SMG

Siberian Mining Group Company Limited

西伯利亞礦業集團有限公司*

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 1142)

2009
Interim Report

* For identification only

CORPORATE INFORMATION

Directors

Executive Directors

Lim Ho Sok *(Chairman)*
Li Wing Sang *(Chief Executive Officer)*
Chiu Chi Hong
Shin Min Chul
(appointed on 15 October 2009)

Independent Non-executive Directors

Liew Swee Yean
Tam Tak Wah
Yoshinori Suzuki

Company Secretary

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

Authorised Representatives

Chiu Chi Hong
Lo Suet Fan
(appointed on 1 August 2009)
Wong Kwan Pui
(resigned on 1 August 2009)

Audit Committee

Liew Swee Yean
Tam Tak Wah
Yoshinori Suzuki

Remuneration Committee

Li Wing Sang
Liew Swee Yean
Tam Tak Wah
Yoshinori Suzuki

Auditors

BDO Limited

Principal Bankers

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

Registered Office

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

Head Office and Principal Place of Business

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

Principal Share Registrar and Transfer Office

HSBC Trustee (Cayman) Limited
PO Box 484
HSBC House
68 West Bay Road
Grand Cayman
KY1-1106
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

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

HKEX Stock Code

1142

The board of directors (the "Board") of Siberian Mining Group Company Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2009 together with the comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2009

		Six months ended 30 September					
		Continuing operations		Discontinued operations		Total	
		2009	2008	**2009**	2008	**2009**	2008
		(unaudited)	(unaudited)	**(unaudited)**	(unaudited and restated)	**(unaudited)**	(unaudited and restated)
	Notes	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Turnover	3	**7,433**	15,340	**–**	46,689	**7,433**	62,029
Cost of sales		**(3,974)**	(3,493)	**–**	(36,953)	**(3,974)**	(40,446)
Gross profit		**3,459**	11,847	**–**	9,736	**3,459**	21,583
Other income and gains		**704**	12,172	**1,626**	218	**2,330**	12,390
Selling and distribution costs		**(6,216)**	(3,410)	**–**	(4,474)	**(6,216)**	(7,884)
Administrative and other expenses		**(87,816)**	(6,186)	**(40)**	(5,949)	**(87,856)**	(12,135)
(Loss)/profit from operation	4	**(89,869)**	14,423	**1,586**	(469)	**(88,283)**	13,954
Finance costs	5	**(40,658)**	(2,603)	**–**	(713)	**(40,658)**	(3,316)
Impairment loss on goodwill	10	**(50,758)**	–	**–**	–	**(50,758)**	–
Impairment loss on other intangible assets	11	**(1,022,337)**	–	**–**	–	**(1,022,337)**	–
Change in fair value of derivative financial instruments	12	**6,131**	–	**–**	–	**6,131**	–
Change in fair value of conversion option of convertible notes	17	**770,583**	–	**–**	–	**770,583**	–
Share of results of associates		**–**	–	**276**	621	**276**	621
(Loss)/profit before taxation	4	**(426,908)**	11,820	**1,862**	(561)	**(425,046)**	11,259
Taxation	6	**953**	(1,632)	**–**	–	**953**	(1,632)
(Loss)/profit for the period		**(425,955)**	10,188	**1,862**	(561)	**(424,093)**	9,627

CONDENSED CONSOLIDATED INCOME STATEMENT *(Continued)*

For the six months ended 30 September 2009

		Six months ended 30 September					
		Continuing operations		Discontinued operations		Total	
		2009	2008	**2009**	2008	**2009**	2008
		(unaudited)	(unaudited)	**(unaudited)**	(unaudited and restated)	**(unaudited)**	(unaudited and restated)
	Notes	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Attributable to:							
Equity holders of the Company		**(413,453)**	7,796	**1,862**	(397)	**(411,591)**	7,399
Minority interests		**(12,502)**	2,392	**–**	(164)	**(12,502)**	2,228
		(425,955)	10,188	**1,862**	(561)	**(424,093)**	9,627
Dividend	7	**–**	–	**–**	–	**–**	–
(Loss)/earnings per share from continuing and discontinued operations	8						(Restated)
Basic (HK cents)						**(8.891)**	0.261
Diluted (HK cents)						**(8.891)**	0.258
from continuing operations							
Basic (HK cents)						**(8.932)**	0.275
Diluted (HK cents)						**(8.932)**	0.272

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2009

	For the six months ended 30 September	
	2009	2008
	(unaudited)	(unaudited and restated)
	HK$'000	HK$'000
(Loss)/profit for the period	**(424,093)**	9,627
Other comprehensive income for the period, net of tax:		
— Release of contributed surplus and translation reserve upon disposal of interests in subsidiaries	**(3,069)**	—
— Exchange difference on translation of financial statements of overseas entities	**1,493**	(143)
Total comprehensive income for the period, net of tax	**(425,669)**	9,484
Attributable to:		
Equity holders of the Company	**(413,722)**	7,251
Minority interests	**(11,947)**	2,233
	(425,669)	9,484

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 September 2009 (unaudited) HK$'000	As at 31 March 2009 (audited) HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Properties, plant and equipment	9	**20,850**	2,859
Prepayments for acquisition of property, plant and equipment		**1,208**	—
Derivative financial asset	12	**83,780**	—
Goodwill	10	**109,258**	160,016
Other intangible assets	11	**1,161,675**	39,024
Interest in a jointly-controlled entity		**—**	—
Interests in associates		**—**	14,119
Deposit and direct costs paid for acquisition of a subsidiary		**—**	8,717
Deferred tax assets		**1,648**	—
Promissory note receivable	13	**6,498**	—
		1,384,917	224,735
Current assets			
Inventories		**893**	341
Trade receivables	14	**11,276**	15,702
Other receivables, deposits and prepayments		**23,044**	4,722
Amount due from a minority equity holder of a subsidiary	24(d)	**463**	463
Amounts due from related parties	24(c)	**1,843**	2,241
Trading securities		**—**	587
Cash and cash equivalents		**133,422**	7,098
		170,941	31,154

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

	Notes	**As at 30 September 2009 (unaudited) HK$'000**	As at 31 March 2009 (audited) HK$'000
Current liabilities			
Trade payables	15	**2,506**	3,128
Other payables, accrued expenses and deposits received		**26,379**	16,240
Balance of purchase consideration payable for acquisition of subsidiaries		**—**	67,600
Amount due to a minority equity holder of a subsidiary	24(d)	**2,018**	—
Amount due to a former director of the Company	24(e)	**—**	1,289
Amount due to a director	24(f)	**9**	5,496
Tax payables		**700**	820
		31,612	94,573
Net current assets/(liabilities)		**139,329**	(63,419)
Total assets less current liabilities		**1,524,246**	161,316
Non-current liabilities			
Convertible notes — debt component	17	**457,621**	—
Conversion option of convertible notes	17	**130,723**	—
Amount due to a shareholder	24(b)	**170,804**	—
Promissory notes	16	**4,194**	5,320
Deferred tax liabilities		**10,859**	9,756
		774,201	15,076
Net assets		**750,045**	146,240
Equity			
Share capital	18	**102,845**	29,135
Reserves		**340,198**	95,536
Equity attributable to equity holders of the Company		**443,043**	124,671
Minority interests		**307,002**	21,569
Total equity		**750,045**	146,240

CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

For the six months ended 30 September 2009

The Group	Share capital (unaudited) HK$'000	Share premium (unaudited) HK$'000	Shares held by escrow agent for settlement of acquisition consideration (unaudited) HK$'000 (Note b)	Contributed surplus (unaudited) HK$'000 (Note a)	Translation Reserve (unaudited) HK$'000	Equity-settled share option reserve (unaudited) HK$'000	Warrant reserve (unaudited) HK$'000	Capital reserve (unaudited) HK$'000	Statutory reserve fund (unaudited) HK$'000	(Accumulated losses) (unaudited) HK$'000	Sub-total (unaudited) HK$'000	Minority Interests (unaudited) HK$'000	Total Equity (unaudited) HK$'000
As at 1 April 2009	29,135	175,022	(67,600)	918	5,316	4,566	5,149	4,233	909	(32,977)	124,671	21,569	146,240
Loss for the period	–	–	–	–	–	–	–	–	–	(411,591)	(411,591)	(12,502)	(424,093)
Release upon disposal of interests in subsidiaries	–	–	–	(918)	(2,151)	–	–	–	–	–	(3,069)	–	(3,069)
Other comprehensive income	–	–	–	–	938	–	–	–	–	–	938	555	1,493
Total comprehensive income and expenses for the period	–	–	–	(918)	(1,213)	–	–	–	–	(411,591)	(413,722)	(11,947)	(425,669)
Release of shares held by escrow agent upon determination of profit guarantee	–	–	67,600	–	–	–	–	–	–	–	67,600	–	67,600
Issue of new shares on exercise of warrants	1,560	12,380	–	–	–	–	(1,460)	–	–	–	12,480	–	12,480
Disposal of subsidiaries	–	–	–	–	–	–	–	(4,233)	–	4,233	–	–	–
Issue of shares upon conversion of First Convertible Note	72,150	579,864	–	–	–	–	–	–	–	–	652,014	–	652,014
Minority interests arising on the acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	297,380	297,380
As at 30 September 2009	102,845	767,266	–	–	4,103	4,566	3,689	–	909	(440,335)	433,043	307,002	(750,045)

CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY *(Continued)*

For the six months ended 30 September 2008

The Group	Share capital (unaudited) HK$'000	Share premium (unaudited) HK$'000	Contributed surplus (unaudited) HK$'000 (Note a)	Translation Reserve (unaudited) HK$'000	Equity settled share option reserve (unaudited) HK$'000	Warrant reserve (unaudited) HK$'000	Capital reserve (unaudited) HK$'000	(Accumulated losses)/ retained profits (unaudited and restated) HK$'000	Sub-total (unaudited) HK$'000	Minority Interests (unaudited) HK$'000	Total Equity (unaudited) HK$'000
As at 1 April 2008	20,475	40,553	918	2,375	4,566	3,688	4,233	(29,636)	47,172	1,001	48,173
Profit for the period	–	–	–	–	–	–	–	7,399	7,399	2,228	9,627
Other comprehensive income				(148)					(148)	5	(143)
Total comprehensive income and expenses for the period	–	–	–	(148)	–	–	–	7,399	7,251	2,233	9,484
Issue of new shares on acquisition of a subsidiary	7,900	125,610	–	–	–	–	–	–	133,510	–	133,510
Premium received on issue of warrants	–	–	–	–	–	1,648	–	–	1,648	–	1,648
Issue of new shares on exercise of warrants	100	794	–	–	–	(94)	–	–	800	–	800
Grant of share options	–	–	–	–	1,661	–	–	–	1,661	–	1,661
Minority interests arising on the acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	17,880	17,880
As at 30 September 2008	28,475	166,957	918	2,227	6,227	5,242	4,233	(22,237)	192,042	21,114	213,156

Notes:

a. In the prior periods, the contributed surplus of the Group represented the difference between the nominal value of share capital of the subsidiaries acquired pursuant to the Group reorganisation during the year ended 31 March 2003, over the nominal value of the shares of the Company issued in exchange therefor. In the current period, the contributed surplus of the Group was released upon the disposal of the subsidiaries.

b. In the prior periods, the Company issued 790,000,000 shares for the acquisition of DTVChina, Inc. ("DTVChina") and its subsidiaries (the "DTV Group") of which 400,000,000 shares were held by an escrow agent as at 31 March 2009. The shares were released to the vendor as DTV Group had achieved certain financial thresholds in the current period as further set out in Note 16(a).

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Six months ended 30 September

	2009 (unaudited) HK$'000	2008 (unaudited) HK$'000
Net cash outflow from operating activities	**(54,628)**	(9,230)
Net cash (outflow)/inflow from investing activities	**(3,575)**	8,760
Net cash inflow/(outflow) from financing activities	**183,959**	(4,679)
Effect on foreign exchange rate changes	**568**	562
Net increase/(decrease) in cash and cash equivalents	**126,324**	(4,587)
Cash and cash equivalents at beginning of the period	**7,098**	19,322
Cash and cash equivalents at end of the period	**133,422**	14,735
Analysis of the balance of cash and cash equivalents		
Cash and bank balances	**133,422**	14,672
Bank balance and cash attributable to assets classified as held for sale	**–**	63
	133,422	14,735

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Siberian Mining Group Company Limited (the "Company") is incorporated in the Cayman Islands with limited liability. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company and its subsidiaries are referred to as the "Group" hereinafter. During the current period, the principal activities of the Group are investment holding, provision of digital television technology services and holding a mining right of a coal mine located in Kemerovo of Russia, respectively.

The Group acquired 90% equity interest in Langfeld Enterprises Limited ("Langfeld") and its subsidiaries (the "Langfeld Group") on 25 May 2009. Details of which are set out in Notes 19, and in the Company's announcements dated 14 November 2008 and 25 May 2009 and circular dated 31 December 2008.

On 12 August 2009, the Group disposed of its entire equity interest in Falcon Vision Limited ("Falcon Vision") and its subsidiaries (the "Falcon Vision Group"). Details of which are set out in Note 20, and in the Company's announcement dated 6 August 2009.

These condensed consolidated interim financial statements are presented in Hong Kong dollars ("HKD") and all values are rounded to the nearest thousand (HK$'000), unless otherwise stated.

These condensed consolidated interim financial statements have been approved for issue by the Board of the Company on 23 December 2009.

These condensed consolidated interim financial statements are unaudited but have been reviewed by the Company's audit committee.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial information is prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange. The accounting policies and basis of preparation adopted in the preparation of the interim financial information are consistent with those used in the annual financial statements of the Group for the year ended 31 March 2009. In addition, the Group has adopted the following accounting policies, which have become applicable to the Group for the first time, during the current interim period:

Convertible notes

Convertible notes issued by the Company, which conversion options were not at fixed amount for a fixed number of equity instruments, are recognised as hybrid financial instruments in form of financial liability with embedded derivatives. Conversion option will be settled other than 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 a conversion option derivative. At the date of issue, the conversion option components are recognised at fair value and the liability component of convertible notes is recognised as the residual amount after separating the conversion option derivative.

In subsequent periods, the liability component of the convertible notes is carried at amortised cost using the effective interest method. The embedded conversion option is accounted for in accordance with the accounting policy for embedded derivatives described below.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are separated from the relevant host contracts and deemed as held-for-trading when the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contracts, and the combined contracts are not measured at fair value through profit or loss. Derivatives financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting date.

Provision for close down, restoration and environmental costs

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

Provision for close down, restoration and environmental costs *(Continued)*

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

Mining right

Mining right is stated at cost less accumulated amortisation and any impairment losses and is amortised (i) on the units of production method utilising only proven and probable coal reserves in the depletion base; or (ii) straight line method over the remaining terms of the mining right if no mining activity is carried out.

Adoption of new and revised standards

In the current period, the Group has applied the following new/revised Hong Kong Financial Reporting Standards ("HKFRS"), HKASs and Interpretations (hereinafter collectively referred to as the "new HKFRSs") which are effective for accounting periods beginning on or after 1 April 2009.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 First-time Adoption of HKFRSs and HKAS 27 Consolidated and Separate Financial Statements — Cost of Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Amendments to HKFRS 2 Share-based Payment — Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Amendments to HKFRS 7 financial instruments: Disclosure Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKAS 1 (Revised)	Presentation of financial statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Amendments to HKAS 32 Financial Instruments: Presentation and HKAS 1 Presentation of Financial Statements — Puttable Financial Instruments and Obligations Arising on Liquidation
HK(IFRIC) — Int 9 and HKAS 39 Amendments	Amendment to HK(IFRIC)-Int 9 Reassessment of Embedded Derivatives and HKAS 39 Financial Instruments: Recognition and Measurement Embedded Derivatices
HK(IFRIC)-INT 13	Customer Loyalty Programmes
HK(IFRIC)-INT 15	Agreements for the Construction of Real Estate
HK(IFRIC)-INT 16	Hedges of a Net Investment in a Foreign Operation

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

Adoption of new and revised standards *(Continued)*

HKFRS 8 required segment disclosure to be based on the way that the Group's decision makers regard and manage the Group, with the amounts reported for each reportable segment being the measures reported to the Group's decision makers for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into segments based on related products and services and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's senior managements. As this is the first financial year in which the Group has presented segment information in accordance with HKFRS 8, additional explanation has been included in Note 2 to the Interim Financial Statements which explains the basis of preparation of the information. Comparative amounts have also been presented on a basis consistent with the revised segment information.

As a result of the adoption of HKAS 1 (revised), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. The new format for the consolidated statement of comprehensive income and the consolidated statement of changes in equity has been adopted in the interim financial statements and corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

The amendments to HKAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from 1 January 2009 all dividends receivable from subsidiaries, associates and jointly controlled entities, whether out of prior post-acquisition profits, will be recognised in the Company's profit or loss and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognising dividend income in profit or loss, the Company would recognise an impairment loss. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous periods have not been restated.

The application of the other new HKFRSs did not have any material impact on how the financial statements of the Group are prepared and presented for the current or prior accounting period. Accordingly, no prior period adjustments are required.

3. TURNOVER AND SEGMENT INFORMATION

HKFRS 8 "Operating Segments" replaces HKAS 14 "Segment Reporting" with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires that disclosure of information about the Group's operating segments. It replaces the requirements under HKAS 14 to determine the primary (business) and secondary (geographical) reporting operating segments of the Group. Adoption of this standard did not have any effect on the Group's results of operations or financial position. The Group has determined that the operating segments are substantially the same as the business segments previously identified under HKAS 14.

