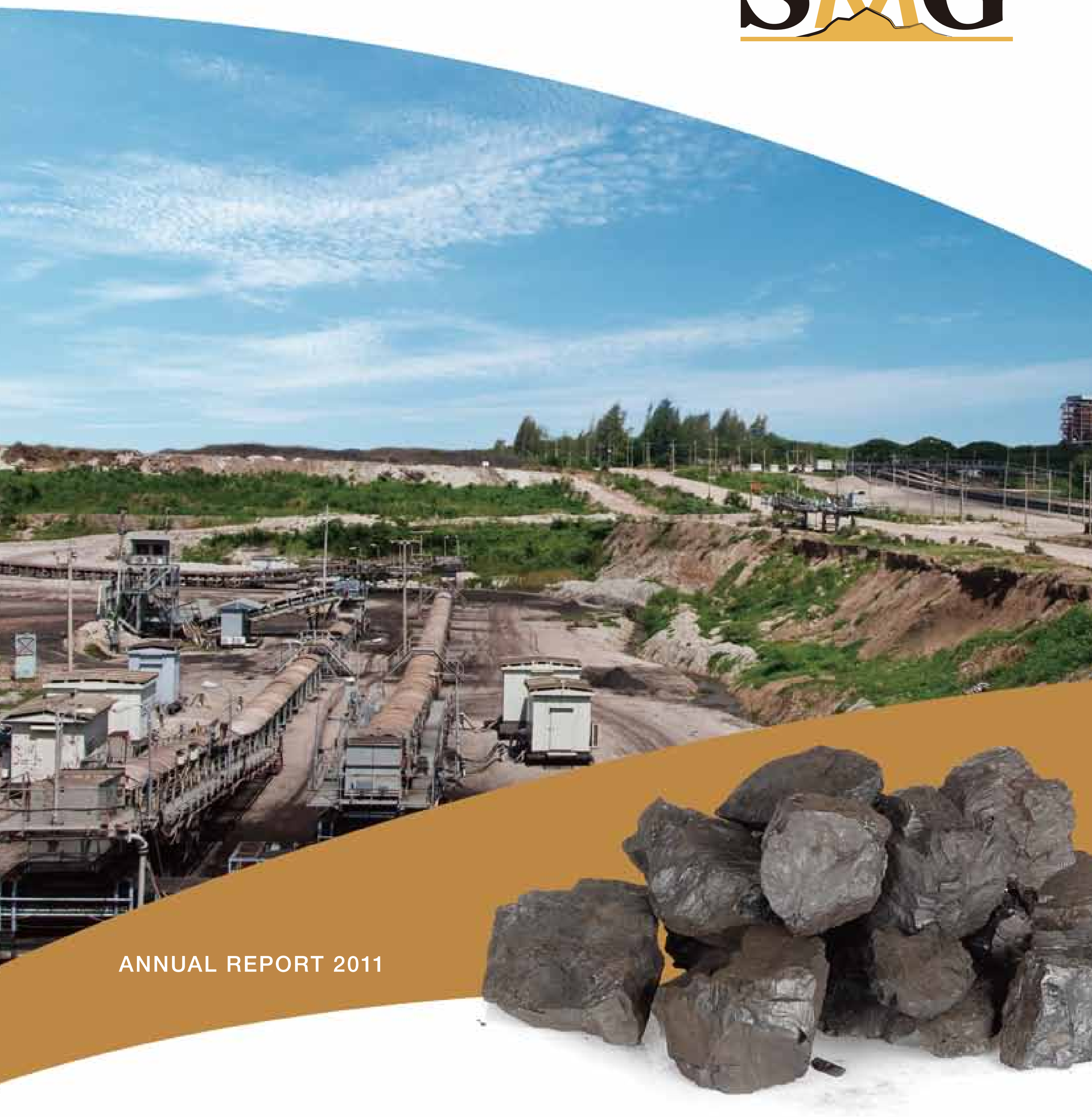

ANNUAL REPORT 2011

SIBERIAN MINING GROUP COMPANY LIMITED

西伯利亞礦業集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code :1142)

* *For identification only*

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Lim Ho Sok *(Chairman)*
Mr. Shin Min Chul
Mr. Li Wing Sang (resigned on 31 July 2010)
Mr. Chiu Chi Hong (resigned on 1 September 2010)

Non-executive Director

Mr. Pang Ngoi Wah Edward
(appointed on 3 January 2011)

Independent Non-executive Directors

Mr. Liew Swee Yean
Mr. Tam Tak Wah
Mr. Young Yue Wing Alvin
(appointed on 9 August 2010)
Mr. Yoshinori Suzuki (resigned on 9 August 2010)

COMPANY SECRETARY

Ms. Lo Suet Fan

AUTHORISED REPRESENTATIVES

Mr. Lim Ho Sok (appointed on 1 September 2010)
Ms. Lo Suet Fan
Mr. Chiu Chi Hong (resigned on 1 September 2010)

AUDIT COMMITTEE

Mr. Tam Tak Wah *(Chairman)*
Mr. Liew Swee Yean
Mr. Young Yue Wing Alvin
(appointed on 9 August 2010)
Mr. Yoshinori Suzuki (resigned on 9 August 2010)

REMUNERATION COMMITTEE

Mr. Lim Ho Sok *(Chairman)*
(appointed on 31 July 2010)
Mr. Liew Swee Yean
Mr. Tam Tak Wah
Mr. Li Wing Sang (resigned on 31 July 2010)
Mr. Yoshinori Suzuki (resigned on 9 August 2010)

AUDITOR

BDO Limited

PRINCIPAL BANKERS

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

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

HKEX STOCK CODE

1142

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Board") of Siberian Mining Group Company Limited (the "Company"), I would like to present to the shareholders the annual results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 March 2011.

The reporting year was a challenging and tough year for our Group. Tough as it was, the Group has recorded a substantial decrease of loss which amounted to HK$167 million (2010: 1,641 million), and has ridden the recovery of global financial crisis, and grasped the opportunity for better repositioning, and redirected our resources to the core business segment - mineral resources business.

Our Russian subsidiary had won the auction in Russia Federation for subsoil use rights for the purpose of exploration and bituminous coal mining in the Kamerovsky, Volkovsky and Vladimirovsky, and also successfully secured the respective New Mining License as a whole. It is now more economically and feasible to develop the mine on an integrated basis and to achieve an economy of scale. With the demand of mineral resources generally rebound along with the mounting expected inflation and escalating power consumption in Asia Pacific region, we tentatively scheduled a preliminary drilling plan and surface infrastructure design works in the upcoming year.

Endeavor to create a higher corporate value and risk diversification, we had our debut coal trading in the first quarter of 2011. Despite its low profitability, it had contributed revenue of HK$10.2 million to the Group. Efforts will therefore be made in elevating the profit margin and logistic cost efficiency as well.

Subsequent to the reporting year ended, we have entered into a conditional agreement to subscribe 70% of the enlarged issued share capital of the Trenaco SA (the "Target"). The principal activities of the Target company and its subsidiaries are engaged in trading of various commodities like coal, base oil, petrochemicals, naphtha and ethanol. The management believes the proposed investment, being in line with the Group investment strategies with an aim to be an international resources player through our vertical business model from operating mine business to resources trading worldwide, could diversify its business and enhance the Group's core competitiveness. The proposed investment is subject to approval in extra ordinary general meeting of shareholders and has not been completed as at the date of this report.

The digital television technology business was disappointingly underperformed during the year no matter whatever had we strived to reinforce its performance. The market is in fact competitively saturated and having slim margin. With the market drastically declined, product substitutes emerging and being stricken by the aftermath of financial crisis, the respective intangible asset of customer base and goodwill were fully impaired during the reporting year. In view of tightened liquidity and slow down of economy in the PRC, we are not optimistic to this segment in the forthcoming year.

Looking ahead, despite various economic and political challenges and uncertainties, such as soaring expected inflation rate, country default risks in Eurozone, tightened liquidity in the PRC, the Group will continue to seek for business opportunities with a view to improve its long term competitiveness. While keeping abreast with the core business, the Group will also look for new investments with aim to enhance its value and contribute the most benefit to the shareholders.

As an ongoing process, the various existing business lines will be continuously rationalized. Coal mining and trading will be the major business drivers, and I am confident that they will contribute income to the Group in upcoming years. With a view to sharpen the Group's financial competitiveness and to enlarge its market capitalization, the Group will focus mainly on the natural resources and other related potential business opportunities.

