DOXEN ENERGY GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 668

2011 Annual Report

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive directors

Mr. Lo Siu Yu, *Chairman*
Mr. Chen Yang, *Chief Executive Officer*
Mr. Zhang Jian Qiang

Non-executive directors

Mr. Wang Xiaobo
Mr. Qin Hong

Independent non-executive directors

Mr. Chan Ying Kay
Ms. Kwong Ka Yin, Phyllis
Mr. Wang Jin Ling

AUDIT COMMITTEE

Mr. Chan Ying Kay, *Committee Chairman*
Ms. Kwong Ka Yin, Phyllis
Mr. Wang Jin Ling

REMUNERATION COMMITTEE

Ms. Kwong Ka Yin, Phyllis, *Committee Chairman*
Mr. Chan Ying Kay
Mr. Wang Jin Ling

NOMINATION COMMITTEE

Mr. Lo Siu Yu, *Committee Chairman*
Mr. Chan Ying Kay
Ms. Kwong Ka Yin, Phyllis

COMPANY SECRETARY

Ms. Wong Tsui Yue, Lucy

AUTHORIZED REPRESENTATIVES

Mr. Lo Siu Yu
Mr. Chen Yang

REGISTERED OFFICE

Room 2110, Harbour Centre
25 Harbour Road
Wanchai, Hong Kong
Tel: (852) 2596 0668
Fax: (852) 2511 0318
E-mail: enquiry@doxen.com.hk

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
46/F, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

SHARE TRANSFER OFFICE

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

PRINCIPAL BANKERS

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

SOLICITORS

Chiu & Partners Solicitors
Mason Ching & Associates, Solicitors & Notaries

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

STOCK CODE

668

WEBSITE

http://www.doxen.com.hk

CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "Board"), I present the annual report of Doxen Energy Group Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 March 2011.

Last year marked a meaningful year for the development of the Group. The Group has identified energy as its core business model after a series of preparation and reorganization activities. Subsequent to the recent acquisition of the equity interests in Xinjiang New Century Coal Mine project completed by the end of August 2010, the Group presently sets its top priority to accelerate its 900,000 tonnes production capacity expansion project with a view to realize its contribution to the Group and the shareholders at the earliest.

To better formulate our development strategies and strengthen the competitive edge of the Group in the energy sector, the Group entered into strategic cooperation agreements with Henan Coal Group and Jiangsu Huaxi Group respectively during the year under review, among which Huaxi Group became a strategic shareholder of the Company through its subsidiary. Such long-term strategic cooperative alliance will enable the Group to achieve better results with much less effort on its development of other mining projects in the PRC. At the same time, the strategic alliance formed with industry leaders will assure the Group's strong support related to advance technology and know-how of mining and the Group's future supply of personnel possessing the experience and professional knowledge of the mining industry in PRC.

Leverage on its forerunner advantage and its established business network, as well as its cooperation with strategic alliance, we will strive to explore any business opportunities for further development of energy-related projects while consolidate its inherent strength.

APPRECIATION

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

Lo Siu Yu
Chairman

Hong Kong, 28 June 2011

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS

The results of the Group are summarized as follows:

	2011 HK$'000	2010 HK$'000 (restated)	Changes +/(-) %
Revenue	**72,144**	151,777	(52.5)
Other income	**–**	1,082	(100)
Cost of inventories consumed	**(22,287)**	(45,519)	(51.0)
Staff costs	**(39,134)**	(55,852)	(29.9)
Operating lease rentals	**(13,168)**	(25,640)	(48.6)
Utility expenses	**(5,174)**	(11,860)	(56.4)
Depreciation and impairment losses of property, plant and equipment	**(842)**	(32,272)	(97.4)
Repair and maintenance expenses	**(790)**	(2,511)	(68.5)
Other gains – net	**3,301**	4,750	(30.5)
Other operating expenses	**(21,859)**	(28,049)	(22.1)
Operating loss	**(27,809)**	(44,094)	(36.9)
Finance income	**1,378**	150	818.7
Finance costs	**(5,163)**	–	100
Finance (costs)/income – net	**(3,785)**	150	(2,623.3)
Share of profit of an associated company	**–**	828	(100)
Loss before income tax	**(31,594)**	(43,116)	(26.7)

BUSINESS REVIEW

During this fiscal year, the Group was required to dispose of its interests in Shanghai Lu Yang Cun Restaurant pursuant to the shareholders' agreement dated 18 October 1995. The disposal was completed on 28 October 2010. The Group's remaining operating restaurants as at 31 March 2011 were Eighteen Brook Cantonese Cuisine and Imperial Kitchen.

With this change and the disposals of various unprofitable restaurants in last year, revenue of the Group decreased by approximately 52% to HK$72 million (2010: HK$152 million) while loss attributable to equity holders of the Company was approximately HK$27.8 million (2010: HK$44.9 million).

During the year under review, other operating expenses decreased only by 22.1%, despite disposals of various unprofitable restaurants, since legal and professional fee of HK$7.5 million was incurred during the year for our acquisition of the New Century coal mine and other fund raising activities. Share option expenses amounting to HK$7.4 million were recognized, which related to the 16,200,000 share options granted to the directors of the Company and employees of the Group. Finance costs increased significantly because new bank loans of HK$499 million were borrowed by the Group in around December 2010 to finance our project in Xinjiang. The main hurdle for further expansion of catering business in Hong Kong is still, among other costs, the rising costs of rents and salaries. On the other hand, for more information of the mining company acquired during the year, please refer to the section of "Project in progress: New Century Coal Mine".

On 31 August 2010, the acquisition of equity interest of Xinjiang New Century, the placement of an aggregate of 508.6 million new shares of the Company to independent third parties ("Placement"), and the subscription of 120 million new shares of the Company by Mr. Lo Siu Yu ("Mr. Lo") ("Subscription") were completed. With the fund raised from the Placement and the Subscription amounting to HK$648.8 million in aggregate and other financial resources from the bank borrowings as stated above, the Group has sufficient financial resources to assure the development of the New Century Coal Mine and financial requirement for future investment opportunities. However, the management will continue adopting stringent cost control and maintain thin and effective overheads structure and prudently utilize the corporate resources.

As the acquisition of Xinjiang New Century was accounted for as a business combination under common control, the Company applies the principles of merger accounting as prescribed in Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" in preparing its consolidated financial statements. The comparative figures as at and for the year ended 31 March 2010 have been presented on the basis as if the current group structure had been in existence since 7 October 2009, the date when Mr. Lo completed the acquisition of the controlling equity interest in the Company and when the Company and Xinjiang New Century first came under the common control of Mr. Lo. For details, please refer to note 36 to the accompanying consolidated financial statements.

FINAL DIVIDEND

The Board does not recommend any final dividend (2010: Nil) for the year ended 31 March 2011.

PROJECT IN PROGRESS: NEW CENTURY COAL MINE

Background Information:

The New Century Coal Mine

The Company acquired the New Century Coal Mine in August 2010 by acquiring the entire equity interest of Xinjiang New Century Mining Company Limited ("Xinjiang New Century"). Since the acquisition, the Company has been implementing an expansion program which plans to increase the annual production capacity from 90,000 tonnes to 900,000 tonnes. The Company forecasts the expansion program to be completed in the last quarter of 2012 at which time trial mining will commence. In addition, capital of RMB120 million was injected into Xinjiang New Century, which was necessary as part of capital requirement for production capacity expansion project. The New Century Coal Mine is not only an exceptional project in its own right but also serves as an ideal platform for the future organic growth of the Company and as our flagship in Xinjiang's coal industry.

The capitalisation term under this section will be the same as those stated in our circular dated 8 June 2010 (the "Circular") unless otherwise defined.

Exploration, development and mining production activities:

The expenditure incurred on the production capacity expansion project for the year ended 31 March 2011 was approximately RMB31.4 million (2010: RMB11.4 million). Site formation and construction work of a main shaft and auxiliary shafts are underway as scheduled and the progress so far has been satisfactory. Other than that, since the New Century Coal Mine is in the process of expanding its production capacity, there has been no exploration and production activity as of the date of this report.

JORC Coal Resource Estimate:

The New Century Mine is located 20km from Fukang City and 80 km from Urumqi in Xinjiang Uyghur Autonomous Region, the licence area is 2.5478 sq.km. Dapingtan Coal Mine and Ganguo Coal Mine are to the east and west of the New Century Coal Mine respectively. The JORC Coal Resources are listed below in Table 1.

Table 1 – Minarco-Mineconsult estimated JORC Coal Resources (extracted from Appendix V, the Circular)

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

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS

The total Coal Resources estimated is 71 Mt. The totals have been rounded down to the nearest 1 million tonnes (Mt) to reflect the order of accuracy of the estimates. No coal thickness or coal quality cut offs have been used for the resource estimates.

JORC "equivalent" reserve estimation

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

Table 2 – JORC "equivalent" reserves (extracted from Appendix V, the Circular)

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

The information regarding the JORC Coal Resource and JORC "equivalent" reserve estimates of the New Century Coal Mine is the same as that disclosed in the Circular under the section of "Technical Report on the New Century Coal Mine".

MMC has received an updated progress report dated 17 June 2011 and conducted a site visit to the New Century Coal Mine afterwards. Based on the site visit, as well as information provided by the Company, MMC believes that no exploration activities or advancement of coal production have taken place over the past 12 months. Therefore MMC considers the JORC Coal Resource and JORC "equivalent" reserve estimates compiled as at 8 June 2010 for the "Technical Report on New Century Coal Mine" included in the Circular to remain valid as at 31 March 2011.

MMC and all the Competent Persons have given their consent to the inclusion of the material in the form and context in which it appears in this annual report.

PROSPECTS

The Group, based on its inherent advantages, successfully entered the coal mining industry which has a difficult entry barrier and is highly competitive. As the new business makes progress, it becomes easier for the Group to identify its business direction, and the Group is highly confident about the outlook of its coal mining operation.

Xinjiang is one of the regions with the most abundant coal reserves in the PRC. It is roughly estimated that the Xinjiang region accounts for approximately over 40 percent of the total coal reserves in the PRC. With a lower level of coal exploitation activities, the region becomes an important base for coal and energy output. Our New Century Coal Mine is situated within the most prosperous Urumqi-Changji Economic Zone, nearby large-scale power stations, which creates the most effective marketing channel for the Group's product. Such abundant natural resources have built up favorable geographical advantage for the Group.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS

Since the Group believes that a professional team can generate utmost benefits, we have been recruiting professional talents throughout the year, including administration management, professional engineers and technicians, with an aim to achieve an annual production capacity of 900,000 tonnes at the earliest upon completion of the New Century Coal Mine expansion project.

The Group has great confidence in the prospect of its first project, Xinjiang New Century Coal Mine, launched in the energy and mining sector. We believe our experience gained in this project will enable us to acquire more opportunities for the development of our energy and mining operation. However, in view of the recent changes of the relevant regulations in China, the future acquisition of some specific mines in the PRC will be a new challenge for our executive members of the Board.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 March 2011, the Group had freely-held cash of about HK$722.8 million (2010: HK$37.6 million) and the gearing ratio (bank borrowings over the net assets) was 72.7% (2010: Nil). The Group had capital commitments of approximately HK$424.8 million as at 31 March 2011 (2010: HK$444.8 million) which are mainly attributable to the production expansion project of Xinjiang New Century. The project will be funded by internal capital and by bank borrowings. No other fund raising is necessary at this stage.

The total future minimum lease payments under non-cancellable operating leases for properties amounted to HK$24.7 million (2010: HK$23.5 million).

Details of the capital commitments are set out in note 37 to the accompanying consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2011, the Group had a total of 170 (2010: 185) full time employees. Employees' remuneration package was determined with reference to prevailing market practices and individual performance. Remuneration package includes basic salaries, sales incentives (which are only payable to some operation staff), medical and retirement benefit schemes. Discretionary bonus may be granted to eligible employees based on the performance of the Group and individual employees. A new share option scheme was approved by shareholders of the Company on 11 September 2008. During the year, 16,200,000 share options were granted under the new share option scheme to several directors of the Company and employees of the Group. Please refer to the section of "Share Option Scheme and Directors' and Chief Executives' Rights to Acquire Shares or Debentures" below. The Company encourages its employees to enhance their competence and provides trainings to improve staff development to assure opportunity for individual growth of employees.

