		**Discontinued operations**		**Total**	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Interest on						
– bank overdrafts	**26**	105	**15**	–	**41**	105
– obligations under finance leases	**13**	12	**–**	–	**13**	12
Effective interest expense on convertible bond	**10,521**	–	**–**	–	**10,521**	–
	10,560	117	**15**	–	**10,575**	117

12. TAXATION

	Continuing operations		**Discontinued operations**		**Total**	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Current tax:						
Hong Kong	**–**	–	**–**	25	**–**	25
Deferred tax *(Note 29)*:						
Current year	**(368)**	(455)	**–**	–	**(368)**	(455)
Attributable to a change in tax rate	**(22)**	–	**–**	–	**(22)**	–
	(390)	(455)	**–**	–	**(390)**	(455)
	(390)	(455)	**–**	25	**(390)**	(430)

12. TAXATION – Continued

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

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

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

The taxation for the year can be reconciled to the loss before tax per the consolidated income statement as follows:

	2009 **HK$'000**	2008 HK$'000
(Loss) profit before tax:		
Continuing operations	**(46,766)**	(31,948)
Discontinued operations	**761**	2,970
Loss before tax	**(46,005)**	(28,978)
Tax at Hong Kong Profits Tax rate of 16.5% (2008: 17.5%)	**(7,591)**	(5,071)
Tax effect of expenses not deductible for tax purpose	**3,567**	1,832
Tax effect of income not taxable for tax purpose	**(113)**	(704)
Tax effect of tax losses not recognised	**3,944**	4,034
Tax effect of utilisation of tax losses previously not recognised	**(125)**	(189)
Effect of different tax rate of subsidiaries operating in other jurisdictions	**(50)**	(332)
Decrease in opening deferred tax liabilities resulting from a change of tax rate	**(22)**	–
Tax credit for the year	**(390)**	(430)

Details of deferred taxation are set out in note 29.

13. (LOSS) PROFIT FOR THE YEAR

	Continuing operations		Discontinued operations		Total	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
(Loss) profit for the year has been arrived at after charging (crediting):						
Staff costs (including directors' remuneration):						
Salaries and other benefits	**15,281**	11,883	**1,308**	5,419	**16,589**	17,302
Retirement benefits scheme contributions	**268**	300	**39**	178	**307**	478
Equity-settled share-based payment expense *(Note 32)*	**1,377**	2,462	**–**	–	**1,377**	2,462
Total employee benefits expenses	**16,926**	14,645	**1,347**	5,597	**18,273**	20,242
Auditors' remuneration						
– Current year	**1,242**	891	**–**	220	**1,242**	1,111
– Underprovision in prior years	**–**	–	**–**	11	**–**	11
Cost of inventories recognised as an expense	**4,014**	7,923	**4,253**	26,556	**8,267**	34,479
Write-down of inventories	**1,285**	–	**–**	–	**1,285**	–
Depreciation of investment properties and property, plant and equipment	**682**	729	**70**	288	**752**	1,017
Equity-settled share-based payment expense in respect of options granted to consultants	**–**	1,357	**–**	–	**–**	1,357
Loss on disposal of property, plant and equipment	**274**	101	**–**	77	**274**	178
Net exchange loss (gain)	**1,233**	(100)	**5**	11	**1,238**	(89)
Operating lease rentals in respect of rented premises	**2,453**	2,808	**–**	–	**2,453**	2,808
Release of prepaid lease payments	**–**	–	**55**	219	**55**	219
Impairment loss recognised in respect of trade and other receivables	**78**	456	**–**	–	**78**	456

14. DIRECTORS' AND EMPLOYEES' REMUNERATION

(a) Directors' emoluments

The emoluments paid or payable to each of the 13 (2008: 6) directors were as follows:

2009

	Hu Suling HK$'000 *(Note 1)*	Kwok Wing Leung, Andy HK$'000	Jin Langchuan HK$'000 *(Note 2)*	Sun David Lee HK$'000 *(Note 3)*	Yeung Ting Lap, Derek Emory HK$'000	Nie Fei HK$'000 *(Note 1)*	Li Ruihai HK$'000 *(Note 1)*	Chiu Kam Hing, Kathy HK$'000	Ho Man Kin, Tony HK$'000	Li Kar Fai, Peter HK$'000	Lu He HK$'000 *(Note 3)*	Wang Lijie HK$'000 *(Note 1)*	Tse Michael Nam HK$'000 *(Note 4)*	Total HK$'000
Fees	–	–	–	–	–	–	–	60	60	120	37	2	–	279
Other emoluments														
Salaries and other benefits	117	3,434	1,821	–	250	–	–	100	100	100	–	–	400	6,322
Contributions to retirement benefits schemes	–	12	–	–	–	–	–	–	–	–	–	–	–	12
Equity-settled share-based payment expense	–	–	999	–	–	–	–	–	–	–	–	–	–	999
Total emoluments	117	3,446	2,820	–	250	–	–	160	160	220	37	2	400	7,612

Notes:

1. Ms. Hu, Ms. Nie, Mr. Li and Professor Wang were appointed as directors of the Company on 18th March 2009.

2. Mr. Jin was appointed as a director of the Company on 1st September 2008.

3. Mr. Sun and Ms. Lu were appointed as directors of the Company on 21st August 2008.

4. Mr. Tse resigned as a director of the Company on 11th April 2009.

2008

	Kwok Wing Leung, Andy HK$'000	Tse Michael Nam HK$'000	Yeung Ting Lap, Derek Emory HK$'000	Chiu Kam Hing, Kathy HK$'000	Ho Man Kin, Tony HK$'000	Li Kar Fai, Peter HK$'000	Total HK$'000
Fees	–	–	–	60	60	120	240
Other emoluments							
Salaries and other benefits	1,040	–	–	–	–	–	1,040
Contributions to retirement benefits schemes	12	–	–	–	–	–	12
Total emoluments	1,052	–	–	60	60	120	1,292

14. DIRECTORS' AND EMPLOYEES' REMUNERATION – Continued

(b) Employees' emoluments

During the year, the five highest paid individuals included two directors (2008: one director), details of whose emoluments are set out in (a) above.