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

Lim Ho Sok
Chairman

Hong Kong, 30 June 2011

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 March 2011, the Group recorded a total turnover of HK$18.3 million (2010: HK$14.7 million), representing an increase of 24.5% as compared to last year. The increase in revenue was mainly contributed by the new coal trading business in this year. The coal trading business contributed HK$10.2 million (2010: Nil) of the turnover during the year, while the digital television technology services business recorded a turnover of HK$8.0 million, representing a decrease of 45.6% as compared with the previous year of HK$14.7 million. The underperformance of digital television technology services was likely caused by its sluggish industry growth and the aftermath of the global financial crisis which is still hovering over the real economies in many countries.

The loss after income tax for the reporting year was HK$167.7 million (2010: HK$1,641.3 million), representing a 89.8% decrease as compared to same period last year. The substantial reduction in loss was mainly attributable to the following accounting treatments of various items, (i) no impairment loss required on the mining right in current year (2010: HK$1,664.8 million); (ii) amortisation of intangible assets in mining right of HK$118.7 million (2010: HK$126.3 million); (iii) an impairment loss of goodwill and customer base of the digital television technology services business of total HK$48.1 million (2010: HK$147.7 million); (iv) imputed interest expense on convertible notes and promissory notes of total HK$26.0 million (2010: HK98.3 million); (v) modification on convertible notes was not required for the reporting year and thus no loss was recorded (2010: HK$451.2 million); (vi) gain from fair value adjustments on the derivative component of the Group's convertible notes of HK$90.3 million (2010: HK$910.5 million). The aggregate of the aforesaid accounting losses and gain amounted to a net loss of HK$102.5 million (2010: HK$1,577.8 million), representing 61.1% of the Group's loss after income tax for the year under review. Loss attributable to owners of the Company was HK$130.4 million (2010: HK$967.6 million).

The Board was of the opinion that the losses incurred by the above-mentioned accounting treatments are non-cash items and therefore they should not affect the cashflow position of the Group.

Included in the administrative and other expenses of the Group was amortisation expense of a mining right in the amount of HK$118.7 million (2010: HK$126.3 million) which was a non-cash item. If the amortisation expense of a mining right was excluded, the administrative and other expenses would be amounted to HK$64.1 million (2010: HK$62.8 million) and resulted in a very small increase of HK$1.3 million as compared with the same period of last year.

OPERATION REVIEW

Coal Mining

During the year under review, the Group's Russian subsidiary, LLC "Shakhta Lapichevskaya" won the auction in the Russian Federation ("Russia") for subsoil use rights for the purpose of exploration and bituminous coal mining in the Kamerovsky, Volkovsky and Vladimirovsky seams from level of 65 metres underground to 400 metres underground, and Petrovsky and adjoining lot of Kamerovsky (collectively referred to as the "New Mining License"). The New Mining Licence was issued by the relevant Russian governmental authorities to the Russian subsidiary on 1 November 2010. As at 31 March 2011, the Group had prepaid HK$249.6 million for the acquisition of the New Mining License, by means of the Second Convertible Note (Note 17) issued as part of the consideration of the New Mining License. Meanwhile, drilling plan, surface infrastructure reconstruction planning as well as other design works are tentatively scheduled on late of 2011. As the coal mining business is still at a preliminary development stage, no revenue was recorded during the year under review.

Coal Trading

For the year ended 31 March 2011, the Group had commenced coal trading business through its newly incorporated and wholly-owned subsidiary in the Republic of Korea ("Korea"), and recorded a revenue of HK$10.2 million (2010: Nil). Mid-to-high-end quality coal were purchased from Russia and exported to customers in Korea. Although coal trading business was just commenced, this segment did contribute profit of HK$0.3 million (2010: Nil) to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Digital Television Technology Services

For the year ended 31 March 2011, the Group recorded revenue from digital television technology services of HK$8.0 million (2010: HK$14.7 million), and a loss of HK$62.9 million (2010: HK$160.1 million). The decrease in turnover was mainly attributable to (i) vigorous competition in the digital television technology services industry in the People's Republic of China (the "PRC"); (ii) sluggish industry growth; and (iii) substitutes from other mobile multimedia players. In light of the gloomy business as indicated in the business valuation, the goodwill and customer base of this segment were fully impaired and the respective property, plant and equipment was partially impaired by HK$49.7 million (2010: HK$147.7 million) in total for the year under review. The revenue from digital television technology services accounted for 43.8% (2010: 100%) of the Group's turnover.

Geographical

In the year under review, the PRC and Korea are the Group's major market segments which accounted for 44.0% (2010: 100%) and 55.9% (2010: Nil) of the total revenue, respectively.

PROSPECTS

In the year under review, the recovery of global economies from recession is disappointingly slow. The Eurozone's sovereign-debt crisis, the slow-down of economic growth in the PRC and the uncertainty over "quantitative easing" in the United States of America have hindered the global economies. Demands for coal and other mineral resources have generally rebound along with the expected inflation and the escalating power consumption in the PRC. However, it would not be too optimistic and sustainable as the overall fundamentals are still weak. We expect the upcoming year would be a year full of challenges and opportunities.

Mineral Resources

Having successfully secured the New Mining Licence, the Group is now in a more geographically advantageous position for exploration. Meanwhile, drilling plan, surface infrastructure reconstruction planning as well as other design works are tentatively scheduled on late of 2011. The management is confident that the Group could benefit from the economies of scale arising from the joint development on the site of the New Mining License. With experienced management team, we are confident that the coal mine could achieve optimal structural and safety features, which in turn will lay a solid foundation for a sustainable development of the Group. The revitalized demand for mineral resources over the globe is being expected, and the management believes the mine is not far from commercial production.

On 15 April 2011, the Company, Grandvest International Limited, a wholly-owned subsidiary of the Company, Trenaco SA (the "Target") and the shareholders of the Target (the "Vendors"), entered into a conditional agreement to subscribe for 70% of the enlarged issued share capital of the Target at a cash consideration of US$15 million (equivalent to approximately HK$117 million) (collectively referred to as the "Proposed Acquisition"). The principal activities of the Target and its subsidiaries are engaged in trading of various commodities like coal, base oil, petrochemicals, naphtha and ethanol. The management believes the Proposed Acquisition, being in line with the Group's investment strategies, could enhance the Group's overall cashflow position. The acquisition is subject to approval in extraordinary general meeting of shareholders and has not been completed as at the date of this report.

The Group had launched the coal trading business preliminarily at Asia Pacific region. Although coal trading business has only just started, it did contribute some profits to the Group. However, the risks and rewards of coal trading business are not always symmetric that its gross profit is marginally low with relatively high foreign currency exchange and logistic risk.

Others

In view of the increasing operating cost, decelerating growth rate and keen competition in the digital television technology business, the Group is strategically repositioned to put more efforts on mineral-resource-related business. The Group will keep eyes on strategic acquisitions and partnership opportunities aiming at a sustainable development and increase of competitiveness. The Group will also consider whether any asset disposal, asset acquisition and business rationalization would be appropriate in order to enhance its long-term growth.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2011, the Group had net current liabilities of HK$5.0 million (2010: net current assets HK$58.4 million). The Group's current ratio, being a ratio of current assets to current liabilities, was 88.9% (2010: 331.6%). The Group's gearing ratio, being a ratio of total interest-bearing borrowings to total assets, was 2.0% (2010: 8.1%). The Group generally finances its operations with internally generated cash flows, and facilities provided by Cordia Global Limited ("Cordia"), the substantial shareholder of the Company and through the capital market available to listed companies in Hong Kong.

During the reporting period, the Company had successfully raised net proceeds of HK$125.1 million (2010: HK$56.5 million) by six separate placements totalling 740 million (2010: 2,000 million) new shares of HK$0.01 each at the price ranged from HK$0.135 to HK$0.225 (2010: HK$0.029) per share. The proceeds were used for general working capital, repayment of non-current liabilities and investments identified by the Group.

During the year under review, the Group recorded a net cash outflow of HK$51.7 million (2010: net cash inflow of HK$56.1 million), which reduced the total cash and cash equivalents to HK$9.6 million (2010: HK$60.1 million) as at the end of reporting period.

The Group will constantly review its financial resources in a cautious manner, and will consider various plans to enhance its financial strength. The Group believes that with the shareholders base being broadened, the financial position of the Group will be improved.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND RELATED HEDGES

The Group's turnover, expenses, assets and liabilities are denominated in Hong Kong dollars ("HKD"), Renminbi ("RMB"), United States dollars ("USD") and Russia rubles ("RUB"). The exchange rates of RMB and USD against HKD remained relatively stable during the period under review. Certain expenses of the Group are dominated in RUB which fluctuated in a relatively greater spread in the period. Therefore, shareholders should be aware that the exchange rate volatility of RUB against HKD may have favourable or adverse effects on the operating results of the Group.