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

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

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

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

On 6 August 2009, the Company announced a plan to dispose of its business of garment and premium. Accordingly, the business segment of garment and premium was classified as discontinued operation, and the comparative figures of this segment was re-classified from continued operations to discontinued operation. The disposal was completed on 12 August 2009, details of which are disclosed in the Company's announcement dated 6 August 2009.

In determining the Group's geographical segments, revenues and results are based on the location in which the customer is located.

3. TURNOVER AND SEGMENT INFORMATION *(Continued)*

(a) Business Segments

The following table provides an analysis of the Group's sales by its business segments:

	Six months ended 30 September 2009					
	Continuing operations				Discontinued operation	
	Digital television technology services (unaudited) HK$'000	Mining (unaudited) HK$'000	Corporate and others (unaudited) HK$'000	Total (unaudited) HK$'000	Garment and premium (unaudited) HK$'000	Consolidated total (unaudited) HK$'000
Segment revenue	7,433	–	–	7,433	–	7,433
Other gains	–	–	–	–	1,626	1,626
Segment results	(6,998)	(79,318)	(3,553)	(89,869)	1,586	(88,283)
Finance costs	(881)	(110)	(39,667)	(40,658)	–	(40,658)
Impairment loss on goodwill	(50,758)	–	–	(50,758)	–	(50,758)
Impairment loss on other intangible assets	–	(1,022,337)	–	(1,022,337)	–	(1,022,337)
Change in fair value of conversion option of convertible notes	–	–	770,583	770,583	–	770,583
Change in fair value of derivative financial instruments	–	6,131	–	6,131	–	6,131
Share of results of associates	–	–	–	–	276	276
(Loss)/profit before taxation	(58,637)	(1,095,634)	727,363	(426,908)	1,862	(425,046)
Taxation	948	5	–	953	–	953
(Loss)/profit for the period	(57,689)	(1,095,629)	727,363	(425,955)	1,862	(424,093)

3. TURNOVER AND SEGMENT INFORMATION *(Continued)*

(a) Business Segments *(Continued)*

	Six months ended 30 September 2008				
	Continuing operations			Discontinued operations	
	Digital television technology services (unaudited) HK$'000	Corporate and other (unaudited) HK$'000	Total (unaudited) HK$'000	Garment and premium (unaudited) HK$'000	Consolidated total (unaudited) HK$'000
Segment revenue:					
Sales and services to external customers	15,340	–	15,340	46,689	62,029
Other gains	–	11,505	11,505	–	11,505
Segment results	7,851	10,119	17,970	714	18,684
Unallocated corporate revenues					9
Unallocated corporate expenses					(4,739)
Finance costs	(2,603)	–	(2,603)	(713)	(3,316)
Share of results of associates	–	–	–	621	621
Profit before taxation					11,259
Taxation	(1,632)	–	(1,632)	–	(1,632)
Profit for the period					9,627

3. TURNOVER AND SEGMENT INFORMATION *(Continued)*

(b) Geographical Segments

	Six months ended 30 September 2009					
	Continuing operations		Discontinued operations		Consolidated total	
	Segment revenue (unaudited) HK$'000	Segment results (unaudited) HK$'000	Segment revenue (unaudited) HK$'000	Segment results (unaudited) HK$'000	Segment revenue (unaudited) HK$'000	Segment results (unaudited) HK$'000
PRC	7,433	(6,998)	–	–	7,433	(6,998)
Russia	–	(79,318)	–	–	–	(79,318)
Others	–	(3,553)	–	1,586	–	(1,967)
Total	7,433	(89,869)	–	1,586	7,433	(88,283)

	Six months ended 30 September 2008					
	Continuing operations		Discontinued operations		Consolidated total	
	Segment revenue (unaudited) HK$'000	Segment results (unaudited) HK$'000	Segment revenue (unaudited) HK$'000	Segment results (unaudited) HK$'000	Segment revenue (unaudited) HK$'000	Segment results (unaudited) HK$'000
PRC	15,340	7,851	166	(159)	15,506	7,692
Chile	–	–	46,523	346	46,523	346
Others	–	10,119	–	527	–	10,646
Total	15,340	17,970	46,689	714	62,029	18,684

4. (LOSS)/PROFIT FROM OPERATIONS

(Loss)/profit from operations has been arrived at after charging/(crediting) the following:

	Six months ended 30 September					
	Continuing operations		Discontinued operations		Consolidated	
	2009 (unaudited) HK$'000	2008 (unaudited) HK$'000	**2009 (unaudited) HK$'000**	2008 (unaudited) HK$'000	**2009 (unaudited) HK$'000**	2008 (unaudited) HK$'000
(Loss)/profit before taxation has been arrived at after charging:						
Amortisation of intangible assets						
– Mining right	**56,489**	–	**–**	–	**56,489**	–
– Customer base	**1,586**	1,322	**–**	–	**1,586**	1,322
Amortisation of leasehold land and land use rights	**–**	–	**–**	23	**–**	23
Depreciation	**247**	7	**–**	389	**247**	396
Equity-settled share option expenses to consultants	**–**	1,661	**–**	–	**–**	1,661
Exchange losses, net	**256**	8	**–**	94	**256**	102
and after crediting:						
Gain on disposal of properties, plant and equipment	**–**	(1,431)	**–**	–	**–**	(1,431)
Gain on disposal of property held for sale	**–**	(10,074)	**–**	–	**–**	(10,074)
Gain on disposal of subsidiaries	**–**	–	**(1,626)**	–	**(1,626)**	–
Gain on disposal of trading securities	**(119)**	–	**–**	–	**(119)**	–
Interest income from promissory note receivables	**(67)**	–	**–**	–	**(67)**	–
Interest income from bank deposits	**(22)**	–	**–**	(38)	**(22)**	(38)

5. FINANCE COSTS

	Six months ended 30 September					
	Continuing operations		Discontinued operations		Consolidated	
	2009 (unaudited) HK$'000	2008 (unaudited) HK$'000	**2009 (unaudited) HK$'000**	2008 (unaudited) HK$'000	**2009 (unaudited) HK$'000**	2008 (unaudited) HK$'000
Interest expenses on						
Bank loans and overdrafts wholly repayable within five years	**–**	–	**–**	183	**–**	183
Import and export loans wholly repayable within five years	**–**	–	**–**	147	**–**	147
Loan from a shareholder	**2,175**	–	**–**	–	**2,175**	–
Loan from a former director of the Company	**7**	–	**–**	–	**7**	–
Imputed interests on convertible notes	**37,541**	–	**–**	–	**37,541**	–
Imputed interests on promissory notes	**874**	2,414	**–**	–	**874**	2,414
	40,597	2,414	**–**	330	**40,597**	2,744
Bank charges	**61**	189	**–**	383	**61**	572
	40,658	2,603	**–**	713	**40,658**	3,316

6. TAXATION

	Six months ended 30 September					
	Continuing operations		Discontinued operations		Consolidated	
	2009 (unaudited) HK$'000	2008 (unaudited) HK$'000	**2009 (unaudited) HK$'000**	2008 (unaudited) HK$'000	**2009 (unaudited) HK$'000**	2008 (unaudited) HK$'000
Current tax – Hong Kong	**–**	–	**–**	–	**–**	–
Current tax – PRC	**(551)**	1,963	**–**	–	**(551)**	1,963
Current tax – Russia and overseas	**(5)**	–	**–**	–	**(5)**	–
Deferred tax credit – PRC	**(397)**	(331)	**–**	–	**(397)**	(331)
	(953)	1,632	**–**	–	**(953)**	1,632

6. TAXATION *(Continued)*

No provision had been made for Hong Kong profits tax as the Hong Kong subsidiaries of the Group had sustained losses for taxation purposes for the current period and utilised its tax losses to offset against profits for the prior periods. Pursuant to the tax holidays granted by the relevant PRC authorities to a PRC subsidiary of the Group in the prior period, where the PRC corporate income tax (the "CIT") is exempted for the first two profitable years of the subsidiary and is chargeable at half of the applicable rate for the subsequent three years, an over-provision of PRC income tax expenses of prior periods were resulted from the tax holidays and were credited to the unaudited condensed consolidated income statement during the current period. Under the relevant PRC income tax law, the PRC subsidiaries of the Group are subject to income tax at a rate of 25% on their respective taxation income during the prior periods. No provision for overseas taxation has been made in the financial statements as the overseas subsidiaries sustained losses during the current and prior periods.

7. DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2009 (2008: Nil).

8. (LOSS)/EARNINGS PER SHARE

From Continuing and Discontinued Operations

The calculations of basic and diluted (loss)/earnings per share are based on the following data:

	Six months ended 30 September	
	2009	2008
	(unaudited)	(unaudited and restated)
	HK$'000	HK$'000
(Loss)/profit attributable to equity holders of the Company	**(411,591)**	7,399

Number of shares	**30 September 2009**	2008
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**4,629,073,803**	2,839,167,867
Effect of dilutive potential ordinary shares:		
Share options	**–**	1,948,380
Warrants	**–**	24,258,830
Weighted average number of ordinary shares for the purpose of dilutive earnings per share	**4,629,073,803**	2,865,375,077

8. (LOSS)/EARNING PER SHARE *(Continued)*

From Continuing Operations

The calculation of the basic (loss)/earnings per share from continuing operations is based on the following:

	Six months ended 30 September	
	2009	2008
	(unaudited)	(unaudited)
	HK$'000	HK$'000
(Loss)/profit attributable to equity holders of the Company from continuing operations	**(413,453)**	7,796

The denominators used are the same as those detailed above for calculating basic and diluted (loss)/earnings per share from continuing and discontinued operations.

From Discontinued Operations

Basic earnings/(loss) per share from discontinued operations is 0.040HK cents and (0.014)HK cents per share for the six months ended 30 September 2009 and 2008 respectively, based on the earnings/(loss) for the current and prior period from discontinued operations of HK$1,862,000 and (HK$397,000) respectively. The denominators used are the same as those detailed above for basic and diluted earnings/(loss) per share.

The convertible notes, warrants and share options have an anti-dilutive effect on the basic earnings per share of the Group for continuing and discontinued operations for the current period. Accordingly, the effect of the convertible notes, warrants and share options were not included in the calculation of diluted earnings per share from continuing and discontinued operations for the current period.

9. PROPERTIES, PLANT AND EQUIPMENT

During the six months ended 30 September 2009, the Group acquired items of property, plant and equipment with a total cost of HK$5,656,000 (30 September 2008: HK$793,000), not including property, plant and equipment acquired through business combination.

Items of property, plant and equipment with a net book value of HK$Nil (30 September 2008: HK$2,202,000) were disposed of by the Group during the six months ended 30 September 2009.

10. GOODWILL

	30 September 2009 (Unaudited) HK$'000	31 March 2009 (Audited) HK$'000
Net carrying amount at 1 April 2009 and 2008	**160,016**	—
Acquisition of subsidiaries	**–**	205,041
Adjustment to the cost of acquisition (Note (i))	**–**	(47,875)
Exchange realignments	**–**	2,850
Impairment loss (Note (ii))	**(50,758)**	—
Net carrying amount at 30 September 2009 and 31 March 2009	**109,258**	160,016

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

The carrying amount of goodwill, net of any impairment loss, is allocated to the cash generating unit of digital television technology services ("DTV CGU") of HK$109,258,000 (31 March 2009: HK$160,016,000).

Notes:

(i) According to the sale and purchase agreement dated 29 January 2008 of the acquisition of 51% equity interests in the DTVChina, DTV China Holdings Limited (the "DTV Vendor") provided profit guarantee to the Group that the consolidated net profits before tax and minority interests and any extraordinary or exceptional items (the "Actual Profit") of the DTV Group for the twelve months commencing from the completion date of the acquisition (i.e. 25 April 2008) would not be less than RMB70 million (the "Guaranteed Profit"). Pursuant to an extension letter dated 29 June 2009, entered into among the Group, the DTV Vendor and the 100% equity owner of the DTV Vendor, the expiry date of the actual profit is extended from 24 April 2009 to 30 April 2009. As the DTV Group's results for the period from 25 April 2008 to 30 April 2009 was less than the Guaranteed Profit, the Group offset the promissory notes issued and held by escrow agent as partial consideration of the acquisition in the amount of HK$47,875,000 and the carrying value of goodwill has been adjusted for the same amount accordingly. Further details of the adjustment are set out in Note 16(a).

(ii) Impairment test for goodwill

The recoverable amount of the DTV CGU has been determined based on a value in use calculation. For the six-month period ended 30 September 2009 and year ended 31 March 2009, the calculation uses cash flow projections based on the most recent financial budgets approved by management covering a 5-year period and discount rate of 18.42%.

During the period, the Group recognised HK$50,758,000 impairment on goodwill attributable to the DTV CGU.

11. INTANGIBLE ASSETS

	Customer base (unaudited) HK$'000 (Note a)	**Mining right (unaudited)** HK$'000 (Note b)	**Total (unaudited)** HK$'000
Cost			
At 1 April 2008	—	—	—
Arising from acquisition of subsidiaries	41,237	—	41,237
Exchange realignments	748	—	748
At 31 March 2009 and 1 April 2009	41,985	—	41,985
Arising from acquisition of subsidiaries	—	2,203,063	2,203,063
At 30 September 2009	41,985	2,203,063	2,245,048
Accumulated amortisation and impairment			
At 1 April 2008	—	—	—
Charge for the year	2,908	—	2,908
Exchange realignments	53	—	53
At 31 March 2009 and 1 April 2009	2,961	—	2,961
Charge for the period	1,586	56,489	58,075
Impairment loss	—	1,022,337	1,022,337
At 30 September 2009	4,547	1,078,826	1,083,373
Net carrying value			
At 30 September 2009	37,438	1,124,237	1,161,675
At 31 March 2009	39,024	—	39,024

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

The customer base purchased as part of a business combination in the prior periods is initially recognised at their fair values on acquisition with reference to professional valuation performed by RHL Appraisal Limited ("RHL").

11. INTANGIBLE ASSETS *(Continued)*

(b) The mining right relating to the cash generating unit of coal mining ("Coal Mining CGU") was acquired as part of the acquisition of the 90% equity interests in the Langfeld Group during the current period is initially recognised at its fair values of the consideration paid for the acquisition of the mining right, details of which are set out in Note 19. At subsequent balance sheet dates, mining right is measured using the cost model subjected to impairment.

Amortisation is provided to write off the cost of the mining right using (i) the units of production method based on the proven and probable mineral reserves under the assumption that Lapichevskaya can renew the mining rights till all proven and probable mineral reserves have been mined if the mining activity is carried out; or (ii) straight line method over the remaining terms of the mining right if no mining activity is carried out. During the Relevant Periods, the coal mine was not operated and accordingly, amortisation on the mining right was amortised under straight line method.

In view of the slower global economic growth and uncertainty in the economic recovery, the prospect of the Coal Mining CGU acquired during the current period will continue to be affected. The Group believes that the profitability potential of the Coal Mining CGU will be reduced in the short and medium terms. The Group considered such decline is an indicator to consider impairment on the Coal Mining CGU.

The recoverable amount of the Coal Mining CGU was re-assessed by the directors with reference to the valuation as at 30 September 2009 performed by Vigers Appraisal and Consulting Limited ("Vigers"), a firm of independent professionally qualified valuers. The recoverable amount of the Coal Mining CGU was determined by the professional valuers based on a value in use calculation using a cash flow projection based on financial budgets covering a 13-year period approved by senior management. The discount rate and growth rate applied to the cash flow projection is 20.59% and 7%, respectively. The directors of the Company are of the opinion, based on the valuation, that mining right associated with the Coal Mining CGU was impaired by HK$1,022,337,000 to its recoverable amount.

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

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

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

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

11. INTANGIBLE ASSETS *(Continued)*

(b) *(Continued)*

Details of the Group's mining right are as follows:—

Mine	Location	Expiry date
Mining right		
Lapichevskaya Mine	Industrial area, Kemerovo district, Kemerovo region, 650906, Russian Federation	31 December 2014

12. DERIVATIVE FINANCIAL ASSET

	30 September 2009 (Unaudited) HK$'000	31 March 2009 (Audited) HK$'000
Fair value of call option	**83,780**	—

On 31 October 2008, the Company, Grandvest International Limited ("Grandvest"), a wholly-owned subsidiary of the Company, Cordia Global Limited ("Langfeld Vendor") and the sole beneficial owner of the Langfeld Vendor of the acquisition of 90% equity interest in Langfeld Group (the "Agreement"). A call option granted by the minority interests of a Russian subsidiary to Langfeld to acquire an additional 10% equity interest in a Russian Subsidiary of Langfeld at a consideration of United State Dollar ("USD") 4,000,000 (equivalent to HK$31,200,000) (the "Call Option") was acquired as part of the acquisition of the 90% equity interest in the Langfeld Group. The fair value of the Call Option upon the completion of the acquisition of the 90% equity interest in the Langfeld Group was HK$77,649,000 (Note 19) based on a professional valuation performed by Vigers, an independent firm of professionally qualified valuers. The independent valuer has applied binominal model to assess the fair value of the Call Option.

At 30 September 2009, the fair value of the Call Option was HK$83,780,000, based on the professional valuation performed by Vigers. Accordingly, a gain on fair value of HK$6,131,000 was credited to the unaudited condensed consolidated income statement.

12. DERIVATIVE FINANCIAL ASSET *(Continued)*

The call option acquired was recognised as derivative financial asset with no expiry date and therefore it was classified as a non-current asset as at 30 September 2009.