The emoluments of the remaining three (2008: four) individuals are as follows:

	2009 HK$'000	2008 HK$'000
Salaries and other benefits	**2,629**	2,684
Retirement benefits scheme contributions	**66**	78
Equity-settled share-based payment expense	**–**	2,186
	2,695	4,948

Their emoluments were within the following bands:

	2009 No. of employees	2008 No. of employees
Not exceeding HK$1,000,000	**2**	1
HK$1,000,000 to HK$1,500,000	**1**	2
HK$1,500,000 to HK$2,000,000	**–**	1
	3	4

During the years ended 31st March 2009 and 2008, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, during the years ended 31st March 2009 and 2008, no director waived any emoluments.

14. DIRECTORS' AND EMPLOYEES' REMUNERATION – Continued

(c) Remuneration of key management

The remuneration of directors and other members of key management during the year was as follows:

	2009 HK$'000	2008 HK$'000
Short-term employee benefits	10,017	4,227
Other long-term benefits	78	74
Share-based payment	1,312	1,280
	11,407	5,581

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

15. (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

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

	2009 HK$'000	2008 HK$'000
Loss for the year attributable to equity holders of the Company for the purpose of basic and diluted loss per share	(35,076)	(28,540)

	2009	2008
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	1,440,796,672	899,493,846

The calculation of diluted loss per share for the year ended 31st March 2009 and 2008 has not assumed the conversion of the Company's convertible bond and exercise of the share options as these potential ordinary shares are anti-dilutive during both years.

15. (LOSS) EARNINGS PER SHARE – Continued

From continuing operations

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

	2009 HK$'000	2008 HK$'000
Loss for the year attributable to equity holders of the Company	**(35,076)**	(28,540)
Less: Profit for the year from discontinued operations	**11,300**	2,945
Loss for the purposes of basic and diluted loss per share from continuing operations	**(46,376)**	(31,485)

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

From discontinued operations

Basic and diluted earnings per share from discontinued operations is based on the profit for the year from discontinued operations of HK$11,300,000 (2008: HK$2,945,000) and the number of shares detailed above for basic and diluted loss per share from continuing and discontinued operations.

16. DISCONTINUED OPERATIONS

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

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

	2009 HK$'000	2008 HK$'000
Profit from sale of medical equipment for the year	**761**	2,945
Gain on disposal of the business of sale of medical equipment *(note 34)*	**10,539**	–
	11,300	2,945

16. DISCONTINUED OPERATIONS – Continued

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

	2009 HK$'000	2008 HK$'000
Net cash (used in) from operating activities	**(538)**	2,201
Net cash from (used in) investing activities	**17,374**	(135)
Net cash used in financing activities	**(15)**	–
	16,821	2,066

The carrying amounts of the assets and liabilities of the medical equipment business at the date of disposal are disclosed in note 34.

17. INVESTMENT PROPERTIES

	HK$'000
COST	
At 1st April 2007 and 31st March 2008	2,811
Disposals of subsidiaries	**(2,811)**
At 31st March 2009	**–**
DEPRECIATION	
At 1st April 2007	110
Provided for the year	73
At 31st March 2008	183
Provided for the year	**19**
Disposal of subsidiaries	**(202)**
At 31st March 2009	**–**
CARRYING VALUES	
At 31st March 2009	**–**
At 31st March 2008	2,628

17. INVESTMENT PROPERTIES – Continued

The investment properties are depreciated at 2% per annum or over the term of leases, whichever is shorter.

	2009 **HK$'000**	2008 HK$'000
The Group's investment properties comprise:		
Building on lands situated Hong Kong under a medium-term lease	–	829
Buildings on lands situated the PRC under a medium-term lease	–	1,799
	–	2,628

The fair value of the investment properties at 31st March 2008 was HK$5,130,000. The fair value was arrived at based on a valuation carried out by Memfus Wong Surveyors Limited, an independent valuer not connected with the Group. The valuation was determined by reference to recent market prices for similar properties in the same locations and conditions.

18. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Furniture, fixtures and office equipment HK$'000	Leasehold improvements HK$'000	Computer equipment HK$'000	Total HK$'000
AT COST					
At 1st April 2007	2,954	2,217	2,507	1,133	8,811
Exchange realignment	–	18	17	4	39
Additions	–	514	485	401	1,400
Disposals	–	(246)	(374)	(34)	(654)
At 31st March 2008	2,954	2,503	2,635	1,504	9,596
Exchange realignment	**–**	**7**	**3**	**2**	**12**
Additions	**–**	**142**	**–**	**321**	**463**
Disposals	**–**	**(267)**	**(95)**	**(66)**	**(428)**
Disposal of subsidiaries	**(2,954)**	**(1,634)**	**(2,019)**	**(927)**	**(7,534)**
At 31st March 2009	**–**	**751**	**524**	**834**	**2,109**
DEPRECIATION					
At 1st April 2007	1,009	1,661	2,221	738	5,629
Exchange realignment	–	6	10	1	17
Provided for the year	59	308	339	238	944
Eliminated on disposals	–	(140)	(301)	(29)	(470)
At 31st March 2008	1,068	1,835	2,269	948	6,120
Exchange realignment	**–**	**1**	**2**	**(2)**	**1**
Provided for the year	**15**	**184**	**290**	**244**	**733**
Eliminated on disposals	**–**	**(81)**	**(57)**	**(10)**	**(148)**
Disposal of subsidiaries	**(1,083)**	**(1,534)**	**(1,999)**	**(796)**	**(5,412)**
At 31st March 2009	**–**	**405**	**505**	**384**	**1,294**
CARRYING VALUES					
At 31st March 2009	**–**	**346**	**19**	**450**	**815**
At 31st March 2008	1,886	668	366	556	3,476

18. PROPERTY, PLANT AND EQUIPMENT – Continued

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	50 years or over the period of the relevant land lease, if shorter
Furniture, fixtures and office equipment	15% – 20%
Leasehold improvements	33.3% or over the period of the relevant land lease, if shorter
Computer equipment	25% – 33.3%

At 31st March 2009, the carrying value of the Group's property, plant and equipment included an amount of approximately HK$147,000 (2008: HK$191,000) in respect of assets held under finance leases.