PLEDGE OF ASSETS

As at 31 March 2011, the Group pledged its mining right and a bank deposit with carrying amounts of approximately HK$10 million (2010: Nil) and HK$351 million (2010: Nil) respectively, and its equity interest in Xinjiang New Century to various banks for securing the loans and general bank facilities granted to the Group.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group conducted its business transactions in Hong Kong dollars and Renminbi. There was no financial instruments held by the Group for hedging purpose.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 March 2011.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Lo Siu Yu ("Mr. Lo"), aged 41, was appointed as the chairman and executive director of the Company in October 2009. Mr. Lo possesses over 10 years of experience in the sale of automobile accessories and properties investment. He was the founder and is currently the chairman and general manager of 重慶東銀實業（集團）有限公司 (Chongqing Doyen (Holdings) Limited) ("Doyen"), a private company established under the laws of the PRC with limited liability. Mr. Lo and his wife were the ultimate beneficial owners of Doyen as at the date of this report. In mid 1990s, Mr. Lo was involved in the management of certain Chinese cuisine restaurants in the PRC which were owned by Mr. Lo and his family. Based on the latest available information, Doyen is beneficially interested in approximately 34.04% of the entire issued share capital of 重慶市迪馬實業股份有限公司 (Chongqing Dima Industry Company Limited), a company listed on the Shanghai Stock Exchange and approximately 22.96% of the entire issued share capital of 江蘇江淮動力股份有限公司 (Jiangsu Jianghuai Engine Company Limited ("Jianghuai Engine")), a company listed on the Shenzhen Stock Exchange. Mr. Lo holds a degree of Economics from 重慶工商大學 (Chongqing Technology and Business University) (formerly known as 渝州大學 (Yuzhou University)) in Chongqing City, the PRC.

Mr. Chen Yang ("Mr. Chen"), aged 30, was appointed as the chief executive officer and an executive director of the Company in October 2009, and Mr. Chen has extensive experience in corporate management and investment planning. He was the chief executive officer and an executive director of BEP International Holdings Limited, a company listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), from October 2007 to May 2009. He had also been a consultant at The World Bank in Washington D.C., the United States of America. Mr. Chen obtained a Bachelor of Arts degree from Nanjing University in July 2002, a postgraduate diploma in economics from Southwest China Normal University in July 2004, and a master degree in public administration from Columbia University, the United States of America in October 2006.

Mr. Zhang Jian Qiang ("Mr. Zhang"), aged 43, was appointed as an executive director of the Company in October 2009. Mr. Zhang is the vice president of Doyen, chairman of Chengdu Doyen Information Technology Co., Ltd. (成都東銀信息技術股份有限公司), a company beneficially owned by Mr. Lo, and also a director of Jianghuai Engine. Before joining Doyen, Mr. Zhang had worked for various financial institutions and had substantial experience in corporate finance and investment banking. Mr. Zhang obtained a master degree of economics from the Nanjing University in 1992.

NON-EXECUTIVE DIRECTORS

Mr. Wang Xiaobo, aged 41, was appointed as a non-executive director of the Company in October 2010. He graduated from the department of Management Engineering of 四川輕化工學院 (Sichuan Institute of Light Industry*) in 1993 with a certificate in Finance and Accounting. He has obtained qualifications as a Certified Public Accountant, Registered Tax Agent, Certified Public Valuer and Qualified Cost Engineer. He completed a programme in Executive Master of Professional Accountancy and was admitted to the Degree of Master of Professional Accountancy at The Chinese University of Hong Kong in 2007. He has worked as an Audit Manager, Cost Engineering Manager and Financial Officer in several accounting firms in Chongqing, the PRC. He joined Doyen in September 2003 and is currently the Chief Executive Officer of Doyen.

Mr. Qin Hong ("Mr. Qin"), aged 45, was appointed as a non-executive director of the Company in October 2010. Mr. Qin is an economist. He was awarded a Qualification Certificate of Specialty and Technology in Finance and Economics (intermediate level) by the Ministry of Personnel, the PRC in 1994 and graduated from 南京師範大學 (Nanjing Normal University) with a bachelor degree in Chinese Language and Literature in 2006. Mr. Qin has worked for several banks in the PRC, including Bank of Communications and Huaxia Bank. He is now the general manager of 江蘇寶鼎投資擔保有限公司 (Baoding Investment Guarantee Co. Ltd, Jiangsu*) and a director of 江蘇華西集團財務有限公司 (Jiangsu Huaxi Group Finance Co., Ltd*), an indirect subsidiary of 江蘇華西集團公司 (Jiangsu Huaxi Group Company*) ("Huaxi Group"), a company incorporated in the PRC with limited liability. One of the subsidiaries of Huaxi Group, Baoli International (Hong Kong) Trading Co., Limited, a company incorporated in Hong Kong with limited liability, is a substantial shareholder of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Ying Kay ("Mr. Chan"), aged 47, was appointed as an independent non-executive director of the company in October 2009. Mr. Chan is the company secretary and the qualified accountant of FinTronics Holdings Company Limited ("FinTronics"), a company listed on the Main Board of the Stock Exchange. Mr. Chan is also the chief financial officer of FinTronics. He is responsible for the financial management, corporate finance and company secretarial matters of FinTronics. Mr. Chan joined FinTronics in April 2003 and has over 20 years of experience in accounting and finance. Before joining FinTronics, he was an executive director and the company secretary of Bestway International Holdings Limited, a company listed on the Main Board of the Stock Exchange. He is also currently an independent non-executive director of China Environmental Energy Investment Limited, a company listed on the Main Board of the Stock Exchange. Mr. Chan graduated from the University of Sheffield with a Master of Business Administration, and is currently a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

Ms. Kwong Ka Yin, Phyllis ("Ms. Kwong"), aged 54, was appointed as an independent non-executive director of the Company in October 2009. Ms. Kwong is a practising solicitor in Hong Kong since 1988. She is the Founder and the Principal Solicitor of the Hong Kong solicitors' firm, Phyllis K.Y. Kwong & Associates. She graduated from the University of Hong Kong in 1980 and thereafter studied law in the United Kingdom. She furthered her legal education and obtained a Master degree in Law and a Doctorate degree in Law in the PRC. Ms. Kwong is the founder and President of the Asia Pacific Law Association and is the founding chairman of the Hong Kong Association of International Co-operation of Small and Medium Enterprises. She is a member of the Advisory Committee on the Education Development Fund and had been a member of the Council on Professional Conduct in Education (2006-2009). She is a member of Hong Kong Chinese Enterprises Association, a member of Hong Kong Policy Research Institute, and a Fellow of Hong Kong Institute of Directors. She is also a Hong Kong registered financial planner.

Mr. Wang Jin Ling ("Mr. Wang"), aged 72, was appointed as an independent non-executive director of the Company in October 2009. Mr. Wang was qualified as a senior engineer by 煤炭工業部 (The Ministry of Coal Industry) of the PRC in 1995, and was appointed as the chief engineer at 義馬礦務局 (Yima Mining Bureau*) of the 中國統配煤礦總公司 (China National Coal Corporation*) in Henan Province, the PRC in 1991. Mr. Wang was invited to act as the technical consultant of 永煤集團股份公司 (Yongmei Group Company Limited) in 2000.

SENIOR MANAGEMENT

Director of Mining Operations

Mr. He Yiyuan ("Mr. He"), aged 63, is a graduate of the Henan Radio and Television University (河南廣播電視大學) and holds a senior political engineer qualification. Mr. He had been a senior manager of 河南省義煤集團 (Henan Yi Coal Group*) and 河南省平煤集團 (Henan Ping Coal Group*), respectively. Mr. He is also the general manager of 新疆東銀能源集團有限責任公司, a company beneficially owned by Mr. Lo. Mr. He has over 35 years of experience and expertise in the mining industry.

Director of Business Development

Mr. Xian Ming ("Mr. Xian"), aged 44, is a graduate of the 四川省行政幹部管理學院 (Administration Personnel Institute, Sichuan Province*) and holds an administration qualification. Mr. Xian has extensive management knowledge and over 17 years of experience in different industries in the PRC. He acted as the manager of 重慶碩潤石化有限責任公司 (Chongqing Shuorun Petrochemical Company Limited*) and is currently the deputy general manager and general manager of 新疆東銀能源集團有限責任公司 and 新疆東新礦業投資有限責任公司, companies beneficially owned by Mr. Lo.

Special Consultant

Mr. Zhang Sujiang ("Mr. Zhang"), aged 49, has over 10 years of working experience each with the state-owned enterprises and the Authority of Party Committee in Xinjiang Autonomous Region ("Xinjiang"). He is well-versed in the law and regulations, policies, cultures and distributions of each type of resources and operation procedures in Xinjiang.

Company Secretary

Ms. Wong Tsui Yue, Lucy ("Ms. Wong"), aged 50, has a strong background in finance and administration. Ms. Wong is the company secretary of the Company. She is a fellow member of the Hong Kong Institute of Certified Public Accountants and an associate member of the Institute of Chartered Accountants in Australia. She joined the Company as the financial controller in 1991 and was an executive director from 1997 to 2009.

Financial Controller

Mr. Chan Wai, aged 42, joined the Group in October 2009. He holds a master degree in Professional Accounting awarded from Hong Kong Polytechnic University. He is a member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and Institute of Chartered Accountants in England & Wales. He has over 17 years of experience in accounting field. He worked for an international accounting firm and several listed companies in Hong Kong. He was also appointed as Advisor at International Financial Management Association.

* *For identification purposes only*

REPORT OF THE DIRECTORS

The directors submit their report together with the audited consolidated financial statements for the year ended 31 March 2011.

PRINCIPAL ACTIVITIES

The Company is engaged in investment holding, operation and management of restaurants as well as coal mines.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 23.

The directors do not recommend any final dividend (2010: Nil). There was a special dividend of HK52 cents per ordinary share paid for the financial year ended 31 March 2010.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on page 30 and note 25 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31 March 2010, calculated under section 79B of the Hong Kong Companies Ordinance, amounted to HK$344,734. There was no distributable reserve as at 31 March 2011.

DONATIONS

Donations made for charitable purposes by the Group during the year amounted to HK$15,500 (2010: HK$31,500).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements.

SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 March 2011 are set out in note 40 to the consolidated financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 24 to the consolidated financial statements.

BANK LOANS, OVERDRAFTS AND OTHER BORROWINGS

Details of the bank borrowings of the Group as at 31 March 2011 are set out in note 28 to the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last 5 financial years is set out on page 84.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the year.

REPORT OF THE DIRECTORS

DIRECTORS

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

Executive directors

Mr. Lo Siu Yu, *Chairman*
Mr. Chen Yang, *Chief Executive Officer*
Mr. Zhang Jian Qiang

Non-executive directors

Mr. Wang Xiaobo	(appointed on 15 October 2010)
Mr. Qin Hong	(appointed on 15 October 2010)

Independent non-executive directors

Mr. Chan Ying Kay
Ms. Kwong Ka Yin, Phyllis
Mr. Wang Jin Ling

In accordance with Articles 77 to 79 of the Company's Articles of Association (the "Articles of Association"), Mr. Zhang Jian Qiang, Ms. Kwong Ka Yin, Phyllis and Mr. Wang Jin Ling will retire at the forthcoming annual general meeting but, being eligible, offer themselves for re-election, and in accordance with Articles 73 of the Articles of Association, Mr. Wang Xiaobo, Mr. Qin Hong will also retire at the forthcoming annual general meeting but, being eligible, offer themselves for re-election.

Separate annual confirmations of independence pursuant to Rule 3.13 of the Listing Rules have been received from each independent non-executive director.

DIRECTORS' SERVICE CONTRACTS

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

The appointment letter entered into between the Company and each of the non-executive directors of the Company on 15 October 2010 is without fixed terms of office, and such contracts will continue unless and until they are terminated by either party by prior written notice.

The appointment letter entered into between the Company and each of the independent non-executive directors of the Company is for a fixed term of two years from 15 October 2009, and renewable annually upon expiry, unless and until terminated by either party by a prior written notice.

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

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 38 to the financial statements on related-party transactions, no contract of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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

As at 31 March 2011, the following director of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under the provisions of the SFO); or (b) pursuant to section 352 of Part XV of the SFO, to be entered into the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") to be notified to the Company and the Stock Exchange:

Name of director	Capacity of interest	Total number of shares interested or deemed to be interested (long position)	Percentage of shareholding in the Company %
Mr. Lo Siu Yu ("Mr. Lo")	Interest of controlled corporation *(Note)*	644,455,018	50.58

Note: These shares are held by Money Success Limited, a company beneficially owned by Wealthy In Investments Limited, which is in turn wholly owned by Mr. Lo.

Save as disclosed above, as at 31 March 2011, none of the directors or chief executives of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under the provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered into the register referred to therein; or (c) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

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

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

(1) Purpose:

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

(2) Participants:

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

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

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

The number of shares which can be issued is 34,543,855 shares representing 10% of the issued share capital of the Company at the date of approval of the 2008 Scheme. As at the date of this annual report, the total number of share options that can be granted was 18,343,855, representing 1.44% of the issued share capital of the Company. The total number of shares available for issue under the 2008 Scheme as at 31 March 2011 was 5,400,000 shares, representing 0.42% of the issued share capital of the Company at that date. Further details of the 2008 Scheme are set out in note 34 to the financial statements.