Taking into consideration of the significant expenses involved, the Group at present has no intention to hedge its exposure from foreign currency exchange rate risk involving RUB. However, the Group will constantly review exchange rate volatility, and will consider using financial instruments for hedging when necessary.

CONTINGENT CONSIDERATIONS

As of 31 March 2011, the Group had a contingent consideration payable for the acquisition of Lot 2 of Lapi to be settled by the issuance of another convertible note with the principal amount to be determined by an agreed formula which, inter alia, takes into account the proven reserves and probable reserves of Lot 2 of the Coal Mine to be confirmed in a technical report to be issued by a technical expert. It is expected that the principal amount of this convertible note will range from the minimum amount of US$255,150,000 (equivalent to approximately HK$1,990,170,000) to the maximum amount of US$550,800,000 (equivalent to approximately HK$4,296,240,000).

LITIGATION

During the year and up to the date of this report, the Group has been involved in (i) legal proceedings taken by two former shareholders of a Russian subsidiary against the Group; and (ii) civil proceedings taken by the Company against three former directors of the Company.

Details of the litigations are set out in note 42 to the financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENTS

As of 31 March 2011, the Group had capital commitments in respect of the acquisition of an additional equity interest of a subsidiary of HK$10.1 million (2010: HK$42.0 million) and property, plant and equipment of HK$2.0 million (2010: HK$9.7 million).

PLEDGE OF ASSETS

The Group had not pledged any of its assets for bank facilities as at 31 March 2011 or 31 March 2010.

SHARE OPTION SCHEMES

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

EMPLOYEES AND REMUNERATION POLICIES

As of 31 March 2011, the Group had approximately 76 staff in Hong Kong, the PRC and Russia. Remuneration policy is reviewed by the management periodically and is determined by reference to industry practice, company performance, and individual qualifications and performance. Remuneration packages comprised salary, commissions and bonuses.

REPORT OF THE DIRECTORS

The Board of directors (the "Board") of Siberian Mining Group Company Limited (the "Company") presents their report together with the audited financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 March 2011.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group include (i) coal mining in Russia and coal trading business; (ii) digital television broadcasting industry including provision of equipment and software of cable video-on-demand system, information broadcasting system, embedded television systems and value-added services in the PRC; and (iii) vertical farming in the PRC.

The analysis of the principal activities of the subsidiaries is set out in note 18 to the financial statements.

RESULTS AND APPROPRIATION

The results of the Group for the year ended 31 March 2011 and the state of affairs of the Group and the Company as at 31 March 2011 are set out on pages 21 to 99.

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

SEGMENT INFORMATION

An analysis of the Group's turnover and contribution to results by principal activities and geographical segments of operations for the year ended 31 March 2011 is set out in note 5 to the financial statements.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 100.

RESERVES

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

As at 31 March 2011, the Company's distributable reserves amounted to HK$1,144,145,000 (2010: HK$521,357,000). Under the laws of the Cayman Islands, a company may make distributions to its members out of the contributed surplus account under certain circumstances. In addition, the Company's share premium account amounted to HK$1,661,540,000 (2010: HK$1,079,933,000) may be distributed in the form of fully paid bonus shares.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL, SHARE OPTIONS AND UNLISTED WARRANTS

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

DONATION

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

REPORT OF THE DIRECTORS

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2011.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 76.2% of the Group's total turnover for the year. In particular, sales to the largest customer of the Group accounted for approximately 55.9% of the Group's total turnover for the year.

Purchases from the Group's five largest suppliers accounted for approximately 83.0% of the Group's total purchases for the year. In particular, purchases from the Group's largest supplier accounted for approximately 55.5% of the Group's total purchases for the year.

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

DIRECTORS

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

Executive Directors

Mr. Lim Ho Sok *(Chairman)*	
Mr. Shin Min Chul	
Mr. Li Wing Sang *(Chief Executive Officer)*	(resigned on 31 July 2010)
Mr. Chiu Chi Hong	(resigned on 1 September 2010)

Non-executive Director

Mr. Pang Ngoi Wah Edward	(appointed on 3 January 2011)

Independent Non-executive Directors

Mr. Liew Swee Yean	
Mr. Tam Tak Wah	
Mr. Young Yue Wing Alvin	(appointed on 9 August 2010)
Mr. Yoshinori Suzuki	(resigned on 9 August 2010)

In accordance with the Company's articles of association (the "Articles"), Mr. Pang Ngoi Wah Edward and Mr. Young Yue Wing Alvin will hold office only until the forthcoming annual general meeting and is then eligible for re-election. In addition, Mr. Lim Ho Sok and Mr. Tam Tak Wah shall retire by rotation in the forthcoming annual general meeting and all, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

None of the Directors has a service contract with the Company or any of its subsidiary companies which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTOR'S INTERESTS IN CONTRACTS

On 27 October 2010, the Company entered into a subscription agreement ("Subscription Agreement") with Goldwyn Management Limited ("Goldwyn"), a company wholly and beneficially owned by Mr. Lim Ho Sok, an executive director and the chairman of the Company. Pursuant to the Subscription Agreement, 200,000,000 new ordinary shares at par value of HK$0.01 each were issued at a subscription price of HK$0.19 each to Goldwyn, with an aggregate gross consideration of HK$38,000,000.

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive directors

Mr. Lim Ho Sok, aged 46, was appointed as an executive director and chairman of the Company on 12 September 2008 and 16 June 2009, respectively. Mr. Lim is also a member of the remuneration committee of the Company and a director of certain subsidiaries of the Group. Prior to his joining of the Company, Mr. Lim has extensive experience in the business of banking, securities trading, property investment, financial advisory and related services. Mr. Lim holds a master degree and a bachelor degree in Economics from Brown University, USA and Indiana University, USA, respectively.

Mr. Shin Min Chul, aged 39, was appointed as an executive director of the Company with effect from 15 October 2009. Mr. Shin was also a director of a subsidiary of the Group. Mr. Shin started his career as a civil and environmental engineer since 1999. He worked for various companies in Korea and overseas, and co-founded an environmental engineering company. After pursuing his Master of Business Administration degree in 2005, he focused on private equity practice including major merger and acquisition projects in the Asia region and services for various global private equity funds. Mr. Shin holds a Bachelor of Science degree in urban engineering and a Master of Science degree in environmental engineering from Seoul National University, Korea. He also holds a Master of Business Administration degree from Kellogg School of Management, United States.

Non-executive director

Mr. Pang Ngoi Wah Edward, aged 50, was appointed as a non-executive director of the Company on 3 January 2011. Mr. Pang has over 20 years of experience in interbank foreign exchange and money market field in which Mr. Pang holds senior management positions. Mr. Pang has been working in Hong Kong, Singapore and the Republic of Korea.

Independent non-executive directors

Mr. Liew Swee Yean, aged 47, was appointed as an independent non-executive director of the Company on 3 December 2008. Mr. Liew is currently a member of the audit committee and remuneration committee of the Company. Mr. Liew has over 20 years of experience in financing and general management. Mr. Liew holds a Master of Business Administration (Executive) Degree from City University of Hong Kong. Mr. Liew is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants, respectively. Mr. Liew is currently an independent non-executive director of Kaisun Energy Group Limited, a company listed on the Growth Enterprise Market of the Stock Exchange.

Mr. Tam Tak Wah, aged 45, was appointed as an independent non-executive director of the Company on 11 June 2007. Mr. Tam is currently a member of the audit committee and remuneration committee of the Company. Mr. Tam is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants of the United Kingdom. He has over 20 years of experience in accounting, corporate finance and corporate development. Mr. Tam is currently an executive director of New Smart Energy Group Limited and an independent non-executive director of Tech Pro Technology Development Ltd, both companies are listed on the Main Board of the Stock Exchange and was an independent non-executive director of National Arts Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange during the period from 8 November 2004 to 23 June 2009.

Mr. Young Yue Wing Alvin, aged 50, was appointed as an independent non-executive director of the Company on 9 August 2010. Mr. Yong is currently a member of the audit committee of the Company. Mr. Young holds a Bachelor degree of Arts in Mathematics from York University, Canada. He has over 20 years of experience in foreign exchange field and has been working in Hong Kong, Singapore and the Republic of Korea.