At 31st March, 2008, the Group's buildings were situated in Hong Kong and are situated on lands held under medium-term leases.

19. PREPAID LEASE PAYMENTS

	2009 **HK$'000**	2008 HK$'000
The Group's prepaid lease payments comprise:		
Land in Hong Kong under a medium-term lease	–	6,019
Land in the PRC under a medium-term lease	–	2,336
	–	8,355
Analysed for reporting purposes as:		
Non-current asset	–	8,136
Current asset	–	219
	–	8,355
Analysed for usage as:		
Leasing purpose	–	5,542
Owner-occupied	–	2,813
	–	8,355

As detailed in note 34, the Group disposed of all its land through disposal of subsidiaries, the Wealthy Bridge Group, on 2nd July 2008.

20. INTANGIBLE ASSET

	Trademark HK$'000
COST	
At 1st April 2007, 31st March 2008 and 31st March 2009	**8,800**
IMPAIRMENT	
At 1st April 2007	–
Impairment loss recognised in the year	2,600
At 31st March 2008	2,600
Impairment loss recognised in the year	**5,400**
At 31st March 2009	**8,000**
CARRYING VALUES	
At 31st March 2009	**800**
At 31st March 2008	6,200

The trademark has a registered legal life of 10 years in certain countries and is renewable at minimal cost. The directors of the Company are of the opinion that the Group would renew the trademark continuously and has the ability to do so. Various studies including market, competitive and environmental trends, and brand extension opportunities have been performed by management of the Group, which supports that the trademark has no foreseeable limit to the period over which the trademarked products are expected to generate net cash inflows for the Group.

As a result, the trademark is considered by management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trademark will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

For the purposes of impairment testing, the trademark is allocated to the sales of "LaVie" branded beauty products, an individual cash generating unit ("CGU"), under the health and beauty products segment.

During the year ended 31st March 2009, the Group recognised an impairment loss of HK$5,400,000 (2008: HK$2,600,000) in relation to the trademark.

The recoverable amount of this unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period (2008: 2-year period) using a growth rate based on the industry growth forecasts and the CGU's past performances, and a discount rate of 17.6% (2008: 18.7%) per annum. The cash flows beyond the 5-year period (2008: 2-year period) are extrapolated using a 1% (2008: 5%) growth basis. Another key assumption for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development.

21. EXPLORATION AND EVALUATION ASSETS

	HK$'000
Consideration paid in July 2008	**363,292**
Other direct costs incurred on acquisition	**3,218**
	366,510
Additions during the year	**5,576**
Exchange realignment	**(1,382)**
At 31st March 2009	**370,704**

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

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

The GF acquisition was completed in late July 2008 and the Company settled the initial consideration for the GF acquisition amounting to approximately HK$363,292,000 to CEC Resources by the issuance of: (1) 329,705,093 new ordinary shares of the Company (representing 19.99% of the total issued share capital of the Company at the completion date of GF acquisition as enlarged by the issuance of the consideration shares); and (2) zero coupon convertible bond in the principal amount of HK$218,221,675 with a 5-year maturity. Details of the GF acquisition are set out in note 33 and details of the convertible bond and the consideration shares issued are set out in notes 30 and 31 respectively.

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

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

21. EXPLORATION AND EVALUATION ASSETS – Continued

Subsequent to the GF acquisition, the Group acquired from an independent third party the mineral exploration licences to a coal deposit adjacent to the Saikhan Ovoo coal deposit in the Bulgan province of Mongolia with validity of 3 years, together with the plans, reports and other information with respect to the prospecting and exploration activities of the relevant licences at a consideration of approximately HK$4,834,000. In addition, the Group also incurred the amount of HK$742,000 for the exploration and evaluation work on the Saikhan Ovoo coal mine.

Up to the date of approval of this annual report, the PF acquisition has not yet been completed as not all the conditions precedent of the PF acquisition have been satisfied. One of the conditions precedent is the issue of the Sinotum resources technical assessment by a technical adviser on or before 25th January 2010 ("Sinotum Resources Technical Assessment") showing that the indicated coal ore resources held by Sinotum ("Sinotum Resources") is not less than 50 million tonnes. If the amount of Sinotum Resources is less than 50 million tonnes, the Company shall at its sole and absolute discretion, either to waive the condition of 50 million tonnes and pay to CEC Resources at the price of RMB2 per tonne; or not be obliged to complete the PF sale and purchase agreement and to terminate the agreement. The total consideration for the PF acquisition shall be determined based on the Sinotum Resources by reference to the technical assessments.

22. TEMPORARY PAYMENTS FOR EXPLORATION AND EVALUATION ASSETS

As at 31st March 2009, the temporary payments for exploration and evaluation assets included the temporary payments made to technical advisors for conducting the Sinotum Resources Technical Assessment, as one of the conditions precedent in relation to the PF acquisition, amounting to approximately HK$9,785,000 (2008: Nil). The remaining balance represented the deposits paid for the exploration work for the Saikhan Ovoo coal deposit to be performed and the temporary payments made to professional parties for the PF acquisition.