(4) Maximum entitlement of each participant:

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

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

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

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

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

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

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

(8) The basis of determining the exercise price:

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

(9) The remaining life:

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

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

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

Category	Date of grant	Number of share options as at 1 April 2010	Number of share options granted during the year	Number of share options cancelled/ lapsed during the year	Number of share options exercised during the year	Number of share options as at 31 March 2011	Exercisable period	Price per share to be paid on exercising of share options HK$	Closing price per share as at the date of grant HK$	Closing price of share immediately before date of grant HK$
Directors										
Chen Yang *(note 1)*	15 October 2010	–	3,000,000	–	–	3,000,000	15 October 2010 to 14 October 2020	1.638	1.61	1.61
Zhang Jian Qiang *(note 1)*	15 October 2010	–	2,850,000	–	–	2,850,000	15 October 2010 to 14 October 2020	1.638	1.61	1.61
Wang Xiaobo *(note 1)*	15 October 2010	–	2,850,000	–	–	2,850,000	15 October 2010 to 14 October 2020	1.638	1.61	1.61
Qin Hong *(note 2)*	2 December 2010	–	2,100,000	–	–	2,100,000	2 December 2010 to 1 December 2020	1.628	1.51	1.50
Sub-total		–	10,800,000	–	–	10,800,000				
Employees *(note 1)*	15 October 2010	–	5,400,000	–	–	5,400,000	15 October 2010 to 14 October 2020	1.638	1.61	1.61
		–	16,200,000	–	–	16,200,000				

Notes:

1. The options have a term of ten years commencing on 15 October 2010 and shall vest (if applicable) and become exercisable in three tranches in the proportion of approximately $33^1/_3$%, $33^1/_3$% and $33^1/_3$% on 15 October 2010, 15 October 2011 and 15 October 2012 respectively.

2. The options have a term of ten years commencing on 2 December 2010 and shall vest (if applicable) and become exercisable in three tranches in the proportion of approximately $33^1/_3$%, $33^1/_3$% and $33^1/_3$% on 2 December 2010, 2 December 2011 and 2 December 2012 respectively.

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

As at 31 March 2011, according to the register of interests kept by the Company under section 336 of the SFO, and so far as was known to the directors or chief executives of the Company, the following persons, other than directors or chief executives of the Company, had an interest or short position in the shares or underlying shares which would require to be disclosed by the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company.

Name of Shareholder	**Capacity**	**Number of ordinary Shares** *(Note a)*	**Approximate percentage of interest of the existing issued share capital of the Company** %
Money Success Limited	Beneficial owner	644,455,018 (L)	50.58
Wealthy In Investments Limited *(Note b)*	Interest of controlled corporation *(Note c)*	644,455,018 (L)	50.58
Ms. Chiu Kit Hung	Interest of spouse *(Note d)*	644,455,018 (L)	50.58
Mr. Huang Guoping	Beneficial owner	120,000,000 (L)	9.42
Baoli International (Hong Kong) Trading Co. Limited	Beneficial owner	120,000,000 (L)	9.42
Xinyuan International Marine Transportation Co. Ltd	Beneficial owner *(Note e)*	90,000,000 (L)	7.06
Mr. Gao Yi Xin	Interest of controlled corporation *(Note e)*	90,000,000 (L)	7.06
Mr. Huang Wu Jun	Interest of controlled corporation *(Note e)*	90,000,000 (L)	7.06
Ms. Wang He Fen	Interest of controlled corporation *(Note e)*	90,000,000 (L)	7.06

Notes:

a. The letter "L" represents the entity's interests in the shares.

b. Wealthy In Investments Limited is a company wholly-owned by Mr. Lo, who is the Chairman and an executive Director of the Company.

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

d. Ms. Chiu Kit Hung is the wife of Mr. Lo.

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

Save as disclosed above, as at 31 March 2011, the directors and the chief executives of the Company are not aware of any other person who had an interest or short position in the shares or underlying shares which would require to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the best knowledge of the Board, there was 25% or more of the listed issued share capital of the Company being held in public hands as at 11 July 2011, being the latest practicable date prior to printing of this report.

MANAGEMENT CONTRACTS

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

CONNECTED TRANSACTIONS

(A) Completion of the Acquisition and the Subscription

On 18 May 2010, a wholly-owned subsidiary of the Company (the "Purchaser") and Newest Holdings Limited, a company beneficially owned by Mr. Lo (the "Vendor"), entered into an acquisition agreement, as supplemented by a supplemental agreement dated 7 June 2010 (collectively the "Acquisition Agreements"), in relation to the acquisition of the entire registered share capital of 新疆新世紀礦業有限責任公司 (Xinjiang New Century Mining Co., Ltd.) ("Xinjiang New Century") from the Vendor (the "Acquisition"). Pursuant to the Acquisition Agreements, the Purchaser conditionally agreed to acquire (or to designate its wholly-owned subsidiary or other wholly-owned subsidiary of the Company to acquire) and the Vendor conditionally agreed to sell its interest in Xinjiang New Century at a total consideration of HK$300 million, to be settled by issuance of new shares of the Company at HK$1 each. The principal asset of Xinjiang New Century is its interest in the coal mine with annual production capacity to be expanded to 900,000 tonnes, in Xinjiang, the PRC.

On 18 May 2010, the Company also entered into a subscription agreement (the "Subscription Agreement"), pursuant to which Money Success Limited ("Money Success") has conditionally agreed to subscribe for and the Company has conditionally agreed to issue an aggregate of 120 million new shares at a subscription price of HK$1 per subscription share (the "Subscription"). The Company intends to apply the net proceeds from the Subscription for the payment of the necessary investment for the construction and expansion at the New Century Coal Mine, and the remaining net proceeds, if any, will be applied as working capital of the Group and/or for future investment opportunities in the coal mining industry in PRC.

Given that the Vendor is wholly owned by Mr. Lo, being an executive director and the controlling shareholder of the Company, and is therefore a connected person of the Company. Accordingly, each of the Acquisition and the Subscription constitutes a connected transaction for the Company under the Listing Rules and is subject to the approval of the independent shareholders at the extraordinary general meeting held on 28 June 2010 (the "EGM").

On 28 June 2010, all the ordinary resolutions for the above were duly passed by way of poll at the EGM. All conditions precedent to the Acquisition Agreement and the Subscription Agreement have been fulfilled and the completion of the Acquisition and the Subscription took place simultaneously after the trading hours on 31 August 2010.

(B) Disposal of Melba

On 28 October 2010, the Company entered into an agreement ("Agreement") with New Town Caterers Limited ("New Town"), a company incorporated in Hong Kong, pursuant to which the Company has conditionally agreed to sell, and New Town has conditionally agreed to purchase, the 75% equity interest in Melba Investment Holdings Inc. ("Melba"), a company incorporated in the British Virgin Islands and owned by the Company and New Town as to 75% and 25% respectively prior to completion of the Agreement, and the loan made by the Company to Melba amounting to HK$3,900. New Town, being a substantial shareholder of Melba, a subsidiary of the Company, is a connected person of the Company pursuant to Rule 14A.11(1) of the Listing Rules and hence the transaction constitutes a connected transaction for the Company under Rule 14A.13(1)(a) of the Listing Rules.

CONNECTED TRANSACTIONS *(continued)*

(B) Disposal of Melba *(continued)*

As disclosed in the composite offer and response document jointly issued by Money Success and the Company on 14 October 2009 and subsequently disclosed in the interim results announcement of the Company for the six months ended 30 September 2009, the interim report of the Company for the six months ended 30 September 2009, the annual results announcement of the Company for the year ended 31 March 2010 and the annual report of the Company for the year ended 31 March 2010, pursuant to a shareholders' agreement ("Melba Shareholders Agreement") dated 18 October 1995 and entered into, among others, by the Company and New Town in respect of Melba, New Town, as a joint venture partner of Melba has a right to acquire from the Company its interest in Melba where there is a change in control of the Company and such right is exercisable within two months after the issuance of a written notice ("Compulsory Purchase Notice") by New Town. As there was a change in control of the Company upon the acquisition of the Company by Mr. Lo on 7 October 2009, such right became exercisable by New Town. New Town issued to the Company the Compulsory Purchase Notice on 8 December 2009. Subsequent to the issuance of the Compulsory Purchase Notice and further discussions and negotiations with New Town and arrangement for the preparation of relevant transactional documents, the Company entered into the Agreement with New Town on 28 October 2010.

The consideration for the disposal was determined in accordance with the provisions stipulated in the Melba Shareholders Agreement, with reference to the surplus of the value of the tangible assets of Melba over its liabilities (excluding issued share capital and any liability in respect of loan stock or shareholder's loan) ("NAV") as at 30 November 2009, being HK$1,782,406. The consideration was determined to be approximately HK$1,336,805, representing 75% of the NAV.

MAJOR CUSTOMERS AND SUPPLIERS

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

None of the directors, their respective associates, or shareholders who to the knowledge of the directors own more than 5% of the issued share capital of the Company has any interest in any of the five largest customers and suppliers of the Group during the year ended 31 March 2011.

RELATED PARTY TRANSACTIONS

The related party transactions disclosed in note 38(a) to the consolidated financial statements did not constitute connected transactions nor continuing connected transactions under the definition provided in the Listing Rules. The related party transactions disclosed in notes 38(b) and 38(c) to the consolidated financial statements constituted connected transactions and the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

AUDITOR

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Lo Siu Yu
Chairman

Hong Kong, 28 June 2011

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

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

Throughout the year ended 31 March 2011, the Company complied with all the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

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

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the directors. Having made specific enquiry of the directors, the Company confirmed that they all have complied with the required standard as set out in the Model Code during the year ended 31 March 2011.

THE BOARD

The Board comprises the Chairman, the Chief Executive Officer, 1 executive director (altogether 3 executive directors), 2 non-executive directors and 3 independent non-executive directors.

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

The independent non-executive directors serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. Each of the independent non-executive directors has confirmed in his/her annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and on this basis, the Company considers such directors to be independent. The independent non-executive directors are explicitly identified in all corporate communications.

All directors have distinguished themselves in their field of expertise so as to give a balance of skills, knowledge and experience required for the running of an effective board. The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operation of its businesses to its executive directors and senior management. Biographical details and responsibilities of each board member and senior management are set out in pages 8 to 9 of this report. Mr. Zhang Jian Qiang and Mr. Wang Xiaobo are employees of a company that was controlled by Mr. Lo. Mr. Qin Hong, a non-executive director of the Company, is now the general manager of 江蘇寶鼎投資擔保有限公司 (Baoding Investment Guarantee Co. Ltd, Jiangsu*) and a director of 江蘇華西集團財務有限公司 (Jiangsu Huaxi Group Finance Co., Ltd*), which is an indirect subsidiary of Huaxi Group. One of the subsidiaries of Huaxi Group, Baoli International (Hong Kong) Trading Co., Limited, is a substantial shareholder of the Company. Save as disclosed above, there is no other relationship (including financial, business, family or other material relationship) among members of the Board.

* *For identification purposes only*

THE BOARD *(continued)*

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

		Number of Board meetings directors attended/eligible to attend
Executive directors		
Mr. Lo Siu Yu, *Chairman*		14/15
Mr. Chen Yang, *Chief Executive Officer*		15/15
Mr. Zhang Jian Qiang		8/15
Non-executive directors		
Mr. Wang Xiaobo	(appointed on 15 October 2010)	3/9
Mr. Qin Hong	(appointed on 15 October 2010)	3/9
Independent non-executive directors		
Mr. Chan Ying Kay		5/15
Ms. Kwong Ka Yin, Phyllis		5/15
Mr. Wang Jin Ling		4/15

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

NOMINATION OF DIRECTORS

The Company established the Nomination Committee (the "Nomination Committee") with written terms of reference on 4 November 2009. The Nomination Committee comprises an executive director, Mr. Lo Siu Yu and two independent non-executive directors, Mr. Chan Ying Kay and Ms. Kwong Ka Yin, Phyllis.

The principal duties of the Nomination Committee include:

(a) to review the structure, size and composition of the Board on a regular basis and make recommendations to the Board regarding any proposed changes;

(b) to identify individuals suitably qualified to become a Board member;

(c) to make recommendations to the Board on selection or appointment of individuals nominated for directorships and appointment or re-appointment of Directors and succession planning for Directors; and

(d) to assess the independence of the independent non-executive Directors.

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

NOMINATION OF DIRECTORS *(continued)*

There was one meeting held during the year ended 31 March 2011 and all committee members attended the meeting to make recommendations to the Board for the appointment of the non-executive directors and senior management members in the PRC, and the size and composition of the Board was increased and changed, accordingly.

In accordance with the Company's Articles of Association, Mr. Zhang Jin Qiang, Mr. Wang Xiaobo, Mr. Qin Hong, Ms. Kwong Ka Yin, Phyllis and Mr. Wang Jin Ling shall retire, and being eligible, offer themselves for re-election at the next forthcoming annual general meeting.

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

TERMS OF APPOINTMENTS AND RE-ELECTION OF DIRECTORS

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

AUDIT COMMITTEE

The Audit Committee has been established since 1999 with written terms of reference pursuant to all the duties set out in code provision C.3.3 of the CG Code. Currently, there are three committee members, all of whom are independent non-executive directors of the Company, namely Mr. Chan Ying Kay (Committee Chairman), Ms. Kwong Ka Yin, Phyllis and Mr. Wang Jin Ling as committee members. Mr. Chan Ying Kay possesses extensive experience in accounting and financial matters.