On 23 November 2009, Langfeld entered into a sale and purchase agreement with three Russians who are the minority shareholders of the Russian subsidiary of Langfeld ("Russian Vendors") to acquire the remaining 30% equity interests in a Russian subsidiary of Langfeld ("Additional Acquisition Agreement"). Pursuant to the Additional Acquisition Agreement, the Call Option would be waived as part of the settlement of the consideration for the acquisition. The acquisition on the remaining 30% equity interests in the Russian subsidiary is not completed up to the date of this report. Further details are set out in the Company's announcement dated 25 November 2009.

13. PROMISSORY NOTE RECEIVABLE

	30 September 2009 (Unaudited) HK$'000	31 March 2009 (Audited) HK$'000
At the date of inception	**6,844**	—
Interest credited	**67**	—
At 30 September 2009	**6,911**	—
Within 1 year and included in current assets	**413**	—
After 1 year and included in non-current assets		
— After 1 year but within 2 years	**6,498**	—
	6,911	—

On 12 August 2009, a promissory note in the principal amount of HK$7,680,000 was issued to the Group by Billion Master Holdings Limited ("Billion Master"), a company wholly owned by a former executive director of the Company as part of consideration for the disposal of the Group's wholly-owned equity interests in the Falcon Vision Group. The promissory note carried coupon interest of Hong Kong prime rate plus 1% per annum or 6% per annum, whichever is the higher, on the outstanding principal amount and the interests is receivable annually from the date of issuance of this promissory note. Billion Master shall repay the outstanding principal and all interests accrued thereon under this promissory note, to the Group on the date falling 2 years from the date of issuance of this promissory note. The fair value of the promissory note was HK$6,844,000, as at the issue date, based on the professional valuation performed by Vigers. The effective interest rate of the promissory note is determined to be 11.82% per annum.

13. PROMISSORY NOTE RECEIVABLE *(Continued)*

The promissory note receivable is classified as non-current asset and is carried at the amortised cost basis until extinguished or redemption, with the exception of the current portion of the promissory note receivable is classified as current assets and is included in other receivables, deposits and prepayments.

14. TRADE RECEIVABLES

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

The aged analysis of trade receivables of the Group at the balance sheet date, based on the invoice date, was as follows:

	As at 30 September 2009 (unaudited) HK$'000	As at 31 March 2009 (audited) HK$'000
Within 30 days	**3,372**	8,074
31 to 60 days	**283**	1,604
61 to 90 days	**57**	2,398
Over 90 days	**7,962**	4,024
	11,674	16,100
Less: allowance for doubtful debts	**(398)**	(398)
	11,276	15,702

The Board considers that the carrying amounts of the Group's trade receivables approximate to their fair values.

15. TRADE PAYABLES

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

	As at 30 September 2009 (unaudited) HK$'000	As at 31 March 2009 (audited) HK$'000
Within 30 days	**415**	1,370
31 to 60 days	**545**	387
61 to 90 days	**33**	88
Over 90 days	**1,513**	1,283
	2,506	3,128

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

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

16. PROMISSORY NOTES

	(unaudited) HK$'000
At 31 March 2008 and 1 April 2008 (audited)	—
Issued during the period	68,070
Repaid during the period	(20,000)
Interest charge	5,125
Adjustment to cost of acquisition	(47,875)
At 31 March 2009 and 1 April 2009 (audited)	5,320
Repaid during the period	(2,000)
Interest charge	874
At 30 September 2009 and included in non-current liabilities (unaudited)	4,194

16. PROMISSORY NOTES *(Continued)*

The promissory notes were issued by Century Power (China) Limited ("Century Power"), an indirect wholly-owned subsidiary of the Company, in connection with the acquisition of 51% equity interest in the DTV Group in the prior period. The promissory notes are non-interest-bearing and are payable in one lump sum on maturity of five years. The fair value of the promissory notes in the aggregate principal amount of HK$100,000,000 was HK$68,070,000, as at the issue date, based on the professional valuation performed by RHL. The effective interest rate of the promissory notes is determined to be 10.035% and 4.75% per annum respectively. The promissory notes in the principal amount of HK$2,000,000 and HK$20,000,000 were repaid in the current and prior periods respectively, and the remaining outstanding promissory notes are classified as non-current liabilities and are carried on the amortised cost basis until extinguished on redemption.

Note:

(a) The aggregate principal amount of HK$80,000,000 on the two remaining promissory notes were subject to the Guaranteed Profit (i.e. RMB70 million) from the DTV Vendor, of which the DTV Vendor had given warranty and guarantee to the Group that the Actual Profit will not be less than RMB70 million. If the Actual Profit is less than the Guaranteed Profit, the Vendor shall pay to the Group an amount calculated as follows:

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

In such event, the shortfall would be compensated by off-setting the promissory notes held by the escrow agent. As the Actual Profit for the period from 25 April 2008 to 30 April 2009 fell short of the Guaranteed Profit by HK$70,525,000, the principal amount of the promissory notes as at 31 March 2009 had therefore been reduced by HK$72,000,000 as calculated in accordance with the above terms of the Agreement. An adjustment of HK$47,875,000, after discounted with an appropriate effective interest rate, which was debited to the promissory notes and credited to goodwill in Note 10.

As at 31 March 2009, these promissory notes were held by an escrow agent and had been released to the DTV Vendor upon the determination of the results of the shortfall amount in the current period.

17. CONVERTIBLE NOTES AND DERIVATIVES FINANCIAL INSTRUMENTS

On 25 May 2009, five convertible notes ("First Convertible Note") in the aggregate principal amount of USD253,000,000 (equivalent to HK$1,973,400,000) were issued by the Company to the Langfeld Vendor upon the completion of the Group's acquisition of the 90% equity interest in the Langfeld Group and 90% of the unsecured and interest-free shareholder's loan owed by the Langfeld Group to Vendor (the "Langfeld Shareholder Loan"). The First Convertible Note are not interest-bearing and are payable in one lump sum on maturity of five years. The redemption prices of the First Convertible Note are equal to 115% of the outstanding principal amount of the First Convertible Note on their respective maturity date. The subscribers are entitled to convert the First Convertible Note at a conversion price of HK$0.12 per share.

17. CONVERTIBLE NOTES AND DERIVATIVES FINANCIAL INSTRUMENTS *(Continued)*

During the current period, the First Convertible Note with total face value of HK$865,800,000 had been converted into 7,215,000,000 ordinary shares of HK$0.01 each of the Company.

The fair value of the conversion options were valued by Vigers, an independent firm of professionally qualified valuers, at the date of grant and the balance sheet date and the change in the fair value of the embedded derivatives amounted to HK$770,583,000 (For the six months ended 30 September 2008: HK$Nil) has been credited to income statement during the current period. The valuer has adopted the binomial model in measuring the fair value of the conversion option. The liability component of convertible notes is initially recognised as the residual amount after separating the conversion option derivatives and is carried at amortised cost subsequently. The effective interest rate of the liability component of convertibles notes is 22.14%.

The inputs into the binomial option pricing model were as follows:

	At 25 May 2009 (date of issue)	**At 30 September 2009**
Expected volatility	73%	73.4%
Expected life	5 years	4.65 years
Risk-free rate	2.23%	2.31%
Expected dividend yield	3.52%	3.52%
Bond yield	18.04%	11.41%

The expected volatility was determined by taking into account the 3 years historical ordinary share prices of the Company before the date of valuation.

The movements on the liability and derivative component of the convertible notes as follows:

	Liability component HK$'000	**Derivative component** HK$'000	**Total** HK$'000
Nominal value of First Convertible Note issued	757,848	1,215,552	1,973,400
Fair value gain on derivative component	—	(770,583)	(770,583)
Interest expense	37,541	—	37,541
Conversion into new shares	(337,768)	(314,246)	(652,014)
At 30 September 2009	457,621	130,723	588,344

18. SHARE CAPITAL

Ordinary shares of HK$0.01 each	Number of shares As at 30 September 2009 (unaudited)	As at 31 March 2009 (audited)	Nominal value As at 30 September 2009 (unaudited) HK$'000	As at 31 March 2009 (audited) HK$'000
Authorised:	**100,000,000,000**	100,000,000,000	**1,000,000**	1,000,000
Issued and fully paid:				
At beginning of the period/year	**2,913,501,200**	2,047,501,200	**29,135**	20,475
Exercise of warrants (note(i))	**156,000,000**	20,000,000	**1,560**	200
Exercise of share options	**–**	56,000,000	**–**	560
Issue of shares for acquisition of a subsidiary	**–**	790,000,000	**–**	7,900
Issue of shares upon conversion of First Convertible Note (Note 17)	**7,215,000,000**	–	**72,150**	–
At end of the period/year	**10,284,501,200**	2,913,501,200	**102,845**	29,135

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

Note:

(i) During the period, 156,000,000 new ordinary shares of par value HK$0.01 each were issued at a subscription price of HK$0.08 each on exercise of 156,000,000 warrants with an aggregate consideration of HK12,480,000 of which HK$1,560,000 was credited to share capital and the remaining balance of HK$10,920,000 was credited to the share premium account. In addition, the related net premium of HK$1,460,000 received on issue of warrants has been transferred from warrant reserve to the share premium account.