Pursuant to the PF sale and purchase agreement, the cost of preparing and finalising the Sinotum Resources Technical Assessment will be borne by the Company and/or CEC Resources, subject to the amount of the Sinotum Resources. In case the Sinotum Resources is less than 50 million tonnes, the cost of preparing and finalising the Sinotum Resources Technical Assessment will be fully paid by CEC Resources.

23. TRADE AND OTHER RECEIVABLES

	2009 **HK$'000**	2008 HK$'000
Trade receivables	**1,715**	7,039
Other receivables, deposits and prepayments *(Note)*	**3,927**	3,816
	5,642	10,855

Note: Included in other receivables, deposits and prepayments is an amount of approximately HK$293,000 (2008: HK$273,000) which carries interest at Hong Kong prime interest rate (as quoted by a bank) plus 1.5% per annum. The effective interest rate was 6.75% (2008: 8.86%) per annum. The amount is expected to be repaid within one year of the balance sheet date.

23. TRADE AND OTHER RECEIVABLES – Continued

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

	2009 **HK$'000**	2008 HK$'000
0 to 90 days	**1,701**	6,985
91 to 180 days	**7**	27
181 to 365 days	**–**	27
Over 365 days	**7**	–
	1,715	7,039

The Group closely monitors the granting of credit and periodically reviews the recoverability of each trade debt. Majority of the trade receivables that are neither past due nor impaired have no default payment history. As at 31st March 2009, management assessed and considered the Group's outstanding trade receivables of good credit quality.

Included in the Group's trade receivable balance are debtors with an aggregate carrying amount of approximately HK$22,000 (2008: HK$54,000) which are past due at the balance sheet date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

In determining the recoverability of a trade receivable, the Group considers any change in credit quality of the trade receivable from the date credit was initially granted up to the balance sheet date. The impairment loss recognised represents the difference between the carrying amount of the specific trade receivable and the present value of the expected recoverable amount.

24. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits

The amounts represent deposits pledged to banks to secure banking facilities granted to the Group. The deposits carry fixed interest rate which ranged from 0.39% to 2.74% (2008: 1.2% to 4.0%) per annum. These deposits have been pledged to secure bank overdrafts and short-term general facilities and they are therefore classified as current assets.

Bank balances

Bank balances carry interest at market rates ranged from 0.001% to 3.1% (2008: 0.01% to 2.88%) per annum.

The amount of the Group's bank balances and cash denominated other than the functional currencies of the relevant group entities are set out below:

	Renminbi HK$'000	**US dollars** HK$'000	**Total** HK$'000
At 31st March 2009	**102**	**51**	**153**
At 31st March 2008	17	9,136	9,153

25. TRADE AND OTHER PAYABLES AND ACCRUED CHARGES

The aging analysis of the Group's trade payables is as follows:

	2009 HK$'000	2008 HK$'000
Trade payables:		
0 to 90 days	**3,914**	3,208
91 to 180 days	**130**	681
181 to 365 days	**–**	568
Over 365 days	**290**	481
	4,334	4,938
Deposits received from customers	**57**	1,448
Accrued charges	**5,911**	13,613
Other payables	**80**	37
	10,382	20,036

The amount of the Group's trade and other payables denominated in the following currencies other than the functional currencies of the relevant group entities are set out below:

	Renminbi HK$'000	**US dollars** HK$'000	**Euro dollars** HK$'000	**Total** HK$'000
As at 31st March 2009	**243**	**467**	**93**	**803**
As at 31st March 2008	1,016	2,601	120	3,737

26. AMOUNT DUE TO A RELATED PARTY

At 31st March 2008, the balance represented advances from Billion Pacific Ventures Limited ("Billion Pacific"), a substantial shareholder of the Company, in which Mr. Kwok Wing Leung, Andy ("Mr. Kwok"), a director of the Company, has a beneficial interest. The amount was fully settled during the year ended 31st March 2009.

At 31st March 2009, the balance represents an amount due to Mr. Kwok.

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

27. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Amounts payable under finance leases:				
Within one year	**96**	99	**85**	87
In more than one year but not more than two years	**32**	84	**28**	78
In more than two years but not more than five years	**33**	21	**27**	21
	161	204	**140**	186
Less: Future finance charges	**(21)**	(18)	**–**	–
Present value of lease obligations	**140**	186	**140**	186
Less: Amounts due within one year shown under current liabilities			**(85)**	(87)
Amounts due after one year			**55**	99

The lease terms ranged from three to five years. The effective borrowing rates ranged from 8.5% to 13.9% (2008: 8.5% to 9.5%) per annum. Interest rates underlying all obligations under finance leases are fixed at respective contract dates. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The obligations under finance leases are secured by the lessors' charge over the leased assets.

28. SECURED BANK OVERDRAFTS

the bank overdrafts carried interest at the Hong Kong prime interest rate (as quoted by the bank) plus 0.5% (2008: prime interest rate plus 0.5% to 1%) per annum. The effective interest rate ranged from 5.75% to 6% (2008: 5.75% to 8.75%) per annum.

29. DEFERRED TAXATION

The major deferred tax liabilities (asset) recognised and movements thereon during the current and prior years are summarised below:

	Fair value of trademark HK$'000	**Accelerated tax depreciation** HK$'000	**Tax losses** HK$'000	**Total** HK$'000
At 1st April 2007	845	605	(605)	845
(Credit) charge for the year	(455)	53	(53)	(455)
At 31st March 2008	390	658	(658)	390
Effect of change in tax rate	**(22)**	**(38)**	**38**	**(22)**
(Credit) charge for the year	**(368)**	**(59)**	**59**	**(368)**
Disposal of subsidiaries	**–**	**(552)**	**552**	**–**
At 31st March 2009	**–**	**9**	**(9)**	**–**

At the balance sheet date, the Group has unused tax losses of approximately HK$53 million (2008: HK$277 million) available for offset against future profits. Of the HK$277 million unused tax losses held by the Group as at 31st March 2008, approximately HK$231 million was attributable to the discontinued operations. A deferred tax asset amounting to approximately HK$9,000 (2008: HK$658,000) in respect of tax loss amounting to approximately HK$55,000 (2008: HK$3,760,000) has been recognised. No deferred tax asset has been recognised in respect of the remaining unused tax losses due to the unpredictability of future profit streams. At 31st March 2009, included in unrecognised tax losses are losses of HK$6,253,000 (2008: HK$5,504,000) that will expire in 2010 to 2013 (2008: 2011 to 2013), other losses may be carried forward indefinitely.