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

During the year ended 31 March 2011, the Audit Committee held two meetings. The Audit Committee reviewed the accounting policies and practices adopted by the Group and discussed auditing, internal controls system and financial reporting matters. It also reviewed the financial statements of the Company, the Company's annual and interim reports and the management letter from the auditor of the Company.

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

	Number of meetings directors attended/ eligible to attend
Independent non-executive directors	
Mr. Chan Ying Kay, *Committee Chairman*	2/2
Ms. Kwong Ka Yin, Phyllis	2/2
Mr. Wang Jin Ling	1/2

REMUNERATION COMMITTEE

The Remuneration Committee was established in October 2007 with written terms of reference pursuant to all the duties set out in code provision B.1.1 of the CG Code. Currently, there are 3 committee members, all of whom are independent non-executive directors, namely Ms. Kwong Ka Yin, Phyllis (Committee Chairman), Mr. Chan Ying Kay and Mr. Wang Jin Ling.

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

During the year ended 31 March 2011, the Remuneration Committee held three meetings. The Remuneration Committee reviewed the framework of remuneration policy, considered discretionary bonus to staff, remuneration packages of executives and provided the guideline of annual salary review.

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

	Number of meetings directors attended/ eligible to attend
Independent non-executive directors	
Ms. Kwong Ka Yin, Phyllis, *Committee Chairman*	3/3
Mr. Chan Ying Kay	3/3
Mr. Wang Jin Ling	3/3

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors acknowledge their responsibility to prepare financial statements that give a true and fair view of the state of affairs of the Group and of the results and cash flows for each financial period. The statement of the Company's auditor about their reporting responsibilities on financial statements is set out in the Independent Auditor's Report on page 22.

AUDITOR'S REMUNERATION

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

	2011 HK$'000	2010 HK$'000
Audit fees	**1,239**	575
Non-audit service fees	**1,040**	578
	2,279	1,153

INTERNAL CONTROL

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

During the year, the Board has reviewed the effectiveness of the system of internal control of the Group through the Audit Committee, and a professional accounting firm has been appointed to assist the audit committee to complete the review. The Audit Committee had then discussed with the professional accounting firm, and reported to the executive members of the Board that the existing system is effective, and several recommendations proposed by them were considered to be useful to strengthen the existing system.

INDEPENDENT AUDITOR'S REPORT

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF DOXEN ENERGY GROUP LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Doxen Energy Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 23 to 83, which comprise the consolidated and company statements of financial position as at 31 March 2011, and the consolidated income statement, the consolidated statement of comprehensive income, 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 information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2011, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 June 2011

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2011

	Note	2011 HK$'000	2010 HK$'000 (Restated)
Revenue	*5*	**72,144**	151,777
Other income	*6*	**–**	1,082
Cost of inventories consumed		**(22,287)**	(45,519)
Staff costs	*7*	**(39,134)**	(55,852)
Operating lease rentals		**(13,168)**	(25,640)
Utility expenses		**(5,174)**	(11,860)
Depreciation and impairment losses of property, plant and equipment		**(842)**	(32,272)
Repair and maintenance expenses		**(790)**	(2,511)
Other gains – net	*8*	**3,301**	4,750
Other operating expenses	*9*	**(21,859)**	(28,049)
Operating loss		**(27,809)**	(44,094)
Finance income	*10*	**1,378**	150
Finance costs	*10*	**(5,163)**	–
Finance (costs)/income – net	*10*	**(3,785)**	150
Share of profit of an associated company		**–**	828
Loss before income tax		**(31,594)**	(43,116)
Income tax credit/(expense)	*11*	**3,244**	(1,380)
Loss for the year		**(28,350)**	(44,496)
Attributable to:			
Equity holders of the Company	*12*	**(27,775)**	(44,885)
Non-controlling interests		**(575)**	389
		(28,350)	(44,496)
		HK cents	HK cents
Basic and diluted losses per share attributable to equity holders of the Company	*14*	**(2.74)**	(9.16)

The notes on pages 31 to 83 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	2011 HK$'000	2010 HK$'000 (Restated)
Loss for the year	**(28,350)**	(44,496)
Other comprehensive income:		
Exchange differences arising from translation of a foreign operation	**5,402**	62
Fair value gains of available-for-sale financial asset	**2,200**	4,085
Release of investment revaluation reserve upon disposals of subsidiaries	**–**	2,183
Other comprehensive income for the year, net of tax	**7,602**	6,330
Total comprehensive loss for the year	**(20,748)**	(38,166)
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	**(20,173)**	(38,555)
Non-controlling interests	**(575)**	389
	(20,748)	(38,166)

The notes on pages 31 to 83 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2011

	Note	2011 HK$'000	2010 HK$'000 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	*15*	**83,617**	45,440
Mining right	*16*	**9,988**	9,578
Goodwill	*17*	**1,423**	1,365
Available-for-sale financial asset	*18*	**12,000**	9,800
Rental deposits paid – non-current portion		**4,815**	4,895
Deferred income tax assets	*27*	**3,158**	–
		115,001	71,078
Current assets			
Inventories	*20*	**3,462**	2,455
Trade receivables	*21*	**319**	145
Deposits, prepayments and other receivables		**8,502**	3,585
Tax recoverable		**245**	245
Restricted bank deposits	*22*	**353,394**	1,210
Cash and cash equivalents	*22*	**722,844**	37,630
		1,088,766	45,270
Assets of disposal group classified as held for sale	*23*	**–**	5,453
Total assets		**1,203,767**	121,801
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	*24*	**127,404**	34,544
Reserves		**559,112**	19,837
		686,516	54,381
Non-controlling interests		**–**	457
Total equity		**686,516**	54,838

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2011

	Note	2011 HK$'000	2010 HK$'000 (Restated)
LIABILITIES			
Non-current liabilities			
Provision for long service payments – non-current portion	*26*	**674**	752
Deferred income tax liabilities	*27*	**–**	165
Bank borrowing	*28*	**166,320**	–
Finance lease liabilities	*29*	**866**	–
		167,860	917
Current liabilities			
Trade payables	*30*	**2,828**	2,215
Other payables and accrued charges	*31*	**13,691**	58,407
Bank borrowing	*28*	**332,640**	–
Finance lease liabilities	*29*	**232**	–
		349,391	60,622
Liabilities of disposal group classified as held for sale	*23*	**–**	5,424
Total liabilities		**517,251**	66,963
Total equity and liabilities		**1,203,767**	121,801
Net current assets/(liabilities)		**739,375**	(15,352)
Total assets less current liabilities		**854,376**	61,179

Lo Siu Yu
Director

Chen Yang
Director

The notes on pages 31 to 83 are an integral part of these consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2011

	Note	2011 HK$'000	2010 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	*32*	**1,004,471**	21,597
Available-for-sale financial asset	*18*	**12,000**	9,800
		1,016,471	31,397
Current assets			
Amounts due from subsidiaries	*33*	**4,921**	–
Deposits, prepayments and other receivables		**25**	–
Cash and cash equivalents	*22*	**169,973**	28,869
		174,919	28,869
Total assets		**1,191,390**	60,266
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	*24*	**127,404**	34,544
Reserves	*25*	**1,040,658**	5,895
Total equity		**1,168,062**	40,439

STATEMENT OF FINANCIAL POSITION

As at 31 March 2011

	Note	2011 HK$'000	2010 HK$'000
LIABILITIES			
Current liabilities			
Amounts due to subsidiaries	*33*	**20,630**	16,474
Trade payables	*30*	**–**	71
Other payables and accrued charges	*31*	**2,698**	3,282
Total liabilities		**23,328**	19,827
Total equity and liabilities		**1,191,390**	60,266
Net current assets		**151,591**	9,042
Total assets less current liabilities		**1,168,062**	40,439

Lo Siu Yu
Director

Chen Yang
Director

The notes on pages 31 to 83 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2011

	Note	2011 HK$'000	2010 HK$'000 (Restated)
Cash flows from operating activities			
Cash (used in)/generated from operations	*35 (a)*	**(40,060)**	2,757
Hong Kong profits tax paid		**–**	(286)
Net cash (used in)/generated from operating activities		**(40,060)**	2,471
Cash flows from investing activities			
Acquisition of subsidiaries	*36*	**–**	2,957
Purchase of property, plant and equipment		**(36,833)**	(18,849)
Proceeds from disposal of property, plant and equipment		**3,844**	309
Additions of mining right		**–**	(250)
Proceeds from disposal of subsidiaries, net of cash disposed	*35(b)*	**543**	92,591
Proceeds from disposal of financial assets at fair value through profit or loss		**–**	1,390
Interest received		**1,378**	150
Dividend received from an associated company		**–**	1,050
Dividend received from investments		**–**	79
Net cash (used in)/generated from investing activities		**(31,068)**	79,427
Cash flows from financing activities			
Dividends paid		**–**	(179,618)
Increase in restricted bank deposits		**(352,184)**	(1,210)
Proceeds from bank borrowings		**498,960**	–
Interest paid		**(6,440)**	(2,930)
Placement of shares, net of share issuance costs		**524,834**	–
Subscription of shares by the controlling shareholder		**120,000**	–
Repayment of finance lease liabilities		**(73)**	–
Repayment of other loans		**(43,470)**	–
Net cash generated from/(used in) financing activities		**741,627**	(183,758)
Net increase/(decrease) in cash and cash equivalents		**670,499**	(101,860)
Cash and cash equivalents at the beginning of the year		**37,630**	139,486
Exchange differences on cash and cash equivalents		**14,715**	4
Cash and cash equivalents at the end of the year	*22*	**722,844**	37,630

The notes on pages 31 to 83 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011

	Equity attributable to equity holders of the Company									
	Share capital	Share premium	Investment revaluation reserve	Retained earnings/ (accumulated losses)	Exchange reserve	Merger reserve	Other reserve	Total	Non-controlling interests	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2009	34,544	142,700	(718)	53,575	–	–	–	230,101	68	230,169
(Loss)/profit for the year	–	–	–	(44,885)	–	–	–	(44,885)	389	(44,496)
Other comprehensive income										
Fair value gains of available-for-sale financial asset	–	–	4,085	–	–	–	–	4,085	–	4,085
Currency translation differences	–	–	–	–	62	–	–	62	–	62
Disposals of subsidiaries	–	–	2,183	–	–	–	–	2,183	–	2,183
Total comprehensive income/(loss)	–	–	6,268	(44,885)	62	–	–	(38,555)	389	(38,166)
Cancellation of share premium	–	(142,700)	–	142,700	–	–	–	–	–	–
Dividend paid	–	–	–	(179,618)	–	–	–	(179,618)	–	(179,618)
Effect of business combination *(Note 36)*	–	–	–	–	–	42,453	–	42,453	–	42,453
Transfer between reserves	–	–	–	(21)	–	–	21	–	–	–
At 31 March 2010 (Restated)	34,544	–	5,550	(28,249)	62	42,453	21	54,381	457	54,838
At 1 April 2010, as previously reported	34,544	–	5,550	4,241	–	–	–	44,335	457	44,792
Effect of business combination *(Note 36)*	–	–	–	(32,490)	62	42,453	21	10,046	–	10,046
At 1 April 2010, as restated	34,544	–	5,550	(28,249)	62	42,453	21	54,381	457	54,838
Loss for the year	–	–	–	(27,775)	–	–	–	(27,775)	(575)	(28,350)
Other comprehensive income										
Fair value gains of available-for-sale financial asset	–	–	2,200	–	–	–	–	2,200	–	2,200
Currency translation differences	–	–	–	–	5,402	–	–	5,402	–	5,402
Total comprehensive income/(loss)	–	–	2,200	(27,775)	5,402	–	–	(20,173)	(575)	(20,748)
Issuance of shares to effect the Ray Tone Acquisition *(Note 24)*	30,000	465,000	–	–	–	(495,000)	–	–	–	–
Subscription and placement of shares, net of share issuance costs	62,860	581,974	–	–	–	–	–	644,834	–	644,834
Disposal of subsidiaries *(Note 35(b))*	–	–	–	–	–	–	–	–	118	118
Share-based compensation expense *(Note 34)*	–	–	–	–	–	–	7,415	7,415	–	7,415
Write-back of unclaimed dividends	–	–	–	59	–	–	–	59	–	59
At 31 March 2011	127,404	1,046,974	7,750	(55,965)	5,464	(452,547)	7,436	686,516	–	686,516

The notes on pages 31 to 83 are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Doxen Energy Group Limited (the "Company") is a limited liability company incorporated in Hong Kong. The address of its registered office is Room 2110, 21/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong. The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited.

During the year, the Company and its Hong Kong operating subsidiaries (together, the "Restaurant Group") are principally engaged in the operation of restaurants in Hong Kong.

On 31 August 2010, the Group completed its acquisitions of certain subsidiaries whose principal activity is the operation of a coal mine in Xinjiang Uyghur Autonomous Region ("Xinjiang") of the People's Republic of China (the "PRC"). As at 31 March 2011, the coal mine is still in the process of expanding its production capacity. Refer to Note 36 for details of such acquisition.