Senior management

Mr. Wong Wing Cheong, aged 47, joined the Company as the chief financial officer in May 2011. He graduated from the University of Hong Kong with a Bachelor of Social Sciences degree in Management and Economics, and received his Master of Business Administration degree in Investment and Finance from the University of Hull, United Kingdom. He is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Secretaries and Administrators, and the Hong Kong Institute of Company Secretaries. He has extensive experience in accounting, corporate finance, and mergers and acquisition projects of local listed companies.

Ms. Lo Suet Fan, aged 45, joined the Company as the financial controller in August 2009. She is also the company secretary, authorized representative of the Company. She is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants of the United Kingdom. She has extensive experience in accounting and financial management.

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

At 31 March 2011, the interests of the directors, chief executives and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Party XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long position in shares of HK$0.01 each in the Company

Name	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Executive director :			
Lim Ho Sok ("Mr. Lim") (Note 1)	Interests in controlled corporation	228,000,000	8.41%
Pang Ngoi Wah Edward	Beneficial owner	3,500,000	0.13%

Note 1: These 228,000,000 shares are beneficially owned by Goldwyn Management Limited ("Goldwyn"). The entire issued share capital of Goldwyn is legally and beneficially owned by Mr. Lim.

Save as disclosed above, as at 31 March 2011, none of the directors or any of their associates or chief executive of the Company (as defined in the Listing Rules) had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which are required to be notified to the Company and the Stock Exchange pursuant to SFO (including interests which they are taken or deemed to have under SFO) or which are, pursuant to Section 352 of the SFO, entered in the register referred to therein or, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as otherwise notified to the Company and the Stock Exchange.

CONTINUING CONNECTED TRANSACTION

On 12 January 2010, Grandvest, a wholly-owned subsidiary of the Company, entered into a consultancy agreement ("Consultancy Agreement") with Mr. Choi Sung Min ("Mr. Choi"), the beneficial owner of Cordia Global Limited, a substantial shareholder of the Company and Langfeld Enterprises Limited, a non-wholly owned subsidiary of the Company, to provide business development advice and explore business opportunities in relation to the current business of the Grandvest group and any other business that may be developed by the Grandvest group for a term of two years commencing from 1 January 2010, and may be terminated by either party during the term by giving to the other at least one month's notice in writing. Mr. Choi is entitled to a monthly consultancy fee of HK$150,000. The Consultancy Agreement constituted a continuing connected transaction of the Company and details of which were announced on 12 January 2010.

The Board has approved and the Independent Non-executive Directors have reviewed and confirmed that the above continuing connected transaction has been entered into:

(1) in the ordinary and usual course of business of the Group;

(2) on normal commercial terms; and

(3) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Company and the shareholders as a whole.

The board had received the letter from the Company's auditor according to the rule 14A.38 of the Listing Rules.

The external auditor of the Company, BDO Limited, has also confirmed that the above continuing connected transaction:

(1) has been approved by the Board;

(2) has been entered into in accordance with the terms as contained in the Consultancy Agreement; and

(3) has not exceeded the cap as disclosed in the announcement of the Company dated 12 January 2010.

The disclosure requirements in accordance with the Listing Rules in relation to the connected transactions including continuing connected transactions, for the year under review have been complied with.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

SHARE OPTION SCHEME

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

During the year, details of the movements in the Company's share options under the Scheme and outstanding were:

Name or category of participant		Number of share options: At 1 April 2010	Exercised during the year before Share Consolidation	Share Consolidation during the year	Exercised during the year after Share Consolidation	At 31 March 2011	Date of grant of share options	Exercise period of share options	Adjusted exercise price of share options HK$
Employees									
In aggregate	(Note 1)	117,360,000	–	(111,492,000)	–	5,868,000	10-09-2007	10-09-2007 to 09-09-2017	4.452
In aggregate	(Note 1)	39,200,000	(19,600,000)	(18,620,000)	(980,000)	–	04-03-2010	04-03-2010 to 03-03-2020	0.448
Total :		156,560,000	(19,560,000)	(130,112,000)	(980,000)	5,868,000			

Note 1 : During the year, two directors of the Company had resigned but remained as directors of a wholly-owned subsidiary of the Company. As at the date of the resignation and 31 March 2011, these former directors owned 1,956,000 share options of the Company, as such the amount of share options held by these former directors were reclassified from directors to employees other than directors in the current year.

Note 2: The number of share options and exercise prices had been adjusted to reflect the Share Consolidation during the current year.

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

As at 31 March 2011, the register of interests in shares and short positions required to be kept by the Company under Section 336 of the SFO showed that the following persons (other than the directors or chief executive of the Company) had disclosed to the Company an interest of 5% or more of the nominal value of the issued ordinary shares that carry a right to vote in all circumstances at general meetings of the Company:

(i) Long position in shares of HK$0.01 each in the Company

Name of shareholders	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Co An	Beneficial owner	147,610,000	5.44%
Cordia Global Limited ("Cordia") (Note 1)	Beneficial owner	687,070,000	25.33%
Choi Sung Min (Note 1)	Interest in controlled corporation	687,070,000	25.33%
Jung Mi Na (Note 1)	Deemed interest	687,070,000	25.33%
Uridul Asset Management Company ("Uridul") (Note 2)	Beneficial owner	260,000,000	9.59%
Kim Samduck (Note 2)	Interest in controlled corporation	260,000,000	9.59%
Shin Junho (Note 2)	Interest in controlled corporation	260,000,000	9.59%

(ii) Long position in underlying shares of HK$0.01 each in the Company

Name of shareholders	Capacity	Number of underlying shares held	Percentage of the issued share capital of the Company
Cordia Global Limited ("Cordia") (Note 1)	Beneficial owner	35,877,000,000	1,322.70%
Choi Sung Min (Note 1)	Interest in controlled corporation	35,877,000,000	1,322.70%
Jung Mi Na (Note 1)	Deemed interest	35,877,000,000	1,322.70%

Note 1: The entire issued share capital of Cordia is beneficially owned by Mr. Choi Sung Min ("Mr. Choi"). By virtue of the SFO, Mr. Choi and Ms. Jung Mi Na, being the wife of Mr. Choi are deemed to be interested in these 687,070,000 shares and 35,877,000,000 underlying shares which Cordia has beneficial interest in.

Note 2: The issued share capital of Uridul is beneficially owned by Kim Samduck and Shin Junho as to 40% each respectively. By virtue of SFO, Kim Samduck and Shin Junho are deemed to be interested in these 260,000,000 shares which Uridul has beneficial interest in.

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

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" on pages 15 to 18 to the annual report.

SIGNIFICANT EVENTS AFTER THE REPORTING YEAR

Details of the significant events after the reporting year of the Group are set out in note 46 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

The financial statements have been audited by BDO Limited who retire and, being eligible, offer itself for re-appointment. A resolution for the re-appointment of BDO Limited as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Lim Ho Sok
Chairman

Hong Kong, 30 June 2011

CORPORATE GOVERNANCE REPORT

INTRODUCTION

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

CORPORATE GOVERNANCE PRACTICES

During the year under review, the Company has complied with the Code except the minor deviations as described below:

(i) Under code provision A.2.1 of the Code, the roles of chairman and chief executive officer ("CEO") should be segregated and should not be performed by the same individual. Mr. Lim Ho Sok assumed the roles of both the chairman and CEO of the Company with effect from 31 July 2010, which constitutes a deviation from the code provision A.2.1 during the period. Whilst the Company is looking for suitable replacement for the post of CEO, the Board believes that the vesting of the roles of chairman and CEO in the same person provides the Group with strong and consistent leadership during this transitional period.

(ii) Under the code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term and subject to re-election. However, two of the independent non-executive directors, namely Mr. Tam Tak Wah and Mr. Liew Swee Yean, have not been appointed for a specific term but are subject to retirement by rotation and re-election pursuant to the Articles. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance is no less exacting than those in the Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Having made specific enquiries of all the Directors, all Directors confirmed that they have complied with the required standards as set out in the Model Code and its code of conduct regarding directors' securities transactions throughout the year under review.

BOARD OF DIRECTORS

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

Executive Directors:
Mr. Lim Ho Sok *(Chairman)*
Mr. Shin Min Chul

Non-executive Director:
Mr. Pang Ngoi Wah Edward

Independent Non-executive Directors:
Mr. Liew Swee Yean
Mr. Tam Tak Wah
Mr. Young Yue Wing Alvin

Brief biographical details of the Directors are set out in the Biographical Details of Directors and Senior Management section in the Report of the Directors on pages 10 to 11 of this annual report.