The Group had no other significant unprovided deferred tax liability at the balance sheet date.

30. CONVERTIBLE BOND

Upon completion of GF acquisition in July 2008, the Company issued HK$218,221,675 unsecured zero coupon convertible bond at an initial conversion price of HK$0.25 per share (subject to anti-dilutive adjustments) for settlement of consideration on acquisition of the exploration and evaluation assets as set out in note 21. The convertible bond has a maturity of five years from the issue date.

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

30. CONVERTIBLE BOND – Continued

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

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

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

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

	HK$'000
Liability component at date of issue	**109,984**
Effective interest expense charged for the year	**10,521**
At 31st March 2009	**120,505**

The fair value of the equity component of the convertible bond on initial recognition is determined by using the Binomial model. The inputs into the model were as follows:

Share price	HK$0.44
Conversion price	HK$0.25
Expected volatility	79.97%
Option life	5 years
Risk-free rate	3.3%
Expected dividend yield	Nil

31. SHARE CAPITAL

		Authorised		Issued and fully paid	
	Notes	Number of shares	Nominal value HK$'000	Number of shares	Nominal value HK$'000
Ordinary shares of HK$0.1 each:					
At 1st April 2007		2,000,000,000	200,000	848,909,767	84,891
Exercise of share options	(i)	–	–	39,083,280	3,908
Issue of shares	(ii)	–	–	30,380,000	3,038
At 31st March 2008		2,000,000,000	200,000	918,373,047	91,837
Additions	(iii)	**28,000,000,000**	**2,800,000**	**–**	**–**
Issue of shares					
– Exercise of share options	(iv)	**–**	**–**	**1,272,000**	**127**
– Placing of new shares	(v)	**–**	**–**	**400,000,000**	**40,000**
– Acquisition of assets	(vi)	**–**	**–**	**332,897,753**	**33,290**
At 31st March 2009		**30,000,000,000**	**3,000,000**	**1,652,542,800**	**165,254**

Notes:

(i) During the year ended 31st March 2008, 39,083,280 ordinary shares of HK$0.1 each of the Company were issued upon the exercise of 39,083,280 share options at an exercise price of HK$0.21 per share. These new shares ranked pari passu with the existing shares then in issue in all respects.

(ii) In June 2007, the Company entered into a subscription agreement with Galaxy China Opportunities Fund under which this fund subscribed for 30,380,000 new shares at a price of HK$0.335 per share, representing a discount of approximately 2.9% to the closing price of HK$0.345 per share as quoted on the Stock Exchange on 30th May 2007 (the last full trading day before the date of the subscription agreement). The proceeds are to be used for the general working capital of the Company. The transaction was completed and the placing shares were issued in June 2007. These shares were issued under the general mandate granted to the directors at the Company's annual general meeting held on 18th September 2006. These new shares ranked pari passu with the existing shares then in issue in all respects.

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

(iv) During the year ended 31st March 2009, share options to subscribe for 1,272,000 ordinary shares at exercise price of HK$0.21 per share were exercised. The new shares rank pari passu with all the other shares in issue in all respects.

(v) Placing of 400,000,000 new ordinary shares of HK$0.10 each to not less than six independent placees at the placing price of HK$0.28 per share was completed on 4th July 2008. The placing price represented a premium of approximately 3.7% to the closing price of HK$0.27 per share as quoted on the Stock Exchange on 8th May 2008 (the last full trading day before the date of the share placing agreement). The net proceeds of approximately HK$110.8 million after deducting issue expense of HK$1,230,000 would be used for the business development in relation to the GF and PF acquisitions.

31. SHARE CAPITAL – Continued

Notes: – continued

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

On 31st January 2008, the Group and Mr. Yeung Ting Lap, Derek Emory ("Mr. Yeung"), a director of the Company, entered into a service agreement pursuant to which the Company agreed to appoint Mr. Yeung as an agent of the Company in consideration of the successful introduction to the Company the business opportunities as contemplated under the acquisition agreements as set out in note 21 and for procuring the completion of the acquisitions in accordance with the agreements.

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

During the year ended 31st March 2009, 3,192,660 ordinary shares of the Company were issued and allotted to Mr. Yeung upon the completion of GF acquisition. The new shares rank pari passu with all the other shares in issue in all respects.

32. SHARE-BASED PAYMENT TRANSACTIONS

(i) Share options of the Company

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

(a) 2003 Scheme

A share option scheme (the "2003 Scheme") was adopted by the Company pursuant to a resolution passed on 26th August 2003. Under the 2003 Scheme, the directors of the Company may invite any director (including non-executive director and independent non-executive director), employee of the Company or any of its subsidiaries or associated companies or any suppliers of goods or services to the Group to take up options to subscribe for share of HK$0.01 each (which was adjusted to HK$0.1 per share following the consolidation of the Company's shares on 20th December 2004) in the capital of the Company.

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

(b) 2007 Scheme

A share option scheme (the "2007 Scheme") was adopted by the Company pursuant to a resolution passed on 28th September 2007. Under the 2007 Scheme, the directors of the Company may invite any director (including non-executive director and independent non-executive director), employee of the Company or any of its subsidiaries or associated companies or any suppliers of goods or services to the Group to take up options to subscribe for share of HK$0.1 each in the capital of the Company.