In August 2010, the Company effected a placement of its shares to certain independent third parties and issuance of additional shares to Mr. Lo Siu Yu ("Mr. Lo"), major shareholder, representing a total of approximately 49.3% of the enlarged share capital of the Company, and raised additional funds of approximately HK$648.8 million. Refer to Note 24 for details of such share issue.

In October 2010, the Company entered into a sale and purchase agreement for the disposal of its entire interest in Melba Investment Holdings Inc. ("Melba"), a former subsidiary of the Group which was principally engaged in restaurant operations in Hong Kong. Refer to Note 35(b) for details of such disposal.

As at 31 March 2011, the Company is 50.58% owned by Money Success Limited ("Money Success"), a company incorporated in the British Virgin Islands and beneficially owned by Mr. Lo. The directors consider Money Success to be the ultimate holding company.

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated. These consolidated financial statements were approved for issue by the board of directors on 28 June 2011.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

The application of the following new standards and amendments to standards are mandatory for the first time for the financial year ended 31 March 2011 and are relevant to the Group.

- HKFRS 3 (revised), "Business combinations", and consequential amendments to HKAS 27, "Consolidated and separate financial statements", HKAS 28, "Investments in associates", and HKAS 31, "Interests in joint ventures", are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

  The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

- HKAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. HKAS 27 (revised) has had no impact on the current period, as none of the non-controlling interests have a deficit balance; there have been no transactions whereby an interest in an entity is retained after the loss of control of that entity.

Other new standards, amendments to standards and interpretations, which are mandatory for the first time for the financial year beginning 1 April 2010, are not relevant to the Group or do not have material impact on the Group for the year ended 31 March 2011.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 April 2010 and have not been early adopted:

		Effective for accounting periods beginning on or after
HKFRS 9	Financial Instruments	1 January 2013
HKAS 24 (Revised)	Related Party Disclosures	1 January 2011
HK (IFRIC) – Int 14 (Amendment)	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2011
HK (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Consolidation

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

(a) Business combination

(i) Common control combination

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

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

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

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

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

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

(ii) Other business combinations

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Consolidation *(continued)*

(b) *Subsidiaries*

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

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

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

In the Company's statement of financial position, investments in subsidiaries are stated at cost less provision for impairment losses (Note 2.11). The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(c) *Equity transactions with non-controlling interests*

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

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

(d) *Associates*

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associate's post-acquisition profits or losses is recognized in the consolidated income statement, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Segment reporting

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

2.4 Foreign currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

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

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

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

(c) *Group companies*

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.5 Exploration and evaluation expenditure

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

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

2.6 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.

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

Buildings	Over the unexpired periods of the leases or their estimated useful lives, whichever is shorter.
Leasehold improvements	Over the unexpired periods of the leases or their expected useful lives.
Air-conditioning plant	15% or over the unexpired periods of the leases.
Furniture, fixtures and equipment	15-25%
Motor vehicles	15-20%

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

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

An asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.11).

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.7 Construction in progress

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

2.8 Mining rights

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

2.9 Goodwill

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

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

2.10 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated group or for sale in the ordinary course of business, is classified as investment property.

Investment property comprises land held under operating leases and buildings held under finance leases.

Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease. Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value, representing open market value determined by external valuers at least annually. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the external valuers use alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recognized in the income statement.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance costs are expensed in the income statement during the period in which they are incurred.

Changes in fair values are recognised in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.11 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.12 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probably.

2.13 Financial assets

(a) *Classification*

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

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

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

(ii) Loans and receivables

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

(iii) Available-for-sale financial assets

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.13 Financial assets *(continued)*

(b) Recognition and measurement

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

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

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

Changes in the fair value of non-monetary securities classified as available-for-sale are recognized in equity.

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

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

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

The Group assesses at each date of statement of financial position whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the profit or loss, is removed from equity and recognized in the consolidated income statement. Impairment losses recognized in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. Impairment testing on trade receivables is described in Note 2.14.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.14 Impairment of financial assets

(a) Assets carried at amortised cost

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

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

– Significant financial difficulty of the issuer or obligor;

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

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

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

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

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

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

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

The Group first assesses whether objective evidence of impairment exists.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.14 Impairment of financial assets *(continued)*

(b) Assets classified as available-for-sale

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

2.15 Inventories

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

2.16 Trade and other receivables

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

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

2.17 Cash and cash equivalents

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

2.18 Current and deferred income tax

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.18 Current and deferred income tax *(continued)*

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

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

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

2.19 Trade and other payables

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

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

2.20 Share capital

Ordinary shares are classified as equity.

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

2.21 Borrowings

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.22 Employee benefits

(a) *Pension obligations*

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

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

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

(b) *Employee leave entitlements*

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

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

(c) *Termination benefits*

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

(d) *Profit-sharing and bonus plans*

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

2.23 Share-based payments

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.23 Share-based payments *(continued)*

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

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

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

2.24 Provisions

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

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

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

2.25 Provisions for close down, restoration and environmental costs

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.26 Revenue and income recognition

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

(i) *Sales of goods and services from restaurant operations*

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

(ii) *Sales of coal*

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

(iii) *Interest income*

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

(iv) *Dividend income*

Dividend income is recognized when the right to receive payment is established.

(v) *Rental income*

Rental income is recognized on straight-line basis over the lease periods.

2.27 Borrowing costs

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

2.28 Operating leases

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

2.29 Dividend distribution

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

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(a) *Credit risk*

The carrying amounts of cash and cash equivalents, receivables and deposits, represent the Group's maximum exposure to credit risk in relation to financial assets.

During the year, the majority of the Group's turnover arose from restaurants sales which is mainly settled by cash or credit card, therefore there is no significant concentration of credit risk.

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

(b) *Foreign exchange risk*

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

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

As at 31 March 2011, if RMB had weakened/strengthened by 10% against Hong Kong dollars with all other variables held constant, post-tax loss for the year would have been approximately HK$10,419,000 (2010: Nil) higher/lower, mainly as a result of foreign exchange gains/losses on translation of cash and bank balances denominated in RMB. The translation of RMB-denominated bank borrowings does not have any impact on the Group's loss for the year because the bank borrowings of the Group were drawn by a subsidiary whose functional currency is RMB, and the gains/losses arising from the translation of such bank borrowings were credited/charged against reserves.

(c) *Cash flow and fair value interest rate risk*

The Group's exposure to cash flow and fair value interest rate risks arises from the Group's interest-bearing bank deposits and borrowings. The Group's bank deposits and non-current bank borrowings bear interest at variable rates and expose the Group to cash flow interest rate risks, while the Group's current bank borrowings, which are carried at fixed interest rate, do not expose the Company to significant fair value interest rate risk because of the short maturity of the borrowings. The Group historically has not used any financial instruments to hedge potential fluctuations in interest rates.

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

As at 31 March 2011, if the interest rates on bank deposits and non-current bank borrowings denominated in RMB had been 100 basis points higher/lower with all other variables held constant, the Group's loss for the year would decrease/increase by approximately HK$10,193,000 (2010: HK$14,000) and increase/decrease by approximately HK$901,000 (2010: Nil), mainly as a result of higher/lower net interest income/expense on bank deposits and bank borrowings, respectively.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(d) Price risk

The Group is exposed to securities price risk because an investment held by the Group is classified on the consolidated statement of financial position as available-for-sale as at 31 March 2010 and 2011.

As at 31 March 2011, if the quoted price of the available-for-sale financial asset had appreciated/depreciated by 10% (2010: 10%) with all other variables held constant, the Company's and Group's equity would have been approximately HK$1,200,000 (2010: HK$980,000) higher/lower as a result of gains/losses on change in value of the available-for-sale financial assets. There would be no impact on the Group's loss for the year as such gains/losses were credited/charged against reserves.

(e) Liquidity risk

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

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

	Within 1 year or on demand HK$'000	**Between 2 and 5 years** HK$'000
At 31 March 2011		
Trade payables	2,828	–
Other payables and accrued charges	13,691	–
Bank borrowings	356,981	188,951
Finance lease liabilities	293	954
Total	373,793	189,905
At 31 March 2010		
Trade payables	2,215	–
Other payables and accrued charges	58,407	–
Total	60,622	–

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.2 Capital risk management

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

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

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

3.3 Fair value estimation

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

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

The following table presents the Group's financial assets that are measured at fair value at 31 March 2011 and 2010.

	Level 1 HK$'000
As at 31 March 2011	
Available-for-sale financial asset	
– Club debenture	12,000
As at 31 March 2010	
Available-for-sale financial asset	
– Club debenture	9,800

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

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

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

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.3 Fair value estimation *(continued)*

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

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

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

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

4.1 Reserve estimates

Reserves are estimates of the amount of product that can be economically and legally extracted from the Group's mining properties. In order to calculate reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand and commodity prices.

Estimating the quantity and/or grade of reserves requires the size, shape and depth of ore bodies or fields to be determined by analysing geological data such as drilling samples. This process may require complex and difficult geological judgments and calculations to interpret the data.

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

- asset's carrying amounts may be affected due to changes in estimated future cash flows,
- depreciation, depletion and amortisation charges may change where such charges are based on the units of production, or where the economic useful economic lives of assets change,
- decommissioning, site restoration and environmental provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities,
- the carrying amounts of deferred tax assets may change due to changes in estimates of the likely recovery of the tax benefits.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS *(continued)*

4.2 Impairment of property, plant and equipment and mining right

The Group tests whether property, plant and equipment and mining right have suffered any impairment, whenever events or changes in circumstances, indicate the carrying amount may not be recoverable. The recoverable amounts have been determined based on the higher of the value-in-use calculations or fair value less costs to sell. The value-in-use calculations use cash flow projections based on financial budgets approved by management covering a twenty-year period with estimated revenue growth rate of 3%. Management determined budgeted revenue and gross margin based on past performance and its expectation of market developments. The discount rates for the tests were based on a pre-tax discount rate of 10%. Judgement is required to determine key assumptions adopted in cash flow projections and changes to key assumptions can significantly affect cash flow projections and therefore the results of the impairment tests.

4.3 Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.11. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 17).

4.4 Useful lives of property, plant and equipment

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

4.5 Income taxes

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

4.6 Recognition of deferred tax assets

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

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS *(continued)*

4.7 Provision for long service payments

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

4.8 Provision for re-instatement costs

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

4.9 Fair value of identifiable assets acquired in a business combination

On the acquisition of a business it is necessary to attribute fair values to any intangible assets acquired (provided they meet the criteria to be recognised). The fair values of these intangible assets are dependent on estimates of attributable future revenues, margins, cash flows, useful life and discount rate used.

5 REVENUE AND SEGMENT INFORMATION

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

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

Revenue from the two segments is analysed as follows:

	2011 **HK$'000**	2010 HK$'000 (Restated)
Restaurant operations	**72,016**	151,648
Coal mining	**128**	129
	72,144	151,777

5 REVENUE AND SEGMENT INFORMATION *(continued)*

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

	Restaurant operations HK$'000	**Coal mining** HK$'000	**Total** HK$'000
Year ended 31 March 2011			
Revenue from external customers	72,016	128	72,144
Segment results	(1,347)	(9,684)	(11,031)
Depreciation and impairment losses of property, plant and equipment	(130)	(441)	(571)
Income tax credit	–	3,244	3,244
As at 31 March 2011			
Segment assets	15,755	1,000,018	1,015,773
Segment liabilities	(10,747)	(502,708)	(513,455)

The segment information provided to the CODM for the reportable segments for the year ended 31 March 2010 is as follows:

	Restaurant operations HK$'000	**Coal mining** HK$'000	**Total** HK$'000
Year ended 31 March 2010 (Restated)			
Revenue from external customers	151,648	129	151,777
Segment results	1,630	(31,387)	(29,757)
Depreciation and impairment losses of property, plant and equipment	(2,743)	(29,388)	(32,131)
Share of profit of an associated company	828	–	828
Income tax expense	(298)	(1,082)	(1,380)
As at 31 March 2010 (Restated)			
Segment assets	23,663	59,018	82,681
Segment liabilities	(14,709)	(48,972)	(63,681)

5 REVENUE AND SEGMENT INFORMATION *(continued)*

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

	2011 HK$'000	2010 HK$'000 (Restated)
Segment results	**(11,031)**	(29,757)
Depreciation of property, plant and equipment	**(321)**	(141)
Finance income – net	**941**	116
Staff costs	**(13,714)**	(8,901)
Others	**(7,469)**	(4,433)
Loss before income tax	**(31,594)**	(43,116)

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

	2011 HK$'000	2010 HK$'000 (Restated)
Segment assets	**1,015,773**	82,681
Unallocated:		
Available-for-sale financial asset	**12,000**	9,800
Cash and cash equivalents	**173,911**	28,052
Property, plant and equipment	**1,823**	1,073
Other assets	**260**	195
Total assets	**1,203,767**	121,801

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

	2011 HK$'000	2010 HK$'000 (Restated)
Segment liabilities	**513,455**	63,681
Unallocated:		
Finance lease liabilities	**1,098**	–
Other liabilities	**2,698**	3,282
Total liabilities	**517,251**	66,963

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

6 OTHER INCOME

	2011 HK$'000	2010 HK$'000 (Restated)
Rental income from investment property	–	1,003
Dividend income	–	79
	–	1,082

7 STAFF COSTS

	2011 HK$'000	2010 HK$'000 (Restated)
Wages and salaries, including directors' fees	27,729	51,042
Provision for termination benefits	23	1,360
Provision for leave balance	209	255
Retirement benefit costs – defined contribution schemes *(Note a)*	1,288	2,555
Reversal of provision for long service payments *(Note 26)*	(42)	(2,806)
Share options granted to directors and employees *(Note 34)*	7,415	–
Other staff costs	2,512	3,446
	39,134	55,852

(a) These mainly represent:

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

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

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

7 STAFF COSTS *(continued)*

(b) Directors' and senior management's emoluments

	2011 HK$'000	2010 HK$'000
Fees	**360**	824
Other emoluments:		
Salaries, housing and other allowances and benefits in kind	**2,848**	4,428
Employer's contribution to pension scheme	**24**	145
Discretionary bonus	**–**	52
Share options granted to directors *(Note 34)*	**4,884**	–
	8,116	5,449

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

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

(1) Appointed with effect from 15 October 2010.