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group, in addition to the meetings for reviewing and approving the Group's annual and interim results. During the year under review, 30 Board meetings were held and attendance of each Director at the Board meetings is set out as follows:

Directors	Attendance
Executive Directors	
Mr. Lim Ho Sok	30/30
Mr. Shin Min Chul	28/30
Mr. Li Wing Sang (resigned on 31 July 2010)	4/9
Mr. Chiu Chi Hong (resigned on 1 September 2010)	9/13
Non-executive Director	
Mr. Pang Ngoi Wah Edward (appointed 3 Janauary 2011)	1/4
Independent Non-executive Directors	
Mr. Liew Swee Yean	8/30
Mr. Tam Tak Wah	8/30
Mr. Young Yue Wing Alvin (appointed on 9 August 2010)	4/10
Mr. Yoshinori Suzuki (resigned on 9 August 2010)	3/10

Under the code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term and subject to re-election. However, two of the INEDs, namely Mr. Tam Tak Wah and Mr. Liew Swee Yean, have not been appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance is no less exacting than those in the Code.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be segregated and should not be performed by the same individual.

Mr. Lim Ho Sok assumed the roles of both the chairman and CEO of the Company with effect from 31 July 2010, which constitutes a deviation from the code provision A.2.1 during the period.

Whilst the Company is looking for suitable replacement for the post of CEO, the Board believes that the vesting of the roles of chairman and CEO in the same person provides the Group with strong and consistent leadership during this transitional period.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

REMUNERATION COMMITTEE

The Remuneration Committee was established in December 2005. The chairman of the committee is Mr. Lim Ho Sok and other members included two of the INEDs, namely Mr. Liew Swee Yean and Mr. Tam Tak Wah.

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

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

Members	Attendance
Mr. Lim Ho Sok *(Chairman)*	4/4
Mr. Liew Swee Yean	5/5
Mr. Tam Tak Wah	5/5
Mr. Li Wing Sang (resigned on 31 July 2010)	1/1
Mr. Yoshinori Suzuki (resigned on 9 August 2010)	2/2

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

AUDIT COMMITTEE

The Audit Committee comprises all the three INEDs, namely Mr. Tam Tak Wah (chairman of the Committee), Mr. Liew Swee Yean and Mr. Young Yue Wing Alvin. The Committee is responsible for recommending the appointment and re-appointment of external auditor, reviewing the Group's financial information and overseeing the Group's financial reporting system and internal control procedures. It is also responsible for reviewing the interim and final results of the Group prior to recommending them to the Board for approval. The management of the Company provides the Audit Committee with all relevant information the Committee needs for it to discharge its responsibilities.

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

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

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

Members	Attendance
Mr. Tam Tak Wah *(Chairman)*	2/2
Mr. Liew Swee Yean	2/2
Mr. Young Yue Wing Alvin (appointed on 9 August 2010)	1/1
Mr. Yoshinori Suzuki (resigned on 9 August 2010)	1/1

Pursuant to the Rule 3.21 of the Listing Rules, the Audit Committee currently comprises three members who are INEDs and two of them possess appropriate professional qualifications or accounting or related financial management expertise.

AUDITOR'S REMUNERATION

During the year under review, total auditor's remuneration charged in relation to statutory audit work of the Group amounted to HK$1,693,000 (2010: HK$1,630,000) and non-audit services rendered amounted to HK$220,000 (2010: HK$20,000).

NOMINATION OF DIRECTORS

The Board has the power to appoint Directors pursuant to the Articles of the Company. During the year ended 31 March 2011, the Board appointed one new INED in place of outgoing director and one non-executive Director to enhance the management functions.

ACCOUNTABILITY AND INTERNAL CONTROL

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

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

SHAREHOLDER RIGHTS AND INVESTORS RELATIONS

The rights of shareholders and the procedures for demanding a poll on resolutions at general meetings of the Company are contained in the Articles. Information of such rights to demand a poll procedure is included in all relevant circulars to shareholders and will be explained during the proceedings of meetings.

Poll results will be posted on the websites of the Stock Exchange and of the Company following the general meetings.

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

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SIBERIAN MINING GROUP COMPANY LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Siberian Mining Group Company Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 21 to 99, 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 statement of cash flows 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 these 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 disclosure requirements of 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. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

INDEPENDENT AUDITOR'S REPORT

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 disclosure requirements of the Hong Kong Companies Ordinance.

BDO LIMITED
Certified Public Accountants

Shiu Hong Ng
Practising Certificate number P03752

Hong Kong, 30 June 2011

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2011

		Continuing operations		Discontinued operation		Total	
	Notes	**2011 HK$'000**	2010 HK$'000	**2011 HK$'000**	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Turnover	6	**18,251**	14,660	**–**	–	**18,251**	14,660
Cost of sales		**(13,709)**	(9,279)	**–**	–	**(13,709)**	(9,279)
Gross profit		**4,542**	5,381	**–**	–	**4,542**	5,381
Other income	6	**3,055**	1,256	**–**	–	**3,055**	1,256
Other gains and losses	6	**33,265**	(1,352,088)	**–**	1,626	**33,265**	(1,350,462)
Selling and distribution costs		**(5,534)**	(6,901)	**–**	–	**(5,534)**	(6,901)
Administrative and other expenses		**(182,856)**	(189,090)	**–**	(40)	**(182,856)**	(189,130)
Finance costs	7	**(32,128)**	(101,670)	**–**	–	**(32,128)**	(101,670)
Share of results of associates	20	**–**	–	**–**	276	**–**	276
(Loss)/profit before income tax	8	**(179,656)**	(1,643,112)	**–**	1,862	**(179,656)**	(1,641,250)
Income tax	10	**11,940**	(31)	**–**	–	**11,940**	(31)
(Loss)/profit for the year		**(167,716)**	(1,643,143)	**–**	1,862	**(167,716)**	(1,641,281)
Attributable to:							
Owners of the Company	11	**(130,417)**	(969,502)	**–**	1,862	**(130,417)**	(967,640)
Non-controlling interests		**(37,299)**	(673,641)	**–**	–	**(37,299)**	(673,641)
		(167,716)	(1,643,143)	**–**	1,862	**(167,716)**	(1,641,281)
Loss per share							
From continuing and discontinued operations							
Basic (Hong Kong cents)	13					**7.56**	211.75
Diluted (Hong Kong cents)	13					**10.69**	211.75
From continuing operations							
Basic (Hong Kong cents)	13					**7.56**	212.16
Diluted (Hong Kong cents)	13					**10.69**	212.16

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	Continuing operations		Discontinued operation		Total	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
(Loss)/profit for the year	**(167,716)**	(1,643,143)	**–**	1,862	**(167,716)**	(1,641,281)
Other comprehensive income for the year, net of tax:						
– Reclassification adjustments of contributed surplus and translation reserve upon disposal of interests in subsidiaries	**–**	–	**–**	(3,069)	**–**	(3,069)
– Exchange differences on translation of financial statements of foreign operations	**54,056**	129,727	**–**	10	**54,056**	129,737
Total comprehensive income for the year, net of tax	**(113,660)**	(1,513,416)	**–**	(1,197)	**(113,660)**	(1,514,613)
Attributable to:						
Owners of the Company	**(82,394)**	(887,549)	**–**	(1,197)	**(82,394)**	(888,746)
Non-controlling interests	**(31,266)**	(625,867)	**–**	–	**(31,266)**	(625,867)
	(113,660)	(1,513,416)	**–**	(1,197)	**(113,660)**	(1,514,613)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	**29,561**	19,671
Prepayments for acquisition of property, plant and equipment		**4,493**	3,925
Goodwill	15	**–**	13,210
Other intangible assets	16	**1,423,093**	1,536,802
Prepayment for acquisition of additional mining rights	17	**249,600**	–
Direct costs for possible acquisition of subsidiaries	21	**618**	–
Promissory note receivable	22	**–**	6,891
		1,707,365	1,580,499
Current assets			
Inventories	23	**432**	450
Trade receivables	24	**15,659**	10,619
Other receivables, deposits and prepayments	25	**12,278**	9,999
Amounts due from non-controlling interests of subsidiaries	41(c)	**524**	475
Amounts due from related parties	41(d)	**2,018**	1,943
Cash and cash equivalents	26	**9,639**	60,148
		40,550	83,634
Current liabilities			
Trade payables	27	**846**	3,524
Other payables, accrued expenses and trade deposits received		**11,768**	12,470
Provision of purchase consideration payable for additional acquisition	36	**31,943**	–
Amount due to a shareholder	41(b)	**–**	6,918
Amounts due to related parties	41(e)	**–**	1,039
Tax payable		**1,038**	1,272
		45,595	25,223
Net current (liabilities)/assets		**(5,045)**	58,411
Total assets less current liabilities		**1,702,320**	1,638,910

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current liabilities			
Convertible notes	28	**–**	406,650
Amount due to a shareholder	41(b)	**39,470**	133,586
Amounts due to related parties	41(e)	**5,905**	–
Promissory notes payable	29	**156,670**	148,330
Provision for close down, restoration and environmental costs	40	**1,849**	1,617
Deferred tax liabilities	30	**93**	11,692
		203,987	701,875
Net assets		**1,498,333**	937,035
EQUITY			
Share capital	31	**27,124**	224,441
Reserves		**1,331,559**	538,484
Equity attributable to owners of the Company		**1,358,683**	762,925
Non-controlling interests		**139,650**	174,110
Total equity		**1,498,333**	937,035

These financial statements were approved and authorised for issue by the board of directors on 30 June 2011.