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

32. SHARE-BASED PAYMENT TRANSACTIONS – Continued

(i) Share options of the Company – continued

The following table discloses movements in the Company's share options during the year ended 31st March 2009:

	Option Scheme type	Date of grant	Vesting period	Exercisable period	Exercise price per share HK$	At 1st April 2008	Granted during the year	Exercised during the year	Lapsed during the year	At 31st March 2009
Director	2007	1st September 2008	N/A	1st September 2008 to 31st August 2018	0.301	–	10,000,000	–	–	10,000,000
Employees	2003	21st August 2006	21st August 2006 to 20th August 2007	21st August 2007 to 21st August 2016	0.210	2,272,000	–	(1,272,000)	(1,000,000)	–
	2007	22nd November 2007	N/A	22nd November 2007 to 21st November 2017	0.270	25,230,000	–	–	(4,950,000)	20,280,000
	2007	22nd November 2007	22nd November 2007 to 21st November 2008	22nd November 2008 to 21st November 2017	0.270	2,850,000	–	–	(1,800,000)	1,050,000
	2007	3rd March 2009	N/A	3rd March 2009 to 2nd March 2019	0.270	–	2,000,000	–	–	2,000,000
Consultants	2003	21st August 2006	N/A	21st August 2006 to 21st August 2016	0.210	5,442,320	–	–	–	5,442,320
	2007	22nd November 2007	N/A	22nd November 2007 to 21st November 2017	0.270	18,060,000	–	–	–	18,060,000
						53,854,320	12,000,000	(1,272,000)	(7,750,000)	56,832,320
Exercisable at the end of the year										56,832,320
						HK$	HK$	HK$	HK$	HK$
Weighted average exercise price						0.261	0.296	0.210	0.262	0.270

The following table disclose movements in the Company's share options during the year ended 31st March 2008:

	Option Scheme type	Date of grant	Vesting period	Exercisable period	Exercise price per share HK$	At 1st April 2007	Granted during the year	Exercised during the year	Lapsed during the year	At 31st March 2008
Directors	2003	21st August 2006	N/A	21st August 2006 to 21st August 2016	0.210	12,516,320	–	(12,516,320)	–	–
Employees	2003	21st August 2006	21st August 2006 to 20th August 2007	21st August 2007 to 21st August 2016	0.210	17,954,320	–	(10,240,000)	(5,442,320)	2,272,000
	2007	22nd November 2007	N/A	22nd November 2007 to 21st November 2017	0.270	–	25,230,000	–	–	25,230,000
	2007	22nd November 2007	22nd November 2007 to 21st November 2008	22nd November 2008 to 21st November 2017	0.270	–	2,850,000	–	–	2,850,000
Consultants	2003	21st August 2006	N/A	21st August 2006 to 21st August 2016	0.210	21,769,280	–	(16,326,960)	–	5,442,320
	2007	22nd November 2007	N/A	22nd November 2007 to 21st November 2017	0.270	–	18,060,000	–	–	18,060,000
						52,239,920	46,140,000	(39,083,280)	(5,442,320)	53,854,320
Exercisable at the end of the year										51,004,320
						HK$	HK$	HK$	HK$	HK$
Weighted average exercise price						0.210	0.270	0.210	0.210	0.261

32. SHARE-BASED PAYMENT TRANSACTIONS – Continued

(i) Share options of the Company – continued

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise was HK$0.36 (2008: HK$0.276).

During the year ended 31st March 2009, 10,000,000 options and 2,000,000 options with an exercise price of HK$0.301 per share and HK$0.27 per share were granted on 1st September 2008 and 3rd March 2009 respectively. The estimated fair value of the options granted on 1st September 2008 and 3rd March 2009 were approximately HK$999,000 and HK$203,000 respectively. During the year ended 31st March 2008, 46,140,000 options with an exercise price of HK$0.270 per share were granted on 22nd November 2007. The estimated fair value of the options granted on 22nd November 2007 was approximately HK$3,517,000. These fair value were calculated using the Black-Scholes Option Pricing Model. The inputs into the model are as follows:

Share options granted during the year ended 31st March 2009:

Grant date	1st September 2008	3rd March 2009
No. of options granted	10,000,000	2,000,000
Share price as at the date of grant	HK$0.29	HK$0.24
Exercise price	HK$0.301	HK$0.27
Expected volatility	91.888%	98.203%
Expected life	1 year	1.5 years
Risk-free rate	1.640%	0.566%
Expected dividend yield	Nil	Nil

Share options granted during the year ended 31st March 2008:

Grant date	22nd November 2007
No. of options granted	46,140,000
Share price as at the date of grant	HK$0.26
Exercise price	HK$0.27
Expected volatility	76.04%
Expected life	1 to 1.5 years
Risk-free rate	1.75% to 1.978%
Expected dividend yield	Nil

Expected volatility of the options granted on 22nd November 2007, 1st September 2008 and 3rd March 2009 was determined by using the historical volatility of the Company's share price over the last 24 months, 12 months and 18 months before the dates of grant respectively. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

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

The Group recognised an aggregate amount of approximately HK$1,377,000 (2008: HK$3,819,000) as expenses for the year in relation to the share options granted by the Company, of which approximately HK$1,377,000 (2008: HK$2,462,000) was related to options granted to the Group's employees and shown as staff costs.

32. SHARE-BASED PAYMENT TRANSACTIONS – Continued

(ii) Shares of the Company issued to a director

As set out in note 31(vi), 3,192,660 ordinary shares of the Company were issued to Mr. Yeung for his services of introducing business opportunities to the Group. The fair value of the said ordinary shares issued amounting to approximately HK$1,405,000 was capitalised as part of the cost of the exploration and evaluation assets.