7 STAFF COSTS *(continued)*

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

The remuneration of every director for the year ended 31 March 2010 is set out below:

Name of director	Fees	Salary, housing and other allowances and benefits in kind	Employer's contribution to pension scheme	Discretionary bonus	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors					
Mr. Lo Siu Yu [1]	–	493	–	–	493
Mr. Chen Yang [1]	–	435	–	–	435
Mr. Zhang Jian Qiang [1]	229	–	–	–	229
Mr. Chan Wai Cheung, Glenn [2]	–	642	–	–	642
Mr. Chan Ka Lai, Joseph [2]	–	851	43	21	915
Mr. Chan Ka Shun, Raymond [2]	–	366	18	–	384
Mrs. Chan King Catherine [2]	30	–	–	–	30
Mr. Chiu Wai [2]	–	435	22	–	457
Mr. Lopez Moulet, Carmelo [2]	–	376	19	–	395
Ms. Wong Tsui Yue, Lucy [2]	–	830	43	31	904
Independent non-executive directors					
Ms. Kwong Ka Yin [1]	55	–	–	–	55
Mr. Chan Ying Kay [1]	55	–	–	–	55
Mr. Wang Jin Ling [1]	55	–	–	–	55
Dr. Cheung Wai Lam, William [2]	80	–	–	–	80
Mrs. Fung Yeh Yi Hao, Yvette [2]	80	–	–	–	80
Mr. Gooljarry, Cassam Soliman [2]	80	–	–	–	80
Dr. Ho Sai Wah, David [2]	80	–	–	–	80
Dr. Kwok Lok Wai, William [2]	80	–	–	–	80
	824	4,428	145	52	5,449

[1] Appointed with effect from 15 October 2009

[2] Resigned with effect from 4 November 2009

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

(c) Five highest paid individuals

The 5 individuals whose emoluments were the highest in the Group for the year include 5 (2010: 5) directors.

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

8 OTHER GAINS – NET

	2011 HK$'000	2010 HK$'000 (Restated)
Net exchange gains/(losses)	**1,800**	(145)
Gain on disposal of property, plant and equipment	**1,630**	258
Fair value gain of financial assets at fair value through profit or loss	**–**	2,559
(Loss)/gain on disposal of subsidiaries *(Note 35(b))*	**(129)**	2,078
	3,301	4,750

9 EXPENSES BY NATURE

	2011 HK$'000	2010 HK$'000 (Restated)
Auditor's remuneration	**1,251**	586
Legal and professional expenses	**7,543**	5,725
Amortisation of prepaid operating lease payments	**–**	252
Cleaning and laundry expenses	**1,475**	5,305
Consumables	**857**	2,430
Insurance expenses	**504**	666
Occupancy expenses (other than operating lease rentals)	**4,027**	8,009
Promotion expenses	**2,410**	1,721
Other expenses	**3,792**	3,355
Other operating expenses	**21,859**	28,049

10 FINANCE INCOME AND COSTS

	2011 HK$'000	2010 HK$'000 (Restated)
Finance costs:		
– Bank borrowings wholly repayable within 5 years	**(6,440)**	–
– Other loans due to third parties	**–**	(2,930)
– Finance lease liabilities	**(18)**	–
Less: amounts capitalised in qualifying assets	**1,295**	2,930
Finance costs charged to consolidated income statement	**(5,163)**	–
Finance income:		
– Interest income from bank deposits	**1,378**	150
Finance (costs)/income – net	**(3,785)**	150

11 INCOME TAX (CREDIT)/EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits for the year ended 31 March 2010. No Hong Kong profits tax has been provided for the year ended 31 March 2011 as there was no estimated assessable profit for the year.

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

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

	2011 **HK$'000**	2010 HK$'000 (Restated)
Current income tax		
Hong Kong profits tax	**–**	177
Under-provision in prior years	**–**	122
Deferred income tax (credit)/charge *(Note 27)*	**(3,244)**	1,081
	(3,244)	1,380

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

	2011 **HK$'000**	2010 HK$'000 (Restated)
Loss before income tax	**(31,594)**	(43,116)
Calculated at domestic taxation rates applicable to the profits/losses in the respective jurisdictions	**(6,036)**	(9,782)
Income not subject to taxation	**(2,152)**	(531)
Expenses not deductible for taxation purposes	**1,566**	9,840
Under-provision in prior years	**–**	122
Tax losses not recognized	**3,378**	1,949
Utilisation of previously unrecognized tax losses	**–**	(218)
Income tax (credit)/expense	**(3,244)**	1,380

12 LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$21,885,000 (2010: HK$4,893,000) (Note 25).

13 DIVIDENDS

	2011 **HK$'000**	2010 HK$'000
Special dividend of HK52 cents per ordinary share, paid	**–**	179,618
Write-back of unclaimed dividends	**(59)**	–
	(59)	179,618

No final dividend was proposed for the years ended 31 March 2010 and 2011.

14 LOSSES PER SHARE

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

	2011 **HK$'000**	2010 HK$'000 (Restated)
Losses		
Loss attributable to equity holders of the Company	**(27,775)**	(44,885)

	2011	2010 (Restated)
Number of shares (in thousands)		
Weighted average number of ordinary shares in issue *(Note)*	**1,012,265**	490,096

Note:

The weighted average number of ordinary shares for the purposes of basic and diluted losses per share has been retrospectively adjusted for the effect of the Ray Tone Acquisition which is accounted for as a business combination under common control (Note 36). When computing the weighted average number of shares in issue, the 300,000,000 shares issued in relation to the Ray Tone Acquisition are deemed to have been in issue since 7 October 2009, the date of completion of the acquisition of the Company by Mr. Lo (Note 36).

Employee share options outstanding at 31 March 2011 would have an anti-dilutive effect on losses per share. No employee share options were outstanding at 31 March 2010 and there was no dilutive effect on basic losses per share.

15 PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improvements HK$'000	Mining structures HK$'000	Air-conditioning plants HK$'000	Furniture, fixtures, and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
At 1 April 2009								
Cost	22,897	28,128	–	9,386	22,889	2,482	–	85,782
Accumulated depreciation and impairment losses	(3,990)	(23,872)	–	(8,565)	(20,769)	(31)	–	(57,227)
Net book amount	18,907	4,256	–	821	2,120	2,451	–	28,555
Year ended 31 March 2010 (Restated)								
Opening net book amount	18,907	4,256	–	821	2,120	2,451	–	28,555
Additions	–	5,239	–	1,048	2,898	1,127	12,833	23,145
Acquisition of a subsidiary *(Note 36)*	2,428	–	22,740	–	6,400	711	28,370	60,649
Disposals	–	–	–	–	–	(51)	–	(51)
Disposals of subsidiaries	(18,522)	(7,261)	–	(1,722)	(3,843)	(2,661)	–	(34,009)
Depreciation	(484)	(804)	(238)	(135)	(816)	(355)	–	(2,832)
Impairment losses	–	(731)	(22,513)	–	(6,196)	–	–	(29,440)
Transfer between categories	703	–	–	–	33	–	(736)	–
Transfer to disposal group classified as held for sale	–	(634)	–	–	(6)	–	–	(640)
Exchange differences	5	–	11	–	13	2	32	63
Closing net book amount	3,037	65	–	12	603	1,224	40,499	45,440
At 31 March 2010 (Restated)								
Cost	3,137	5,637	22,810	2,748	13,110	1,377	40,499	89,318
Accumulated depreciation and impairment losses	(100)	(5,572)	(22,810)	(2,736)	(12,507)	(153)	–	(43,878)
Net book amount	3,037	65	–	12	603	1,224	40,499	45,440
Year ended 31 March 2011								
Opening net book amount (Restated)	3,037	65	–	12	603	1,224	40,499	45,440
Additions	–	–	–	66	139	1,758	37,318	39,281
Disposals	(468)	(8)	–	–	(184)	(555)	(999)	(2,214)
Depreciation	(194)	(13)	–	(17)	(195)	(423)	–	(842)
Exchange differences	130	–	–	–	5	21	1,796	1,952
Closing net book amount	2,505	44	–	61	368	2,025	78,614	83,617
At 31 March 2011								
Cost	2,598	5,628	23,823	2,815	7,310	2,518	78,614	123,306
Accumulated depreciation and impairment losses	(93)	(5,584)	(23,823)	(2,754)	(6,942)	(493)	–	(39,689)
Net book amount	2,505	44	–	61	368	2,025	78,614	83,617

15 PROPERTY, PLANT AND EQUIPMENT *(continued)*

The Group's interests in buildings with net book amounts of approximately HK$2,505,000 (2010: HK$3,037,000) were held in the PRC under leases of less than 10 years.

As at 31 March 2011, a motor vehicle of the Group with a carrying amount of approximately HK$1,566,000 (2010: Nil) was held under finance lease (Note 29).

As at 31 March 2011, interest expenses of HK$1,295,000 (2010: HK$2,930,000) arising from borrowings are capitalised in construction in progress. The weighted average rate of captialisation is 10.6% per annum (2010: 10.0% per annum).

16 MINING RIGHT

	HK$'000 (Restated)
Year ended 31 March 2010	
Opening net book amount	–
Acquisition of a subsidiary *(Note 36)*	9,305
Addition	250
Exchange differences	23
Closing net book amount	9,578
At 31 March 2010	
Cost	9,578
Accumulated amortisation	–
Net book amount	9,578
Year ended 31 March 2011	
Opening net book amount	9,578
Exchange differences	410
Closing net book amount	9,988
At 31 March 2011	
Cost	9,988
Accumulated amortisation	–
Net book amount	9,988

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

17 GOODWILL

	HK$'000 (Restated)
Year ended 31 March 2010	
Opening cost	–
Acquisition of a subsidiary *(Note 36)*	1,361
Exchange differences	4
Closing cost	1,365
Year ended 31 March 2011	
Opening cost	1,365
Exchange differences	58
Closing cost	1,423

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

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

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

	2011	2010
Revenue growth rate	**3%**	3%
Discount rate	**10%**	10%

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

There were no circumstances during the years ended 31 March 2011 and 2010 which led to an impairment loss of goodwill.

18 AVAILABLE-FOR-SALE FINANCIAL ASSET

	Group and Company	
	2011	2010
	HK$'000	HK$'000
At 1 April	**9,800**	8,461
Net gains credited to other comprehensive income	**2,200**	4,085
Disposals	**–**	(2,746)
At 31 March	**12,000**	9,800

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

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

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

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

19 FINANCIAL INSTRUMENTS BY CATEGORY

(a) Group

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

As at 31 March 2011	**Other financial liabilities at amortised cost HK$'000**
Liabilities	
Bank borrowings	**498,960**
Trade payables	**2,828**
Other payables	**13,691**
Finance lease liabilities	**1,098**
Total	**516,577**

19 FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

(a) Group *(continued)*

As at 31 March 2010 (Restated)	Loans and receivables HK$'000	Available-for-sale HK$'000	Total HK$'000
Assets			
Available-for-sale financial asset	–	9,800	9,800
Rental deposits paid	4,895	–	4,895
Trade receivables	145	–	145
Deposits and other receivables	2,811	–	2,811
Restricted bank deposits	1,210	–	1,210
Cash and cash equivalents	37,630	–	37,630
Total	46,691	9,800	56,491

As at 31 March 2010 (Restated)	Other financial liabilities at amortised cost HK$'000
Liabilities	
Trade payables	2,215
Other payables	58,407
Total	60,622

(b) Company

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

As at 31 March 2011	**Other financial liabilities at amortised cost HK$'000**
Liabilities	
Amounts due to subsidiaries	**20,630**
Other payables	**2,698**
Total	**23,328**

19 FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

(b) **Company** *(continued)*

As at 31 March 2010	Loans and receivables HK$'000	Available-for-sale HK$'000	Total HK$'000
Assets			
Available-for-sale financial asset	–	9,800	9,800
Cash and cash equivalents	28,869	–	28,869
Total	28,869	9,800	38,669

As at 31 March 2010	Other financial liabilities at amortised cost HK$'000
Liabilities	
Amounts due to subsidiaries	16,474
Trade payables	71
Other payables	3,282
Total	19,827

20 INVENTORIES

	2011 HK$'000	2010 HK$'000 (Restated)
Food and beverages	**2,220**	1,071
Coal	**912**	1,028
Spare parts	**330**	356
	3,462	2,455

As at 31 March 2011 and 2010, all inventories were stated at cost.