Lim Ho Sok *Director*	**Shin Min Chul** *Director*

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Interests in subsidiaries	18	**1,345,366**	1,378,649
Promissory note receivable	22	**–**	6,891
		1,345,366	1,385,540
Current assets			
Other receivables, deposits and prepayments		**76**	982
Cash and cash equivalents	26	**5,003**	38,294
		5,079	39,276
Current liabilities			
Other payables and accrued expenses		**2,027**	1,932
Amount due to a shareholder	41(b)	**–**	1,945
		2,027	3,877
Net current assets		**3,052**	35,399
Total assets less current liabilities		**1,348,418**	1,420,939
Non-current liabilities			
Convertible notes	28	**–**	406,650
Amount due to a shareholder	41(b)	**22,392**	123,836
Promissory notes payable	29	**154,757**	144,655
		177,149	675,141
Net assets		**1,171,269**	745,798

STATEMENT OF FINANCIAL POSITION

As at 31 March 2011

	Notes	**2011 HK$'000**	2010 HK$'000
EQUITY			
Share capital	31	**27,124**	224,441
Reserves	32	**1,144,145**	521,357
Total equity		**1,171,269**	745,798

These financial statements were approved and authorised for issue by the board of directors on 30 June 2011.

Lim Ho Sok
Director

Shin Min Chul
Director

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011

	Share capital HK$'000 (Note 31)	Share premium HK$'000	Shares held by escrow agent for settlement of acquisition consideration HK$'000 (Note c)	Contributed surplus HK$'000 (Note a)	Translation reserve HK$'000	Other reserve HK$'000 (Note e)	Equity-settled share option reserve HK$'000 (Note b(i))	Warrant reserve HK$'000 (Note b(ii))	Capital reserve HK$'000 (Note b(iii) & (iv))	Statutory reserve fund HK$'000 (Note d)	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2009	29,135	175,022	(67,600)	918	5,316	–	4,566	5,149	4,233	909	(32,977)	124,671	21,569	146,240
Loss for the year	–	–	–	–	–	–	–	–	–	–	(967,640)	(967,640)	(673,641)	(1,641,281)
Other comprehensive income for the year	–	–	–	(918)	79,812	–	–	–	–	–	–	78,894	47,774	126,668
Total comprehensive income for the year	–	–	–	(918)	79,812	–	–	–	–	–	(967,640)	(888,746)	(625,867)	(1,514,613)
Release of shares held by escrow agent upon satisfaction of profit guarantee (Note 32(c))	–	–	67,600	–	–	–	–	–	–	–	–	67,600	–	67,600
Non-controlling interests arising on the acquisition of subsidiaries (Note 35)	–	–	–	–	–	–	–	–	–	–	–	–	1,170,605	1,170,605
Issue of shares on exercise of warrants (Note 31(viii))	1,560	12,381	–	–	–	–	–	(1,461)	–	–	–	12,480	–	12,480
Issue of shares upon conversion of convertible notes (Note 31(iv))	173,550	855,025	–	–	–	–	–	–	–	–	–	1,028,575	–	1,028,575
Release upon expiry of warrants (Note 34)	–	–	–	–	–	–	–	(3,688)	–	–	3,688	–	–	–
Acquisition of additional interests in a subsidiary (Note 36)	–	–	–	–	–	360,254	–	–	–	–	–	360,254	(392,197)	(31,943)
Issue of share options (Note 33)	–	–	–	–	–	–	859	–	–	–	–	859	–	859
Issue of shares on exercise of share options (Note 31(i))	196	1,055	–	–	–	–	(469)	–	–	–	–	782	–	782
Transfer upon disposal of subsidiaries (Note b(iii))	–	–	–	–	–	–	–	–	(4,233)	–	4,233	–	–	–
Placements of new shares (Note 31(vi))	20,000	36,450	–	–	–	–	–	–	–	–	–	56,450	–	56,450
At 31 March 2010	224,441	1,079,933	–	–	85,128	360,254	4,956	–	–	909	(992,696)	762,925	174,110	937,035
Loss for the year	–	–	–	–	–	–	–	–	–	–	(130,417)	(130,417)	(37,299)	(167,716)
Other comprehensive income for the year	–	–	–	–	48,023	–	–	–	–	–	–	48,023	6,033	54,056
Total comprehensive income for the year	–	–	–	–	48,023	–	–	–	–	–	(130,417)	(82,394)	(31,266)	(113,660)
Issue of shares on exercise of share options (Notes 31(i)&(iii))	392	876	–	–	–	–	(390)	–	–	–	–	878	–	878
Issue of shares upon conversion of convertible notes (Notes 31(iv)&(vii))	110,370	463,051	–	–	–	–	–	–	–	–	–	573,421	–	573,421
Capital Reorganisation (Note 31(v))	(315,479)	–	–	–	–	–	–	–	–	–	315,479	–	–	–
Placements of new shares (Note 31(vi))	7,400	117,680	–	–	–	–	–	–	–	–	–	125,080	–	125,080
Adjustment to the consideration of acquisition of additional interests in a subsidiary from non-controlling interests completed in the prior year (Note 36)	–	–	–	–	–	(28,749)	–	–	–	–	–	(28,749)	(3,194)	(31,943)
Waiver of interest on early settlement of amount due to shareholder (Note 41(b))	–	–	–	–	–	–	–	–	7,522	–	–	7,522	–	7,522
At 31 March 2011	27,124	1,661,540	–	–	133,151	331,505	4,566	–	7,522	909	(807,634)	1,358,683	139,650	1,498,333

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011

Notes:

(a) The contributed surplus of the Group represented the difference between the nominal value of share capital of the subsidiaries acquired pursuant to the group reorganisation during the year ended 31 March 2003, over the nominal value of the shares of the Company issued for the exchange. The contributed surplus of the Group was released upon the disposal of the subsidiaries in prior year.

(b) At the end of reporting period, the equity-settled share option reserve, warrant reserve and capital reserve of the Group represented (i) the fair value of the outstanding share options of the Company at the respective grant dates; (ii) premium received on the outstanding warrants of the Company; (iii) contributions from former shareholders of the Company for indemnity of additional taxation liabilities, penalties, surcharges and other relevant costs of the Group in respect of any accounting period ended on or before 31 March 2002, and the balance was released upon the disposal of the subsidiaries in prior year; and (iv) the amount of interest charged on amount due to a shareholder of the Company that was waived as a result of early settlement on the principal loan from a shareholder of the Company, which was considered as contributions from equity participant of the Company for the year ended 31 March 2011.

(c) In the prior year, the Company issued 790,000,000 shares for the acquisition of DTVChina, Inc. ("DTVChina") and its subsidiary (the 'DTV Group") of which 400,000,000 shares were held by escrow agent as at 1 April 2009. The shares were released to the vendor in the prior year upon satisfaction of profit guarantee.

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

(e) Other reserve represents the excess of the share of the carrying value of the subsidiary's net assets acquired from the non-controlling interests of a subsidiary over the fair value of the consideration paid on the completion date of the acquisition and the subsequent adjustment to the consideration recognised by the Group upon fulfilment of certain conditions as set out in Note 36.