(ii) As described in note 17, the First Convertible Note with the principal amount of USD253,000,000 (equivalent to HK$1,973,400,000) were issued by the Company and are convertible into the shares of the Company at the Conversion Price (HK$0.12 per share) within certain periods and conditions. Up to the balance sheet date, the principal amount of USD111,000,000 (equivalent to HK$865,800,000) of the First Convertible Note have been converted into 7,215,000,000 ordinary shares of HK$0.01 each of the Company at the conversion price.

19. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES

On 25 May 2009, the Group had acquired a mining right located in Russia and its related assets and liabilities from the Langfeld Vendor at a total consideration of USD253,000,000 (equivalent to HK$1,973,400,000) which is satisfied by the issuance of the First Convertible Note of the Company. The purchase was by way of acquisition of the 90% equity interest in the Langfeld Group and 90% of the Langfeld Shareholder Loan. This transaction has been reflected as a purchase of assets and liabilities.

Pursuant to a deed of undertaking and indemnity dated 25 May 2009 from the Langfeld Vendor and the shareholder of the Langfeld Vendor (the "Indemnifiers"), who collectively agreed to indemnify, on a joint and several basis, the Group against certain liabilities accrued and outstanding at the time on or before the completion of the acquisition of the Langfeld Group, which amounted to HK$12,020,000. The indemnified amount of HK$12,020,000 obligated by the Indemnifiers was agreed by the Group and the Indemnifiers to off-set against the amount due to shareholder in the current period.

19. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES *(Continued)*

Details of the fair value of net assets acquired in respect of the acquisition of the Langfeld Group are as follows:

Net assets acquired	**HK$'000**
Properties, plant and equipment	11,864
Deferred tax assets	1,247
Intangible assets — mining right	2,203,063
Derivative financial asset	77,649
Other receivables, deposits and prepayments	634
Cash and cash equivalents	1,187
The Langfeld Shareholder Loan	(59,292)
Other payables, accrued expenses and deposits received	(21,002)
Deferred tax liabilities	(1,109)
Net assets	2,214,241
Less: Minority interests	(297,380)
	1,916,861
Add: Assignment of 90% of the Langfeld shareholder loan	53,362
Amount due from shareholder as indemnity to certain liabilities of the Langfeld Group on date of acquisition	12,020
	1,982,243
Consideration satisfied by:	
Derivative component of convertible notes	1,215,552
Liability component of convertible notes	757,848
Direct costs paid for acquisition of subsidiaries in the current and prior periods	8,843
	1,982,243
Net cash inflow arising from acquisition:	
Cash and cash equivalent balances acquired	1,187

19. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES *(Continued)*

Pursuant to the Agreement, the consideration on acquisition was subjected to two contingent considerations.

(i) The first contingent consideration of USD32,000,000 (equivalent to HK$249,600,000) will be payable to the Langfeld Vendor upon the relevant registration procedures for the exercise of the Call Option has been duly completed at the relevant authorities of the Russia government (the "First Contingent Consideration"), as the Call Option had not been exercised up to the date of this report, the First Contingent Consideration was not recognised in the current period. The First Contingent Consideration will be satisfied by the issue of a convertible note of the Company in the principal amount of USD32,000,000 (equivalent to HK$249,600,000) (the "Second Convertible Note"). In the event that the Call Option is not exercised, the First Contingent Consideration shall not be payable.

Pursuant to the Additional Acquisition Agreement entered by Langfeld and Russian Vendors on 23 November 2009, the Call Option would be waived as part of the settlement of the consideration for the acquisition. Despite the waiver of the Call Option, the Company had agreed to pay the First Contingent Consideration and issue the Second Convertible Note to the Langfeld Vendor upon the completion of the acquisition of the remaining 30% equity interests in the Russian subsidiary as the additional acquisition was structured as an extension of the exercise of the Call Option. The acquisition on the remaining 30% equity interests in the Russian subsidiary is not completed up to the date of this report. Further details are set out in the Company's announcement dated 25 November 2009.

(ii) The second contingent consideration will be payable to the Langfeld Vendor upon the following conditions are satisfied; i) the mining license for a specific mining area located in Russia ("Lot 2 of the Coal Mine") is obtained by the Russia subsidiary and ii) a technical report issued by a technical expert confirming the proved reserves and the probable reserves of Lot 2 of the Coal Mine being not less than 12,000,000 tonnes (the "Certified Reserves") (the "Second Contingent Consideration"), as the conditions stated above had not been satisfied up to the date of this report, the Second Contingent Consideration was not recognised in the current period. The Second Contingent Consideration is ranging from the minimum amount of USD255,150,000 (equivalent to HK$1,990,170,000) to the maximum amount of USD550,800,000 (equivalent to HK$4,296,240,000) (the "Second Contingent Consideration"), shall be calculated in accordance with the formula set out below:

(X + Y) x 90% x Z

Where

X = USD405,000,000 (equivalent to HK$3,159,000,000)

Y = (value of Certified Reserve — 12,000,000 tonnes of coal reserves) x USD30. So far as the computation of Y is concerned, if the value of Certified Reserve exceeds 24,000,000 tones, the value of Certified Reserve will be deemed as 24 million tonnes.

Z = Percentage of shareholding in the Russia Subsidiary held by Langfeld upon the fulfillment of the last of the conditions precedent for the Second Contingent Consideration.

The Second Contingent Consideration will be satisfied by the issue of a convertible note of the Company with the principal amount of to be determined by the formula above (the "Third Convertible Note"). In the event that the conditions of the Second Contingent Consideration is not satisfied, the Second Contingent Consideration shall not be payable. The Second Contingent Consideration has not been recognised.

20. DISPOSAL OF SUBSIDIARIES

On 6 August 2009, the Group entered into a conditional agreement with Billion Master, a company wholly owned by a former executive director of the Company to disposal of the Group's entire 100% equity interests of the Falcon Vision Group and the unsecured and interest-free shareholder's loan owed by the Falcon Vision Group to the Company (the "Falcon Vision Shareholder Loan") at a consideration of HK$9,600,000 by way of cash consideration of HK$1,920,000 and a promissory note in the principal amount of HK$7,680,000 issued by Billion Master to the Company as set out in the Company's announcement dated 6 August 2009. The disposal of the Falcon Vision Group was completed on 12 August 2009, the cash consideration was fully received and the promissory note was issued to the Company at the completion date of the disposal.

The unaudited assets and liabilities of the Falcon Vision Group on 12 August 2009 are as follows:

	Note	HK$'000
Net liabilities disposed of:		
Property, plant and equipment		10
Interest in associates		14,404
Cash and cash equivalents		553
Other payables, accrued expenses and deposits received		(5,047)
The Falcon Vision Shareholder Loan		(23,931)
Net deficiency in assets of the Falcon Vision Group		(14,011)
Assignment of the Falcon Vision Shareholder Loan		23,931
Translation reserve realised upon disposal		(2,151)
Contributed surplus realised upon disposal		(918)
Direct costs incurred for the disposal		287
Gain on disposal of a subsidiary	4	1,626
		8,764
Consideration satisfied by:		
Cash		1,920
Promissory note receivable at fair value		6,844
		8,764
Net cash inflow in respect of disposal of subsidiaries		
— cash and cash equivalents received		1,367

21. PLEDGE OF ASSETS

As at 30 September 2009 and 31 March 2009, the Group had not pledged any assets for banking facilities.

22. CONTINGENT LIABILITIES

As at 30 September 2009 and 31 March 2009, there were contingent liabilities in respect of:

(i)

	As at 30 September 2009 (unaudited) HK$'000	As at 31 March 2009 (audited) HK$'000
Long service payments	–	5

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

(ii) The government of Russia has moved, and may move further towards the adoption of more stringent environmental standards. Environmental liabilities are subject to considerable uncertainties which affect a wholly owned subsidiary, Lapichevskaya LLC (Lapichevskaya)'s ability to estimate the ultimate cost of remediation efforts. These uncertainties include (i) the exact nature and extent of the contamination at various sites including, but not limited to coal mines and land development areas, whether operating, closed or sold; (ii) the extent of required cleanup efforts; (iii) varying costs of alternative remediation strategies; (iv) changes in environmental remediation requirements; and (v) the identification of new remediation sites. The exact amount of such future cost is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under future environmental legislation cannot reasonably be estimated at present, and could be material.

(iii) The Administration of Kemerovo Region had previously extended the lease of land plot by Lapichevskaya from 31 August 2008 to 31 December 2008. The purpose of land plot leased was for the performance of exploration project. Up to the date of report, the minimum lease payment amount of the land plot for the extended period has not been determined by the Administration of Kemerovo Region. The director considers that, Lapichevskaya has the right in priority to extend the lease of land plot under the civil legislation and land laws of the Russian Federation. According to the legal opinion, Lapichevskaya is able to extend the lease as long as 20 years in practice once Lapichevskaya commenced its coal mining operation.