21 TRADE RECEIVABLES

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

	2011 **HK$'000**	2010 HK$'000
Current to 30 days	**319**	145

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

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

22 CASH AND BANK BALANCES

	Group		**Company**	
	2011 **HK$'000**	2010 HK$'000 (Restated)	**2011** **HK$'000**	2010 HK$'000
Cash at banks and on hand	**569,473**	37,330	**16,602**	28,869
Short-term fixed deposits	**153,371**	300	**153,371**	–
Cash and cash equivalents	**722,844**	37,630	**169,973**	28,869
Deposit pledged as securities for the Group's borrowing facilities *(Note 39)*	**350,837**	–	**–**	–
Deposits set aside for environmental restoration in the PRC	**2,557**	1,210	**–**	–
Restricted bank deposits	**353,394**	1,210	**–**	–

The effective interest rate on the Group's short-term bank deposits was 1.21% (2010: 0.13%); these deposits have maturities of less than 90 days.

At 31 March 2011, the carrying amounts of the cash and bank balances were denominated in the following currencies:

	Group		**Company**	
	2011 **HK$'000**	2010 HK$'000 (Restated)	**2011** **HK$'000**	2010 HK$'000
HK$	**56,890**	37,395	**3,963**	28,869
RMB	**1,019,348**	1,445	**166,010**	–
	1,076,238	38,840	**169,973**	28,869

22 CASH AND BANK BALANCES *(continued)*

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

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
		(Restated)		
Bank A	**357,774**	–	**–**	–
Bank B	**350,943**	–	**–**	–
Bank C	**189,827**	17	**166,068**	–
Bank D	**12,140**	36,118	**3,875**	28,869
Bank E	**93,521**	–	**–**	–
Other banks	**72,033**	2,705	**30**	–
	1,076,238	38,840	**169,973**	28,869

23 ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

The assets and liabilities relating to Melba and its subsidiary, Shanghai Lu Yang Chun Restaurant (Hong Kong) Limited (collectively the "Melba Group"), have been presented as held for sale as at 31 March 2010. Pursuant to a shareholders' agreement dated 18 October 1995 in respect of the shares of Melba, the non-controlling shareholder of Melba has a right to acquire the Company's interest in Melba where there is a change in control of the Company. On 8 December 2009, the non-controlling shareholder of Melba issued to the Company a written notice to exercise such right. The Directors have classified the related assets and liabilities of Melba Group as assets and liabilities held for sale in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations". The transaction was completed on 28 October 2010.

(a) Assets classified as held for sale

	2010
	HK$'000
Property, plant and equipment	640
Rental deposits paid	1,538
Inventories	618
Trade receivables	266
Deposits, prepayments and other receivables	1,039
Cash and cash equivalents	1,352
Total	5,453

23 ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

(continued)

(b) Liabilities classified as held for sale

	2010 HK$'000
Trade payables	1,614
Other payables and accrued charges	3,554
Provision for long service payments	256
Total	5,424

24 SHARE CAPITAL

	2011 HK$'000	2010 HK$'000
Authorized:		
5,000,000,000 ordinary shares of HK$0.1 each (2010: 400,000,000)	**500,000**	40,000
Issued and fully paid:		
1,274,038,550 ordinary shares of HK$0.1 each (2010: 345,438,550)	**127,404**	34,544

By an extraordinary general meeting held on 28 June 2010, the authorized share capital of the Company was increased from HK$40,000,000 comprising 400,000,000 shares of HK$0.1 each to HK$500,000,000 comprising 5,000,000,000 shares of HK$0.1 each by the creation of 4,600,000,000 shares.

On 31 August 2010, the Company issued 300,000,000 new shares at HK$1 each as the consideration for the Ray Tone Acquisition to Mr. Lo, the controlling shareholder of the Company (Note 36).

On the same day, the Company also issued 120,000,000 new shares to Mr. Lo at HK$1 each for cash, and 407,600,000 new shares at HK$1 each and 101,000,000 new shares at HK$1.2 each to certain independent third parties for cash, pursuant to a subscription agreement and a placing agreement dated 18 May 2010 (Note 38(c)).

25 RESERVES – COMPANY

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

	Share premium HK$'000	**Investment revaluation reserve** HK$'000	**Other reserve** HK$'000	**Retained earnings/ (accumulated losses)** HK$'000	**Total** HK$'000
At 1 April 2009	142,700	(436)	–	42,156	184,420
Revaluation surplus of available-for-sale financial asset	–	3,859	–	–	3,859
Disposals	–	2,127	–	–	2,127
Loss for the year	–	–	–	(4,893)	(4,893)
Cancellation of share premium	(142,700)	–	–	142,700	–
Dividend paid	–	–	–	(179,618)	(179,618)
At 31 March 2010 and 1 April 2010	–	5,550	–	345	5,895
Issuance of shares to effect the Ray Tone Acquisition *(Note 36)*	465,000	–	–	–	465,000
Subscription and placement of shares, net of share issuance cost *(Note 24)*	581,974	–	–	–	581,974
Revaluation surplus of available-for-sale financial asset	–	2,200	–	–	2,200
Share-based compensation expense *(Note 34)*	–	–	7,415	–	7,415
Loss for the year	–	–	–	(21,885)	(21,885)
Write-back of unclaimed dividends	–	–	–	59	59
At 31 March 2011	1,046,974	7,750	7,415	(21,481)	1,040,658

26 PROVISION FOR LONG SERVICE PAYMENTS

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

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

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
At the beginning of the year	**752**	7,610	**–**	1,121
(Reversal of)/provision for the year *(Note 7)*	**(42)**	(2,806)	**–**	4
Amounts utilised	**(36)**	(1,069)	**–**	(81)
Transferred to disposal group classified as held for sale	**–**	(256)	**–**	–
Disposals of subsidiaries	**–**	(2,727)	**–**	–
Transfer to group companies	**–**	–	**–**	(1,044)
	674	752	**–**	–
Less: non-current portion	**(674)**	(752)	**–**	–
Current portion	**–**	–	**–**	–

27 DEFERRED INCOME TAX

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

The movement on the net deferred income tax assets/(liabilities) is as follows:

	2011	2010
	HK$'000	HK$'000
		(Restated)
At the beginning of the year	**(165)**	(390)
Acquisition of a subsidiary *(Note 36)*	**–**	920
Disposal of subsidiaries	**–**	390
Credited/(charged) to consolidated income statement *(Note 11)*	**3,244**	(1,081)
Exchange differences	**79**	(4)
At the end of the year	**3,158**	(165)

27 DEFERRED INCOME TAX *(continued)*

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

Deferred tax assets (Restated)	**Others**	**Tax losses**	**Fair value adjustment**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2009	–	–	–	–
Acquisition of a subsidiary	148	937	1,674	2,759
Credited/(charged) to the consolidated income statement	–	530	(1,611)	(1,081)
Exchange differences	–	–	1	1
At 31 March 2010	148	1,467	64	1,679
Credited to the consolidated income statement *(Note 11)*	–	3,244	–	3,244
Exchange differences	8	148	4	160
At 31 March 2011	**156**	**4,859**	**68**	**5,083**

Deferred tax liabilities (Restated)	**Fair value adjustment**
	HK$'000
At 1 April 2009	–
Acquisition of a subsidiary	(1,839)
Exchange differences	(5)
At 31 March 2010	(1,844)
Exchange differences	(81)
At 31 March 2011	(1,925)

Deferred income tax assets are recognized for tax losses carried forward to the extent that the realization of the related tax benefits through the future taxable profit is probable. As at 31 March 2011, the Group has tax losses amounting to approximately HK$19,460,000 for which deferred tax assets have been recognised, which will be expired in 2015.

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

	Group		**Company**	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Excess of depreciation over tax allowances	**747**	754	**–**	–
Tax losses				
– Without expiry date	**19,756**	14,455	**16,593**	13,857
– Expiring in 2013	**1,658**	1,587	**–**	–
	21,414	16,042	**16,593**	13,857
	22,161	16,796	**16,593**	13,857

28 BANK BORROWINGS

	2011 HK$'000	2010 HK$'000
Non-current:		
Bank borrowing, secured	166,320	–
Current:		
Bank borrowing, secured	332,640	–
	498,960	–

At 31 March 2011, the Group's borrowings were repayable as follows:

	2011 HK$'000	2010 HK$'000
Within 1 year	332,640	–
Between 2 and 5 years	166,320	–
	498,960	–

As at 31 March 2011, the Group's bank borrowings were denominated in RMB and were secured by:

(i) the Group's mining right amounting to approximately HK$9,988,000 (Note 16);

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

(iii) the Group's bank deposit amounting to approximately HK$350,837,000 (Note 22); and

(iv) guarantees given by Mr. Lo, the controlling shareholder, and a related company owned by him (Note 38).

The Group's current bank borrowing amounting to HK$332,640,000 (2010: Nil) bears interest at fixed rate of 5.0% per annum and is therefore subject to repricing upon its due date in December 2011. The Group's non-current bank borrowing amounting to HK$166,320,000 bears interest at floating rates.

The carrying amounts of the Group's bank borrowings at the respective reporting dates approximate their fair values as the current bank borrowing bearing fixed rate has short maturities and insignificant impact on discounting.

29 FINANCE LEASE LIABILITIES

Finance lease liabilities are effectively secured as the rights to the leased asset, the Group's motor vehicle amounting to HK$1,566,000 as at 31 March 2011, would revert to the lessor in the event of default (Note 15).

	2011 HK$'000	2010 HK$'000
Gross finance lease liabilities – minimum lease payments		
– No later than 1 year	293	–
– Later than 1 year and no later than 5 years	954	–
	1,247	–
Future finance charges on finance lease	(149)	–
Present value of finance lease liabilities	1,098	–

The present value of finance lease liabilities is as follows:

	2011 HK$'000	2010 HK$'000
No later than 1 year	232	–
Later than 1 year and no later than 5 years	866	–
	1,098	–

30 TRADE PAYABLES

The ageing analysis of the trade payables is as follows:

	Group		Company	
	2011 HK$'000	2010 HK$'000 (Restated)	2011 HK$'000	2010 HK$'000
Current to 30 days	2,645	2,017	–	71
31 to 60 days	49	8	–	–
Over 60 days	134	190	–	–
	2,828	2,215	–	71

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

31 OTHER PAYABLES AND ACCRUED CHARGES

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000 (Restated)	**HK$'000**	HK$'000
Other payables	**10,652**	9,704	**2,698**	3,282
Provision for reinstatement costs	**2,117**	2,117	**–**	–
Accrued interest expense	**922**	3,941	**–**	–
Loan due to 重慶旭川貿易有限公司	**–**	26,276	**–**	–
Loan due to 重慶宇宥貿易有限公司	**–**	16,369	**–**	–
	13,691	58,407	**2,698**	3,282

The amounts due to 重慶旭川貿易有限公司 and 重慶宇宥貿易有限公司, being companies owned by individuals or companies who are business associates but legally independent of the shareholders or directors of the Company, were unsecured, bore interest at 10% per annum, and denominated in RMB. The Group has fully settled these balances in May 2010.

32 INVESTMENTS IN SUBSIDIARIES

	Company	
	2011	2010
	HK$'000	HK$'000
Unlisted shares, at cost	**35,213**	35,214
Amounts due from subsidiaries	**983,134**	–
Less: Provision for impairment losses	**(13,876)**	(13,617)
	1,004,471	21,597

The amounts due from subsidiaries as at 31 March 2011 are unsecured and interest free. These amounts have no fixed terms of repayment and are regarded as equity contributions to the subsidiaries.

Details of the principal subsidiaries as at 31 March 2011 are set out in Note 40.

33 AMOUNTS DUE FROM/TO SUBSIDIARIES

The amounts due from/to subsidiaries as at 31 March 2010 and 2011 are unsecured, interest free and repayable on demand. The amounts due from/to subsidiaries are denominated in HK$.

34 SHARE-BASED PAYMENT — GROUP AND COMPANY

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

During the year ended 31 March 2011, 16,200,000 share options of the Company were granted to directors and selected employees (2010: Nil). The exercise price of the granted options is equal to the market price of the shares plus 1.7% to 7.8% on the respective dates of the grant. Options are conditional on the employee completing one year's or two years' service (the vesting period). The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding for the year ended 31 March 2011 and their related weighted average exercise prices are as follows:

	Average exercise price in HK$ per share	**Options (thousands)**
At 1 April 2010		–
Granted	1.637	16,200
At 31 March 2011	1.637	16,200

Out of the 16,200,000 outstanding options (2010: Nil), 5,400,000 options were exercisable as at 31 March 2011 (2010: Nil).