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2011

	2011 HK$'000	2010 HK$'000
Operating activities		
Loss before income tax	**(179,656)**	(1,641,250)
Adjustments for:		
Interest income	**(357)**	(97)
Interest income from promissory note	**(796)**	(486)
Gain on disposal of trading securities	**–**	(119)
Gain on disposal of subsidiaries	**–**	(1,626)
Gain on change in fair value of derivative component of convertible notes	**(90,271)**	(910,520)
Loss on modification of convertible notes	**–**	451,240
Write off of property, plant and equipment	**2,219**	140
Write back of trade payables	**(293)**	–
Equity-settled share option expense	**–**	859
Depreciation	**734**	691
Amortisation of other intangible assets	**125,193**	129,915
Finance costs	**32,128**	101,670
Share of results of associates	**–**	(276)
Provision for close down, restoration and environmental costs	**170**	–
Impairment loss on goodwill	**13,421**	147,682
Impairment loss on other intangible assets	**39,380**	1,664,815
Impairment loss on property, plant and equipment	**1,555**	–
Allowance for doubtful trade receivables	**2,956**	91
Operating cash outflow before working capital changes	**(53,617)**	(57,271)
Decrease/(increase) in inventories	**36**	(107)
(Increase)/decrease in trade receivables	**(7,548)**	5,142
Increase in other receivables, deposits and prepayments	**(2,372)**	(4,356)
(Decrease)/increase in trade payables	**(2,457)**	239
Decrease in other payables, accrued expenses and trade deposits received	**(888)**	(12,675)
Decrease in amounts due from related parties	**5**	310
Increase in amounts due to related parties	**4,749**	1,040
Decrease in amount due to a director	**–**	(5,496)
Cash used in operations	**(62,092)**	(73,174)
Interest and bank charges paid	**(78)**	(169)
Taxation refunded in other jurisdictions	**–**	554
Net cash used in operating activities	**(62,170)**	(72,789)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2011

	Notes	**2011 HK$'000**	2010 HK$'000
Investing activities			
Acquisition of subsidiaries	35(a) & (b)	**–**	1,065
Direct costs paid for possible acquisition of subsidiaries		**(618)**	–
Disposal of subsidiaries	37	**–**	1,367
Deposits paid for acquisition of property, plant and equipment		**(392)**	(3,802)
Purchase of property, plant and equipment		**(13,186)**	(16,223)
Proceeds from disposal of trading securities		**–**	706
Interest received		**347**	97
Net cash used in investing activities		**(13,849)**	(16,790)
Financing activities			
Loan received from a shareholder of the Company		**86,947**	285,832
Repayment of loan from a shareholder of the Company		**(186,482)**	(142,424)
Acquisition of additional interests in a subsidiary	36	**–**	(31,943)
Repayment of loan from a former director of the Company		**–**	(1,289)
Repayment of principal of promissory notes		**(10,245)**	(34,200)
Principal and interest of promissory note received		**8,126**	–
Proceeds from issue of shares on exercise of warrants		**–**	12,480
Proceeds from issue of shares on exercise of share options		**878**	782
Proceeds from placements of new shares		**125,080**	56,450
Net cash generated from financing activities		**24,304**	145,688
Net (decrease)/increase in cash and cash equivalents		**(51,715)**	56,109
Cash and cash equivalents at beginning of year		**60,148**	7,098
Effect of foreign exchange rate changes		**1,206**	(3,059)
Cash and cash equivalents at end of year		**9,639**	60,148
Analysis of the balances of cash and cash equivalents			
Cash and bank balances		**9,639**	60,148

The cash flows of the discontinued operation were as follows:

	2011 HK$'000	2010 HK$'000
Net cash used in operating activities	**–**	(570)
Net cash generated from investing activities	**–**	1,367
Net cash generated from financing activities	**–**	–
Total net cash inflows	**–**	797

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ORGANISATION AND OPERATIONS

The Company is an exempted company with limited liability incorporated in the Cayman Islands. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business is at 16 Floor, No. 8 Queen's Road Central, Central, Hong Kong.

The Company is an investment holding company. The principal activities of its principal subsidiaries, jointly-controlled entity and associates are set out in Notes 18, 19 and 20, respectively.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective 1 April 2010

HKFRSs (Amendments)	Improvements to HKFRSs
Amendments to HKAS 39	Eligible Hedged Items
Amendments to HKFRS 2	Share-based Payment – Group Cash-settled Share-based Payment Transactions
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Interpretation 17	Distributions of Non-cash Assets to Owners
HK Interpretation 5	Presentation of Financial Statements – Classification by Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as explained below, the adoption of these new/revised standards and interpretations has no significant impact on the Group's financial statements.

HKFRS 3 (Revised) – Business Combinations

The revised accounting policies are described in Note 3 to the financial statements, which are effective prospectively for business combinations effected in financial periods beginning on or after 1 July 2009. Changes in HKFRS 3 include the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes impact the amount of goodwill and the results in the period that an acquisition occurs and future results. The adoption of revised HKFRS 3 has had no impact to the financial statements as no business combination was completed during the current year.

(b) New/revised HKFRS that have been issued but not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's operations, have been issued, but are not yet effective and have not been early adopted by the Group:

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1&2]
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments[1]
HKAS 24 (Revised)	Related Party Disclosures[2]
Amendments to HKFRS 7	Disclosure – Transfers of Financial Assets[3]
HKFRS 9	Financial Instruments[4]

1 Effective for annual periods beginning on or after 1 July 2010
2 Effective for annual periods beginning on or after 1 January 2011
3 Effective for annual periods beginning on or after 1 July 2011
4 Effective for annual periods beginning on or after 1 January 2013

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

(b) New/revised HKFRS that have been issued but not yet effective (continued)

HKAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government.

The amendments to HKFRS 7 improve the derecognition disclosure requirements for transfer transactions of financial assets and allow users of financial statements to better understand the possible effects of any risks that may remain with the entity on transferred assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors so far concluded that the application of these new/revised HKFRSs will have no material impact on the Group's financial statements.

3. PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

(b) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, as modified for certain financial instruments, which are carried at fair value, as explained in the accounting policies set out below.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control is achieved when the Company has power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

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

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

(d) Business combination

Business combination from 1 April 2010

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interest either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interest is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interest having a deficit balance.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

(d) Business combination (continued)

Business combination prior to 1 April 2010

On acquisition, the assets and liabilities of the relevant subsidiaries are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connected with business combinations were capitalised as part of the cost of the acquisition.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group are recognised profit or loss. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary.

(e) Subsidiaries

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

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

(f) Associates and jointly-controlled entities

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

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

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

3. PRINCIPAL ACCOUNTING POLICIES (continued)

(f) Associates and jointly-controlled entities (continued)

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

(g) Goodwill

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

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

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

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

(h) Property, plant and equipment

Property, plant and equipment other than construction in progress are stated at historical cost less accumulated depreciation and any accumulated impairment losses, except for freehold land which is stated at cost less any impairment losses and is not depreciated.

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

3. PRINCIPAL ACCOUNTING POLICIES (continued)

(h) Property, plant and equipment (continued)

Depreciation is charged so as to write off the cost of assets, other than construction in progress, over their estimated useful lives, using the straight-line method. The useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The principal annual rates are as follows:

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

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

(i) Construction in progress

Construction in progress represents property, plant and equipment under construction or pending installation and is stated at cost less any impairment losses. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and ready for intended use.

Construction in progress is classified to the appreciate category of property, plant and equipment when completed and ready for use.

(j) Intangible assets excluding goodwill

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination or acquisition of subsidiaries are stated at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

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

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

3. PRINCIPAL ACCOUNTING POLICIES (continued)

(j) Intangible assets excluding goodwill (continued)

Mining rights

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

Technical know-how

The cost of acquiring the right to technical know-how for the development of vertical farming business is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 5 years.

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

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have reduced. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets not yet available for use are tested for impairment annually, and where there is an indication that the asset may be impaired.

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

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

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

3. PRINCIPAL ACCOUNTING POLICIES (continued)

(l) Inventories

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

(m) Financial assets

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

The Group's financial assets mainly include trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. Financial assets of the Group are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. An impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

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

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

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

3. PRINCIPAL ACCOUNTING POLICIES (continued)

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

(i) Classification as debt or equity

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

(ii) Equity instruments

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

(iii) Warrants

Warrants issued by the Company that will be settled by a fixed amount of cash for a fixed number of the Company's own equity instrument are equity instrument. The net proceed received from the issue of warrants are recognised in equity (warrant reserve). The warrant reserve will be transferred to share capital and share premium accounts upon the exercise of the warrants. When the warrants are still not exercised at the expiry date, the amount previously recognised in warrant reserve will be transferred to accumulated losses.

(iv) Convertible notes

Convertible notes issued by the Group that contain both liability and derivative components are classified separately into their respective items on initial recognition. Conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a conversion option derivative. At the date of issue, the conversion option derivative is recognised at fair value. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as liability.

In subsequent periods, the liability component of the convertible notes is carried at amortised cost using the effective interest method, until extinguished on conversion or maturity. The conversion option derivative is measured at fair value with changes in fair value recognised in profit or loss.