23. CAPITAL COMMITMENTS

As at 30 September 2009, the Group had capital commitments in respect of the construction, installation of new facilities and infrastructure for the development of coal mine in Russia of HK$14,859,000 (31 March 2009: nil).

24. RELATED PARTY TRANSACTIONS

(a) During the period, the Group had the following transaction with related parties, which in the opinion of the directors, were conducted at arm's length and on normal commercial terms:

	Six months ended 30 September	
	2009	2008
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Interest expenses on loan from a shareholder	**2,175**	—

On 6 August 2009, the Group entered into a conditional agreement to dispose of the Falcon Vision Group for a cash consideration of HK$9,600,000 to Billion Master, a company wholly owned by a former executive director of the Company. The disposal was completed on 12 August 2009. As at 30 September 2009, the total consideration including cash HK$1,960,000 and Promissory Note receivable HK$7,680,000 had been received by and issued to the Group respectively.

(b) The amount due to a shareholder is unsecured, interest-bearing at rate of 6-8% per annum and repayable within five years from the balance sheet date.

(c) Amounts due from related parties represented amounts due from a director of subsidiaries of the Company. The amounts are unsecured, interest free and have no fixed terms of repayment.

(d) The amounts with minority shareholders of subsidiaries are unsecured, interest free and have no fixed terms of repayment.

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

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

(g) Compensation of key management personnel of the Group

	Six months ended 30 September	
	2009	2008
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Directors' remuneration		
— Executive directors	**2,020**	1,840
— Independent non-executive directors	**210**	145
	2,230	1,985

25. SIGNIFICANT POST BALANCE SHEET EVENTS

1. On 21 October 2009, the Company and the Langfeld Vendor, a substantial shareholder of the Company, entered into a new Loan Facilities Letter, pursuant to which the previous loan facilities between the Company and the Langfeld Vendor was terminated. Under the new Loan Facilities Letter, the Langfeld Vendor has made available to the Company new loan facilities of up to USD72 million for the purpose of financing the development of the coal mine acquired from the acquisition of the Langfeld Group and the acquisition of further equity interest in the Russian Subsidiary. The new Loan Facilities Letter has made available to the Company during the period commencing from the date of the new loan facilities letter immediately after the termination of the previous facilities letter becoming effective and ending on the date falling two years from the date the Group obtained the mining licence of Lot 1, Lot 1 Extension and Lot 2 of the coal mine held by the Group's Russian subsidiary. Further details are set out in the Company's announcement dated 21 October 2009.

2. On 23 November 2009, Langfeld, a 90% indirectly held equity-owned subsidiary of the Company entered into a sale and purchase agreement with Russian Vendors to acquire the remaining 30% equity interests in the Russian subsidiary of Langfeld at a cash consideration of USD9,490,606 (or equivalent to approximately HK$74,027,000) as set out in the Company's announcement dated 25 November 2009.

3. On 14 December 2009, the Company and the Langfeld Vendor, a substantial shareholder of the Company, entered into a conditional modification deed ("Modification Deed") to amend certain existing terms of the First Convertible Note. The proposed amendments to the First Convertible Note pursuant to the Modification Deed include the adjustment to the conversion price of the First Convertible Note from HK$0.12 to HK$0.04, the cancellation of the outstanding principal amount of the First Convertible Note on 14 December 2009 in the amount of USD142,000,000 (equivalent to HK$1,107,600,000) and restating the principal amount of the First Convertible Note to USD107,000,000 (equivalent to HK$834,600,000), and a promissory note in the principal amount of USD35,000,000 (equivalent to HK$273,000,000) will be issued by the Company. Further details are set out in the Company's announcement dated 14 December 2009 and 22 December 2009 respectively.

26. COMPARATIVE FIGURES

During the period, the Board obtained additional information about the accounting treatment on a particular financial asset and had re-classified it as trading securities in the current period, the financial asset was classified as available-for-sale investment in the prior periods. Comparative figures for the six months ended 30 September 2009 have been restated to reflect this change. The effect is to decrease the consolidated profit for the six months ended 30 September 2008 and increase the available-for-sale investments revaluation reserve as at that date by approximately HK$230,000, and to reduce the consolidated accumulated loss of the Group as at 30 September 2008 by the same amount. There is no tax effect in respect of this adjustment.

Certain comparative amounts have also been reclassified to conform with the current period's presentation.

FINANCIAL REVIEW

For the six months ended 30 September 2009, the Group recorded a turnover of approximately HK$7,433,000 (2008: HK$62,029,000), a decrease of approximately 88.0% as compared to the corresponding period in prior year. The decrease in turnover was mainly due to the discontinued operations of the garment and premium business in August 2009 and a drop in turnover of the business of digital television technology services. The turnover of the Group for the period under review solely generated from the digital television technology service operations. Due to the global negative financial impact as a consequence of the financial tsunami, digital television services business has faced a challenging time as the growth of the industry was not as rapid as expected. The turnover of digital television services segment for the current period was approximately HK$7,433,000 and decreased by 51.5% as compared with the previous period of approximately HK$15,340,000.

Loss from operations was recorded at approximately HK$88,283,000 (2008: profit of HK$13,954,000). The profit of the corresponding period in prior year was partly due to a gain on disposal of a property held for sale and disposal of a property. The loss in the current period was mainly due to the drop of turnover and high administrative and other expenses for the coal mining segment.

During the period under review, the Group recorded a loss attributable to equity holders of HK$411,591,000 (2008: profit of HK$7,399,000). The substantial part of the Group's loss was due to the accounting treatments of various items arose from the acquisition of coal mine in Russia, such as impairment loss on fair value of mining right acquired during the period of HK$1,022,337,000 (2008: nil); amortisation of intangible assets in mining right amounted to HK$56,489,000 (2008: nil); imputed interests on convertible notes of HK$37,541,000 (2008: nil) and partly offset by gain from fair value adjustments on the conversion option of the Group's convertible notes amounted to HK$770,583,000 (2008: nil). The aggregate net result of the abovementioned accounting loss net of accounting gain was HK$345,784,000 which represents 81.5% of the Group's loss for the period.

OPERATION REVIEW

Coal Mining

The Group has completed the acquisition of 90% interests in Langfeld Enterprises Limited, which holds 70% interests of its subsidiary, LLC "Shakhta Lapichevskaya" which owns a coal mine in Russia Federation in May 2009. After the acquisition, the Company has started to plan the coal mine development. JSC "Kuzbassgiproshakht", one of the leading research institutes of projecting for coal mining and coal processing company in Russia, was engaged by the Group in August 2009 for the preparation of the mine construction plan and the project design of the coal mine, including but not limited to the preparation of the pre-design work-out of the external transportation and the internal electric power supply system of the coal mine. As the coal mining business still at the preliminary development stage, no turnover was recorded during the period under review.

Digital Television Technology Services

The Group entered into the digital television broadcasting industry in the PRC in 2008. The Group recorded a revenue from digital television technology services of approximately HK$7,433,000 (2008: HK$15,340,000) and a loss of about HK$57,689,000 (2008: profit of HK$3,617,000) during the period under review, of which HK$50,758,000 was the impairment loss on goodwill due to accounting treatment. The decrease in turnover was mainly due to (1) the reduction of price resulting from competition in the digital television services industry in the PRC and (2) the growth of the industry was not as rapid as expected.

Garment and Premium Products

The Group has disposed of the garment business in August 2009 and discontinued the garment and premium products segments. There is no turnover recorded in the period under review.

PROSPECTS

The year 2009 was still marked by a global economic downturn and the prevailing worldwide financial and commodities markets remained uncertain. We have witnessed a decline in company values this year as a result of the financial crisis and fears of an ensuing contraction in global economic growth. The financial crisis affected the Group to the extent that demand for coking coal and other natural resources have slipped which resulted in drastic decrease in coal prices.

As a result of decreasing coal prices, among other factors as well, the Group incurred a substantial loss for the six months ended September 2009. The loss was largely attributable to the accounting treatments of various items such as the impairment loss on the fair value of the mining right acquired during the period after, net-off of the gain from fair value adjustments on the conversion options of the Group's convertible notes, arising from the acquisition of 90% equity interest in Langfeld Enterprises Limited. The impairment loss and fair value adjustments are non-cash items and they will not have any impact on the operating cash flow of the Group.

In spite of such losses and difficulties, the Group is able to keep up with challenges to concentrate on the aspects of the Group's development. The Group has taken into account the potential growth of coal mining industry, and strengthened its control over its coal resources in Russia with the objective of becoming one of the influential coal mining companies. The Group has planned to achieve this through extensive efforts including our an ongoing plan to purchase the remaining 30% of equity interests in the Russian mine and to apply for a new mining license to secure additional coal resources under the ownership of the Group.

The Board is cautiously optimistic about the Group's business outlook as we expect moderate recovery in corporate investments as well as in demand for coal and natural resources. As the prices of coal recover, the company's value will strengthen again. The Group is confident that it can overcome prevailing hindrances and adverse business environment. As coal mining is expected to be the major business and source of income of the Group, the Group will concentrate its resources in the coal mining segment. The Group also intends to pursue new areas of business that will serve as our engines. These efforts will, hopefully, allow the Group to adopt an increasingly pro-active attitude toward changes in the business environment.