33. ACQUISITION OF SUBSIDIARIES

As set out in note 21, the Group, acquired the entire issued share capital of GF together with its wholly-owned subsidiary, SMI, for a consideration of approximately HK$363,292,000 and incurred transaction costs of approximately HK$3,218,000. This acquisition has been accounted for as acquisition of assets and liabilities as the subsidiaries acquired only held mineral mining rights.

The net assets acquired in this transaction are as follows:

	HK$'000
Evaluation and exploration assets	**366,510**
Bank balances and cash	**2**
Other payables and accrued charges	**(2)**
Net assets acquired	**366,510**
Consideration satisfied by:	
Shares issued	**145,070**
Convertible bond issued *(Note 30)*	**218,222**
Consideration	**363,292**
Transaction costs settled by issue of shares to Mr. Yeung	**1,405**
Transaction costs paid	**1,813**
	3,218
	366,510
Net cash outflow arising from acquisition:	
Expenses incurred for the acquisition	**1,813**
Bank balances and cash acquired	**(2)**
	1,811

Pursuant to the terms of the GF sale and purchase agreement, the total consideration for the GF acquisition is subject to adjustment within 24 months following the GF completion. Details of the consideration adjustment are set out in note 21.

33. ACQUISITION OF SUBSIDIARIES – Continued

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

34. DISPOSAL OF SUBSIDIARIES

As detailed in note 16, the Group discontinued its business of sale of medical equipment through disposal of its subsidiaries, the Wealthy Bridge Group, on 2nd July 2008.

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

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

35. OPERATING LEASES

The Group as lessee

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises, which fall due as follows:

	2009 HK$'000	2008 HK$'000
Within one year	**3,248**	3,308
In the second to fifth year inclusive	**361**	1,692
	3,609	5,000

Operating lease payments represent rental payable by the Group for certain of its office premises and warehouse. Leases are negotiated for terms ranging from one to two years.

The Group as lessor

Property rental income earned during the year ended 31st March 2009 was approximately HK$91,000 (2008: HK$369,000). The relevant outgoings incurred during the year ended 31st March 2009 was negligible (2008: approximately HK$157,000).

At the balance sheet date, the Group had minimum lease receipts, which represent rentals receivable by the Group from its investment properties under non-cancellable operating leases, which fall due as follows:

	2009 HK$'000	2008 HK$'000
Within one year	**–**	432
In the second to fifth year inclusive	**–**	755
	–	1,187

As detailed in note 34, the Group disposed of all its investment properties through disposal of subsidiaries, the Wealthy Bridge Group, on 2nd July 2008.

36. RETIREMENT BENEFITS SCHEMES

Hong Kong

The Group participates in Mandatory Provident Fund Schemes (the "MPF Schemes") established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the MPF Schemes are held separately from those of the Group in an independently administered fund.

The Group contributes certain percentage of relevant payroll costs each month to the MPF Schemes.

The PRC

The employees of the Group in the PRC are members of state-managed retirement benefit schemes operated by the respective local government in the PRC. The Group is required to contribute a specified percentage of payroll costs to the schemes to fund the benefits. The only obligation of the Group with respect to these schemes is to make the specified contributions.

37. PLEDGE OF ASSETS

At the balance sheet date, certain assets of the Group with the following carrying amounts had been pledged to secure banking facilities and finance lease arrangements granted to the Group:

	2009 **HK$'000**	2008 HK$'000
Property, plant and equipment	**147**	191
Bank deposits	**1,717**	1,689
Prepaid lease payments	**–**	2,813
Buildings	**–**	1,886
	1,864	6,579

38. MAJOR NON-CASH TRANSACTION

During the year, the Group entered into finance lease arrangements in respect of property, plant and equipment with a total capital value at the inception of the finance leases of HK$41,000 (2008: HK$280,000).

39. CONNECTED AND RELATED PARTY TRANSACTIONS AND BALANCES

(i) Connected person and related party

As set out in note 31(vi), the Group entered into a service agreement with Mr. Yeung for his services of introducing business opportunities to the Group. In accordance with the terms of the service agreement, the Company shall issue and allot to Mr. Yeung new shares in the Company credited as fully paid up upon completion of each of the acquisitions and the payment of the adjusted acquisition consideration by the Company. The maximum limit for the number of new shares to be issued shall be 50,000,000.

During the year, upon completion of the GF acquisition, the Company issued 3,192,660 ordinary shares of the Company to Mr. Yeung.

(ii) Related parties, other than connected persons

Details of the Group's outstanding balances with related parties are set out in the consolidated balance sheet and in note 26.

(iii) Key management personnel

Compensation of key management personnel and directors during the year is set out in note 14.

Details of share options granted to directors of the Company are also set out in note 32.

40. CAPITAL COMMITMENTS

The capital commitments of the Group as at 31st March 2009 are as follows:

(i) The capital commitments in respect of the exploration work to be performed authorised but not contracted for and contracted for but not provided in the consolidated financial statements amounted to HK$12,367,000 and HK$6,013,000 respectively.

(ii) As set out in note 21, the consideration for the GF acquisition is subject to adjustment and the PF acquisition has not been completed up to the date of approval of this annual report. Pursuant to the GF and PF sale and purchase agreements, the consideration for the GF acquisition and PF acquisition will be determined based on the quantity and quality of coal ore resources and reserves held by SMI and Sinotum respectively by reference to the technical assessments to be prepared by the technical adviser. The consideration for the GF acquisition and PF acquisition can be up to maximum of RMB760 million and RMB3,600 million respectively.

The Group had no capital commitment as at 31st March 2008.

41. POST BALANCE SHEET EVENTS

The following significant events took place after the balance sheet date:

(i) On 30th April 2009, the Company as the purchaser, Wonder Champion Investment Limited as the vendor, and Mr. Zeng Jian as the guarantor entered into a sale and purchase agreement pursuant to which the Company conditionally agreed to acquire from the vendor the entire issued share capital of Seawise Group Limited ("Seawise") (the "Acquisition"). As disclosed in the Company's circular in respect of this Acquisition dated 25th June 2009 (the "Circular"), the spouse of Ms. Nie Fei, a non-executive director of the Company, is beneficially interested in 5% of the equity interest of the vendor. The guarantor is an independent third party of the Company.