Share options outstanding at 31 March 2011 have the following expiry date and exercise prices:

Expiry date	**Exercise price in HK$ per share**	**Options (thousands)**
14 October 2020	1.638	14,100
1 December 2020	1.628	2,100
At 31 March	1.637	16,200

The weighted average fair value of options granted during the year ended 31 March 2011 determined using the Binomial Lattice valuation model was approximately HK$0.85 per option (2010: Nil). The significant inputs into the model were weighted average share price of HK$1.60 (2010: Nil) at the grant date, exercise price shown above, employee exit rate of 10%, an expected option life of 10 years, and an annual risk-free interest rate of 2.1% to 2.9% (2010: Nil). The total fair value of the share options under such scheme amounted to approximately HK$13,839,000 of which approximately HK$7,415,000 were charged to the consolidated income statement during the year (2010: Nil).

35 CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of loss before income tax to cash (used in)/generated from operations is as follows:

	2011 **HK$'000**	2010 HK$'000 (Restated)
Loss before income tax	**(31,594)**	(43,116)
Adjustments for:		
Depreciation and impairment losses of property, plant and equipment	**842**	32,272
Amortization of prepaid operating lease payments	**–**	252
Loss/(gain) on disposal of subsidiaries	**129**	(2,078)
Gain on disposal of property, plant and equipment	**(1,630)**	(258)
Fair value gains on financial assets at fair value through profit or loss	**–**	(2,559)
Share of profit of an associated company	**–**	(828)
Share options granted to directors and employees	**7,415**	–
Interest income	**(1,378)**	(150)
Interest expense	**5,163**	–
Dividend income	**–**	(79)
Operating loss before working capital changes	**(21,053)**	(16,544)
(Increase)/decrease in rental deposits paid	**(35)**	1,235
(Increase)/decrease in inventories	**(1,468)**	427
(Increase)/decrease in trade receivables	**(386)**	156
Increase in deposits, prepayments and other receivables	**(4,984)**	(410)
Increase in trade payables	**1,055**	11,320
(Decrease)/increase in other payables and accrued charges	**(1,305)**	10,484
Decrease in rental deposits received	**–**	(9)
Decrease in provision for long service payments	**(72)**	(3,875)
Exchange differences	**(11,812)**	(27)
Cash (used in)/generated from operations	**(40,060)**	2,757

35 CONSOLIDATED CASH FLOW STATEMENT *(continued)*

(b) Disposal of equity interest in Melba

Pursuant to a shareholders' agreement of Melba, New Town Caterers Limited ("New Town"), the non-controlling shareholder of Melba, has a right to acquire the Company's interest in Melba when there is a change in control of the Company. On 8 December 2009, New Town issued to the Company a written notice to exercise such right and accordingly, the directors have classified the related assets and liabilities of Melba Group as assets and liabilities held for sale as at 31 March 2010.

During the year ended 31 March 2011, the Company disposed of Melba's equity interest to New Town at a consideration of HK$1,337,000 (the "Disposal"), and recognized a loss on Disposal amounting to approximately HK$129,000 (Note 8).

The net assets of Melba Group at the date of Disposal were as follows:

	HK$'000
Net assets disposed:	
Property, plant and equipment	509
Rental deposits paid	1,653
Inventories	1,079
Trade receivables	478
Deposits, prepayments and other receivables	1,106
Cash and cash equivalents	794
Trade payables	(2,056)
Other payables and accrued charges	(2,170)
Provision for long service payments	(262)
Amounts due from group companies	217
Non-controlling interests	118
	1,466
Loss on disposal	(129)
Total consideration	1,337
Satisfied by:	
Cash	1,337

36 BUSINESS COMBINATION

On 17 July 2008, Mr. Lo acquired, through Ocean Profit Investment Development Limited ("Ocean Profit"), an entity wholly-owned by him, an 85% equity interest in Xinjiang New Century, a company incorporated in the PRC, whose principal asset is a coal mine in Xinjiang of the PRC. On 1 September 2009, Mr. Lo acquired, through Ocean Profit, the remaining 15% equity interest in Xinjiang New Century and became the sole ultimate shareholder of Xinjiang New Century.

On 7 October 2009, Mr. Lo acquired, through Money Success, an entity wholly-owned by him, a 63.49% equity interest in the Company and became the controlling shareholder of the Company and the Chairman of the Group.

On 18 May 2010, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with Mr. Lo, for acquisition of the entire issued share capital of Ray Tone Limited ("Ray Tone"), a company incorporated in the British Virgin Islands and set up by Mr. Lo solely to hold the investment in Xinjiang New Century, at a consideration of HK$300 million, to be settled by the issuance of 300 million new shares of the Company at HK$1 each (the "Ray Tone Acquisition"). Ray Tone and its subsidiaries are collectively referred to as the "Ray Tone Group".

Upon the acquisition of Xinjiang New Century by Ocean Profit (the "Xinjiang New Century Acquisition"), the identifiable assets and liabilities of Xinjiang New Century were accounted for by Ocean Profit at fair values under the purchase method of accounting in accordance with HKFRS 3 "Business Combinations". The fair value adjustments included mainly the devaluation of property, plant and equipment, and appreciation of mining right, which were determined based on the fair values of the assets and liabilities of Xinjiang New Century as at 17 July 2008, the recognition of goodwill on the Xinjiang New Century Acquisition, and the corresponding deferred tax liabilities resulting from the Xinjiang New Century Acquisition.

The Ray Tone Acquisition was completed on 31 August 2010 and has been accounted for by the Group as a business combination under common control for which the Company applies the principles of merger accounting, as prescribed in Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" ("HKAG 5") issued by the HKICPA in preparing these consolidated financial statements. The accompanying consolidated financial statements and the comparative figures have been prepared on the basis as if the current group structure had been in existence since 7 October 2009, the date when Mr. Lo completed the acquisition of the controlling equity interest in the Company and when the Company and Xinjiang New Century first came under the common control of Mr. Lo. The fair value adjustments arising from the Xinjiang New Century Acquisition as mentioned in the preceding paragraph have been accounted for by the Group as if the acquisition was carried out by the Group and completed on 17 July 2008.

36 BUSINESS COMBINATION *(continued)*

The following table summarises the consideration paid by Mr. Lo for the Xinjiang New Century Acquisition and the amounts of the assets acquired and liabilities assumed at the date of the Xinjiang New Century Acquisition.

	HK$'000
Consideration:	
– Cash	40,070
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	44,095
Mining right	9,224
Inventories	189
Deposits, prepayments and other receivables	2,990
Cash and cash equivalents	3,193
Borrowings	(9,126)
Trade payables	(1,436)
Other payables and accrued charges	(3,525)
Deferred income tax liabilities (net)	(64)
Total identifiable net assets	45,540
Non-controlling interests	(6,831)
Goodwill	1,361
	40,070

On 7 October 2009, the first day when the Company and Xinjiang New Century first came under the common control of Mr. Lo, the amounts of the assets acquired and liabilities of Xinjiang New Century assumed by the Group, including the fair value adjustments arising from the Xinjiang New Century Acquisition, are as follows:

	HK$'000
Property, plant and equipment *(Note 15)*	60,649
Mining right *(Note 16)*	9,305
Goodwill *(Note 17)*	1,361
Deferred income tax assets *(Note 27)*	920
Inventories	1,496
Deposits, prepayments and other receivables	1,076
Cash and cash equivalents	2,957
Trade payables	(586)
Other payables and accrued charges	(34,725)
Net assets	42,453

The revenue included in the consolidated income statement since 7 October 2009 to 31 March 2010 contributed by Xinjiang New Century was HK$129,000. Xinjiang New Century also contributed loss of HK$32,469,000 over the same period.

Had Xinjiang New Century been consolidated from 1 April 2009, the consolidated income statement would show revenue of HK$151,929,000 and loss of HK$52,547,000.

36 BUSINESS COMBINATION *(continued)*

The following is a reconciliation of the effect arising from the Ray Tone Acquisition on the consolidated statement of financial position as at 31 March 2010 and the consolidated income statement for the year then ended.

	The Group before the Ray Tone Acquisition	Effect of the Ray Tone Acquisition	Consolidated
	HK$'000	HK$'000	HK$'000
As at 31 March 2010			
Property, plant and equipment	1,138	44,302	45,440
Mining rights	–	9,578	9,578
Goodwill	–	1,365	1,365
Restricted bank deposits	–	1,210	1,210
Cash and cash equivalents	37,395	235	37,630
Other current assets	4,102	2,328	6,430
Deferred tax liabilities	–	165	165
Trade payables	2,195	20	2,215
Other payables and accrued charges	9,620	48,787	58,407
Reserves	9,791	10,046	19,837
For the year ended 31 March 2010			
Revenue	151,648	129	151,777
Cost of inventories consumed	45,414	105	45,519
Staff costs	55,536	316	55,852
Depreciation and impairment losses of property, plant and equipment	2,885	29,387	32,272
Loss before income tax	11,727	31,389	43,116
Income tax expense	299	1,081	1,380

No other significant adjustments were made to the net assets and net profit or loss of any entities as a result of the Ray Tone Acquisition to achieve consistency of accounting policies.

In addition to the effect of the Ray Tone Acquisition, certain comparative figures have been reclassified to conform to the presentation of the consolidated income statement in the current year.

37 COMMITMENTS

(a) Capital commitments

Capital expenditure commitments for property, plant and equipment at the reporting date but not yet incurred are as follows:

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
		(Restated)		
Approved but not contracted for	**399,788**	413,516	**–**	–
Contracted but not provided for	**25,044**	31,251	**–**	–
	424,832	444,767	**–**	–

(b) Operating lease commitments

At 31 March 2011, the Group and the Company had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
		(Restated)		
Within one year	**10,752**	13,832	**–**	–
After one year and within five years	**13,956**	9,648	**–**	–
Over five years	**8**	16	**–**	–
	24,716	23,496	**–**	–

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

38 RELATED-PARTY TRANSACTIONS

Same as disclosed elsewhere in these consolidated financial statements, the Group had the following related party transactions during the year ended 31 March 2011:

(a) Key management compensation

	2011 HK$'000	2010 HK$'000
Directors' fees	**–**	259
Basic salaries and benefits in kind	**2,848**	4,428
Discretionary bonus	**–**	52
Pension contributions	**24**	145
Share options granted	**4,884**	–
	7,756	4,884

(b) On 18 May 2010, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with Mr. Lo, the ultimate shareholder of the Company, to acquire the entire issued share capital of Ray Tone, a company incorporated in the British Virgin Islands and set up by Mr. Lo, whose principal asset is the entire equity interests in Xinjiang New Century (Note 36).

(c) On 18 May 2010, the Company entered into a subscription agreement, pursuant to which Money Success, a company controlled by Mr. Lo, has conditionally agreed to subscribe for and the Company has conditionally agreed to issue an aggregate of 120 million new shares of the Company at a subscription price of HK$1 per share (the "Share Subscription"). The Share Subscription was completed on 31 August 2010.

39 BANKING FACILITIES

The Group has the following banking facilities:

	2011 HK$'000	2010 HK$'000
Unutilised:		
Expiring within 1 year	**35,640**	12,000
Expiring between 2 and 5 years	**83,160**	–
	118,800	12,000
Utilised:		
Expiring within 1 year	**332,640**	–
Expiring between 2 and 5 years	**166,320**	–
	498,960	–
Total facilities	**617,760**	12,000

39 BANKING FACILITIES *(continued)*

The Group's banking facilities as at 31 March 2010 were secured by corporate guarantees given by the Company. The Group's banking facilities as at 31 March 2011 were secured by the Group's mining right and equity interests in Xinjiang New Century, and were guaranteed by Mr. Lo and a related company owned by him.

40 PARTICULARS OF PRINCIPAL SUBSIDIARIES

The following is the particulars of the principal subsidiaries as at 31 March 2011:

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

Note:

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

FIVE-YEAR FINANCIAL INFORMATION

RESULTS

	For the year ended 31 March				
		(Restated)			
	2011	2010	2009	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue (including discontinued bakery operation)	**72,144**	151,777	328,075	352,197	954,824
(Loss)/profit attributable to equity holders of the Company	**(27,775)**	(44,885)	(83,369)	(6,463)	226,683

ASSETS AND LIABILITIES

	At 31 March				
		(Restated)			
	2011	2010	2009	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets and liabilities					
Total assets	**1,203,767**	121,801	280,157	398,833	671,498
Total liabilities	**517,251**	66,963	49,988	58,555	312,650
Net assets	**686,516**	54,838	230,169	340,278	358,848
Non-controlling interests	**–**	457	68	4,790	5,151
Shareholders' equity	**686,516**	54,381	230,101	335,488	353,697

The details of the restatement to the financial information as at and for the year ended 31 March 2010 are set out in note 36 to the accompanying consolidated financial statements.