Under the vision of 'Small beginning, but flourishing future', the Group has continued and will continue to make every effort to maximize company value for our shareholders and render benefits to the society at same time.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2009, the Group had net current assets of HK$139,329,000 (31 March 2009: net current liabilities of HK$63,419,000). The Group's current ratio, being the ratio of current assets to current liabilities, increased to 540.7% (31 March 2009: 32.9%) and the Group's gearing ratio, the ratio of total interest-bearing borrowings to total assets, being increased to 11.0% (31 March 2009: nil).

The Group generally finances its operations with internally generated cash flow, and facilities provided by Cordia Global Limited, the substantial shareholder of the Company, according to the facility letter dated 25 May 2009 which was revised on 21 October 2009, and through capital market available to listed companies in Hong Kong. During the period under review, the Group recorded a net cash inflow of HK$126,324,000 (2008: cash outflow HK$4,587,000), which increased its total cash and cash equivalents to HK$133,422,000 (2008: HK$14,735,000) as at 30 September 2009.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND RELATED HEDGES

The Group's turnover, expenses, assets and liabilities are denominated in Hong Kong dollars ("HKD"), Renminbi ("RMB"), United States dollars ("USD") and Russia ruble ("RUB"). The exchange rates of RMB and USD against HKD remained relatively stable during the period under review. Certain expenses of the Group are in RUB which has fluctuated at a relatively larger extent in the period. Therefore, exchange rate fluctuation of RUB against HKD may have favourable or adverse effect on the operating results of the Group.

At present the Group does not intend to seek to hedge its exposure to foreign exchange fluctuations involving RUB. The use of financial instruments for hedging purpose will be considered when necessary. However, achieving this objective is not always possible due to the limitation in financial markets and regulatory constraints, particular when there are exchange constraints in Russia.

CONTINGENT LIABILITIES

Details of contingent liabilities as at 30 September 2009 and 31 March 2009 were set out in note 22 to the unaudited condensed consolidated financial statements.

CAPITAL COMMITMENT

As at 30 September 2009, the Group had capital commitments in respect of the construction, installation of new facilities and infrastructure for the development of coal mine in Russia of HK$14,859,000 (31 March 2009: nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2009, the Group had approximately 66 staff in Hong Kong, the PRC and the Russia Federation (31 March 2009: 60).

The Group's remuneration policy is reviewed periodically and determined largely based on industry practice, company performance and individual qualifications and performance. Remuneration packages comprise salary, commissions and bonuses based on individual performance. Share options may also be granted to eligible employees of the Group.

PLEDGE OF ASSETS

The Group has not pledged any of its assets for bank facilities as at 30 September 2009 (31 March 2009: nil).

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

At 30 September 2009, the interests of the directors, chief executives and their associates in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Shares of HK$0.01 each in the Company

Name	Capacity	Number of shares held	Percentage of shareholding
Executive director:			
Mr. Lim Ho Sok (Mr. Lim) (Note 1)	Interest in controlled corporation	560,000,000 Long position	5.45%

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

Note 2: Mr. Li Wing Sang ("Mr. Li") and Mr. Chiu Chi Hong ("Mr. Chiu") each owns 19,560,000 shares options respectively under the share option scheme of the Company which confers each of them the rights to acquire 19,560,000 shares respectively. Details of which are separately disclosed in the section "Share Option Scheme" below.

Save as disclosed above, as at 30 September 2009, none of the directors or any of their associates or chief executives of the Company (as defined in the Listing Rules) had any interests or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations which are required to be notified to the Company and the Stock Exchange pursuant to SFO (including interests which they are taken or deemed to have under SFO) or which are, pursuant to Section 352 of SFO, entered in the register referred to therein or, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as otherwise notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

Pursuant to the share option scheme (the "Scheme") approved and adopted by the Company on 19 October 2002, share options were granted to subscribe for shares in the Company in accordance with the terms of the Scheme. There were no changes in any terms of the Scheme during the six months ended 30 September 2009. The detailed terms of the Scheme were disclosed in the 2009 annual report of the Company.

Movements in the Company's share options during the period under review are as follows:

Name or category of participant	As at 1 April 2009	Granted during period	Exercised during period	Lapsed during period	As at 30 September 2009	Date of grant of share options*	Exercise period of share options	Exercise price of share options HK$
Directors								
Mr. Li	19,560,000	–	–	–	19,560,000	10/09/2007	10/09/2007 to 09/09/2017	0.2226
Mr. Chiu	19,560,000	–	–	–	19,560,000	10/09/2007	10/09/2007 to 09/09/2017	0.2226
Employees other than directors								
In aggregate	78,240,000	–	–	–	78,240,000	10/09/2007	10/09/2007 to 09/09/2017	0.2226
	117,360,000	–	–	–	117,360,000			

* The vesting period of the share options is from the date of grant until the commencement of the exercise period.

** The number of issuable shares and the exercise price of the share options are subject to adjustment in the case of capitalization issue, rights issue, sub-division or consolidation of the Company's shares or reduction of capital of the Company.

Each option gives the holder the right to subscribe for one share. As at 30 September 2009, the Company has 117,360,000 share options outstanding under the Scheme. The exercise of the entire outstanding share options would, under the capital structure of the Company as at 30 September 2009, result in the issue of 117,360,000 additional ordinary shares of HK$0.01 each of the Company and additional share capital of 1,173,600 and share premium account of approximately HK$24,950,000 (before issue expenses).

DISCLOSURE PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Directors' information

Mr. Lim Ho Sok ("Mr. Lim"), is the Chairman and executive director of the Company. Mr. Lim was appointed as the Chairman of the Company on 16 June 2009.

Mr. Li Wing Sang, executive director and Chief Executive Officer of the Company, has been appointed as an executive director of Tech Pro Technology Development Limited (a company listed on the Stock Exchange) with effect from 11 December 2009.

Mr. Tam Tak Wah, an independent non-executive director of the Company, has been appointed as an executive director of New Smart Energy Group Limited (a company listed on the Stock Exchange) with effect from 1 September 2009.

Directors' Emoluments

With effect from 1 June 2009, the director's emoluments of Mr. Lim Ho Sok has been revised to HK$1,080,000 per annum; the director's emoluments of Mr. Li Wing Sang has been revised to HK$1,020,000 per annum and the director's emoluments of Mr. Chiu Chi Hong has been revised to HK$840,000 per annum.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2009 and so far as is known to the Board and according to the register of interests in shares and short positions of substantial shareholders maintained by the Company under Section 336 of the SFO, the following persons (other than the directors disclosed under the heading "Directors' interests in shares" above) has interest of 5% or more of the nominal value of the issued ordinary shares that carry a right to vote in all circumstances at general meetings of the Company:

Name of shareholders	Capacity	Number of shares held	Percentage of the shareholding
Goldwyn (Note 1)	Beneficial owner	560,000,000 Long position	5.45%
Cordia Global Limited ("Cordia") (Note 2)	Beneficial owner	1,515,000,000 Long position	14.73%

Note 1: These 560,000,000 shares are held by Goldwyn, a company wholly-owned by Mr. Lim. By virtue of the SFO, Mr. Lim and Ms. Lim Chi Wook, being the wife of Mr. Lim are deemed to be interested in the 560,000,000 shares which Goldwyn has beneficial interest in.

Note 2: The entire issued share capital of Cordia is beneficially owned by Mr. Choi Sungmin ("Mr. Choi"). By virtue of the SFO, Mr. Choi and Ms. Jung Mi Na, being the wife of Mr. Choi are deemed to be interested in these 1,515,000,000 shares which Cordia has beneficial interest in.

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the period under review, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

CORPORATE GOVERNANCE

The Audit Committee of the Company consists of three independent non-executive directors. The details are disclosed in the Corporate Information. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group, and discussed auditing, internal control and financial reporting matters including the review of the unaudited condensed interim financial statements for the six months ended 30 September 2009.

The Remuneration Committee of the Company comprises of four directors. The details are disclosed in the Corporate Information. They are responsible to the Board for setting up Group's emoluments' policy and for considering and reviewing the remuneration packages of all directors and senior management.

During the period under review, the Company has complied with the Code as set out in Appendix 14 to the Listing Rules, except that (i) the roles of chairman and chief executive officer are not separate and are performed by the same individual until the appointment of Mr. Lim Ho Sok as chairman on 16 June 2009 and (ii) the independent non-executive directors are not appointed for a specific term but are subject to retirement by rotation and re-election pursuant to the Company's articles of association. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance is no less exacting than those in the Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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. Following specific enquiry by the Company, all Directors confirmed that they have complied with the required standards as set out in the Model Code throughout the period under review.

By order of the Board of
Siberian Mining Group Company Limited
Lim Ho Sok
Chairman

Hong Kong, 23 December 2009