Seawise is a company incorporated in the British Virgin Islands on 5th March 2009 with limited liability. Upon the completion of a proposed group reorganisation which is one of the conditions precedent to the Acquisition, Seawise will indirectly own 60% equity interests in 蒲縣晟鵬煤焦有限公司 Puxian Shengpeng Coal & Coke Company Limited ("Puxian Shengpeng") and 80% equity interests in 古交市玉峁煤業有限公司 Gujiao City Yumao Coal Mining Company Limited ("Gujiao Yumao").

The principal assets of Seawise after the reorganisation are (i) the exploration licence in a coal mine located to the west of Guyi Village, Xueguan Town, Pu County, Shanxi Province, the PRC, held by Puxian Shengpeng ("Guyi Mine"); and (ii) the mining licence in a coal mine located to the west of Nanjiashan Village, Malan Town, Gujiao City, Shanxi Province, the PRC, held by Gujiao Yumao ("Gujiao Mine").

41. POST BALANCE SHEET EVENTS – Continued

(i) – continued

The consideration of the Acquisition amounts to approximately HK$1,524,525,000 (subject to the adjustment mechanism as set out in the Circular) with reference to the coal resources in the Guyi Mine and Gujiao Mine. The consideration will be satisfied by the issuance of (i) 707,890,000 ordinary shares in the Company at an agreed value of HK$0.20 per share; (ii) first tranche convertible bonds at an aggregate principal amount of HK$1,037,210,250; and (iii) second tranche convertible bonds at an aggregate principal amount of HK$345,736,750 (subject to adjustment). The total consideration is subject to adjustment within 12 months following the completion and shall be determined by reference to (i) the technical assessment on Guyi Mine prepared by a technical advisor; and (ii) the audited figures of Gujiao Yumao for the 12-month period commencing from the first day of the calendar month immediately after the completion.

The Acquisition constituted a very substantial acquisition and a connected transaction under the Listing Rules and is subject to independent shareholder's approval in a special general meeting to be convened on 28th July 2009 (the "SGM").

(ii) Pursuant to a board meeting held on 27th May 2009, the Company's board of directors proposed to change the official registered English name of the Company from "Nubrands Group Holdings Limited" to "Asia Coal Limited" and adopt "亞洲煤業有限公司" as its Chinese secondary name. The change of company name is subject to shareholders' approval in the SGM.

(iii) On 27th May 2009, the Company as the purchaser and Wonder Champion Investment Limited as the vendor, entered into a non-legally binding memorandum of understanding in respect of the possible acquisition of 90% of the issued share capital of 壽陽麥捷實業有限責任公司 Shouyang Maijie Industrial Company Limited, a company established in the PRC which beneficially owns the mining licence and mining rights of the Maijie coal mine located near Jiechou Village of Shanxi Province, for a total consideration of US$452,700,000. The consideration of the proposed acquisition is intended to be settled by the Company by way of issuing convertible bonds, and/or by way of cash and/or combination thereof.

42. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES

The following table lists the subsidiaries of the Group as at 31st March 2009 and 2008 which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Name of subsidiaries	**Place of incorporation/ and operations**	**Issued and fully paid share capital**	**Attributable to proportion of nominal value of issued capital held by the Company indirectly**		**Principal activities**
			2009	2008	
Procare (Holdings) Company Limited	Hong Kong	10,000 ordinary shares of HK$1 each	**100%**	100%	Trading of health and beauty products
NB Management Services Limited	Hong Kong	1 ordinary share of HK$1	**100%**	100%	Provision of management services
SMI LLC	Mongolia	10,000 common shares of Mongolia Tögrög 1,200 each	**100%**	–	Coal mining

None of the subsidiaries had issued any debt securities during the year or at the end of the year.

43. SUMMARISED BALANCE SHEET OF THE COMPANY

The summarised balance sheet of the Company as at 31st March 2009 is as follows:

	2009	2008
	HK$'000	HK$'000
ASSETS		
Property, plant and equipment	**14**	32
Investments in subsidiaries	**366,510**	–
Amounts due from subsidiaries	**15,532**	63,693
Other receivables	**3,075**	1,139
Bank balances and cash	**99,467**	236
	484,598	65,100
LIABILITIES		
Amount due to a shareholder	**–**	1,808
Other payables	**1,409**	999
Convertible bond	**120,505**	–
	121,914	2,807
Net assets	**362,684**	62,293
Share capital	**165,254**	91,837
Reserves	**197,430**	(29,544)
Total equity	**362,684**	62,293

Loss for the year of the Company amounted to approximately HK$66,736,000 (2008: HK$6,454,000).

Financial Summary

RESULTS

	For the year ended 31st March				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE	**16,411**	50,759	41,819	19,420	17,228
LOSS BEFORE TAXATION	**(35,466)**	(28,978)	(12,160)	(6,701)	(6,957)
TAXATION	**390**	430	7	(28)	–
LOSS FOR THE YEAR	**(35,076)**	(28,548)	(12,153)	(6,729)	(6,957)
Loss for the year attributable to:					
Equity holders of the Company	**(35,076)**	(28,540)	(12,161)	(6,729)	(6,957)
Minority interests	**–**	(8)	8	–	–
	(35,076)	(28,548)	(12,153)	(6,729)	(6,957)

ASSETS AND LIABILITIES

	At 31st March				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**495,745**	57,619	64,450	51,798	29,457
TOTAL LIABILITIES	**(131,227)**	(24,042)	(24,308)	(30,249)	(22,859)
NET ASSETS	**364,518**	33,577	40,142	21,549	6,598