When the notes are converted, the carrying amount of the liability component together with the fair value of the derivative component at the time of conversion are transferred to share capital and share premium as consideration for the shares issued. When the notes are redeemed, and difference between the redemption amount and the carrying amounts of both components is recognised in profit or loss.

Transaction costs that relate to the issue of the convertible loan are allocated to the liability and derivative components in proportion to the allocation of the proceeds. Transaction costs relating to the derivative component is recognised in profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability component and amortised over the period of the convertible notes using the effective interest method.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

(n) Financial liabilities and equity instrument issued by the Group (continued)

(v) Financial liabilities

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

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

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

(vi) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

Substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least ten per cent different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

(o) Cash and cash equivalents

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

(p) Operating leases

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

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

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

3. PRINCIPAL ACCOUNTING POLICIES (continued)

(q) Provisions, contingent liabilities and contingent assets

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

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

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

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

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

A contingent asset is not recognised but is disclosed in the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

Provision for close down, restoration and environmental costs

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

3. PRINCIPAL ACCOUNTING POLICIES (continued)

(q) Provisions, contingent liabilities and contingent assets (continued)

Provision for close down, restoration and environmental costs (continued)

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

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(r) Taxation

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

(i) Current tax

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

(ii) Deferred tax

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

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

3. PRINCIPAL ACCOUNTING POLICIES (continued)

(r) Taxation (continued)

(ii) Deferred tax (continued)

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

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

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

(s) Foreign currencies

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

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

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

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

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

3. PRINCIPAL ACCOUNTING POLICIES (continued)

(t) Employees' benefits

i) Short-term benefits

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

ii) Pension obligations

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

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

The Group makes contributions to the pension fund for the benefit of the employees of the Group's Russian subsidiary in accordance with the relevant requirements of the pension scheme of the Russian Federation ("Russia"). The contributions are expensed as incurred.

iii) Share-based payments

The Group issues equity-settled share-based payments to certain employees and others providing similar services. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant.

The fair value determined at the grant date of the equity-settled share-based payments is expected to be vested on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each end of the report period, the Group revises its estimate of the number of equity instruments expected to be vested. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the share option reserve.

When the share options are cancelled, forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in equity-settled share option reserve will be transferred to accumulated loss.

(u) Borrowing costs

Borrowing costs attributable to the acquisition, construction or production of assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

(v) Related parties

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

(w) Revenue recognition

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

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

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

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

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgments

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

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

Estimation uncertainty

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

Impairment of non-financial assets (other than goodwill)

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

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

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

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

Impairment loss for bad and doubtful debts

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

Reserve estimates

Reserves are estimates of the amount of products that can be economically and legally extracted from the Group's 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.

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

(i) Asset carrying values may be affected due to changes in estimated future cash flows.

(ii) Depreciation, depletion and amortisation charged to profit or loss may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change.

(iii) Decommissioning, site restoration and environmental provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities.

(iv) The carrying value of deferred tax may change as a result of changes in the asset carrying values as discussed above.

Provision for close down, restoration and environmental costs

The provision for close down, restoration and environmental costs is determined by management based on their past experience and best estimation of future expenditures, after taking into account the existing relevant regulations in Russia. However, in so far as the effect on the land and the environment from current mining activities becomes apparent in future years, the estimate of the associated costs may be subject to revision from time to time.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Income taxes

There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax 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 income tax and deferred tax provisions in the period in which such determination is made. In addition, the realisation of the future income tax assets is dependent on the Group's ability to generate sufficient taxable income in future years to utilise income tax benefits and income tax loss carry-forwards. Deviations of future profitability from estimates or in the income tax rate would result in adjustments to the value of future income tax assets and liabilities that could have a significant effect on earnings.

5. SEGMENT INFORMATION

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

(i) Mining segment comprises holding mining rights of coal mines in Russia and will be engaged in the mining of coal.

(ii) Coal trading segment comprises the business of coal trading which the Group established in the Republic of Korea ("Korea") in the current year.

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

(iv) Garment and premium segment engaged in the manufacture and trading of garment and premium products and was disposed of in prior year. Accordingly, this business segment has been classified as a discontinued operation.

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

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

5. SEGMENT INFORMATION (continued)

(a) Reportable segments

The following tables present revenue, results and certain asset, liabilities and expenditure information for the Group's reportable segments for the years ended 31 March 2011 and 2010.

For the year ended 31 March 2011

	Continuing operations				
	Mining HK$'000	Coal trading HK$'000	Digital television technology services HK$'000	Corporate and others HK$'000	Consolidated total HK$'000
Reportable segment revenue					
Revenue from external customers	–	10,211	8,028	12	18,251
Reportable segment (loss)/profit	(144,590)	284	(62,934)	59,712	(147,528)
Change in fair value of derivative component of convertible notes	–	–	–	90,271	90,271
Impairment loss on goodwill	–	–	(13,421)	–	(13,421)
Impairment loss on other intangible assets	–	–	(34,707)	(4,673)	(39,380)
Impairment loss on property, plant and equipment	–	–	(1,555)	–	(1,555)
Interest income from promissory note receivable	–	–	–	796	796
Income tax	2,459	–	9,481	–	11,940
Depreciation	(161)	–	(384)	(189)	(734)
Amortisation of other intangible assets	(118,699)	–	(2,074)	(4,420)	(125,193)
Allowance for doubtful trade receivables	–	–	(2,956)	–	(2,956)
Write back of trade payables	–	–	–	293	293
Reportable segment assets	1,697,489	14,391	10,156	25,879	1,747,915
Additions to non-current assets	8,503	14	29	4,640	13,186
Reportable segment liabilities	(56,171)	(285)	(13,082)	(180,044)	(249,582)

5. SEGMENT INFORMATION (continued)

(a) Reportable segments (continued)

For the year ended 31 March 2010

	Continuing operations				Discontinued operation	
	Mining HK$'000	Digital television technology services HK$'000	Corporate and others HK$'000	Total HK$'000	Garment and premium HK$'000	Consolidated total HK$'000
Reportable segment revenue						
Revenue from external customers	–	14,660	–	14,660	–	14,660
Reportable segment (loss)/profit	(1,829,441)	(160,134)	448,133	(1,541,442)	1,862	(1,539,580)
Loss on modification of convertible notes	–	–	(451,240)	(451,240)	–	(451,240)
Change in fair value of derivative component of convertible notes	–	–	910,520	910,520	–	910,520
Impairment loss on goodwill	–	(147,682)	–	(147,682)	–	(147,682)
Impairment loss on other intangible assets	(1,664,815)	–	–	(1,664,815)	–	(1,664,815)
Gains on disposal of subsidiaries	–	–	–	–	1,626	1,626
Gains on disposal of trading securities	–	–	119	119	–	119
Interest income from promissory note receivable	–	–	486	486	–	486
Share of results of associates	–	–	–	–	276	276
Income tax	918	(893)	6	31	–	31
Depreciation	(32)	(635)	(20)	(687)	(4)	(691)
Amortisation of other intangible assets	(126,310)	(3,244)	(361)	(129,915)	–	(129,915)
Allowance for doubtful trade receivables	–	(91)	–	(91)	–	(91)
Reportable segment assets	1,510,230	68,760	85,143	1,664,133	–	1,664,133
Additions to non-current assets	16,185	38	–	16,223	–	16,223
Reportable segment liabilities	(25,306)	(21,594)	(680,198)	(727,098)	–	(727,098)

5. SEGMENT INFORMATION (continued)

(a) Reportable segments (continued)

Reconciliation of reportable segment revenues, profit or loss, assets and liabilities:

	2011 HK$'000	2010 HK$'000
Revenue		
Reportable segment revenue and consolidated revenue	**18,251**	14,660
Loss before income tax expenses and discontinued operation		
Reportable segment (loss)/profit	**(147,528)**	(1,539,580)
Finance costs	**(32,128)**	(101,670)
Consolidated loss before income tax expenses from continuing and discontinued operations	**(179,656)**	(1,641,250)
Assets		
Reportable segment assets and consolidated total assets	**1,747,915**	1,664,133
Liabilities		
Reportable segment liabilities and consolidated total liabilities	**(249,582)**	(727,098)

(b) Geographical information

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial instruments and deferred tax assets (the "Specific non-current assets"):

	Revenue from external customers		**Specified non-current assets**	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Continuing operations				
PRC	**8,040**	14,660	**17,970**	72,768
Russia	**–**	–	**1,688,740**	1,500,796
Korea	**10,211**	–	**14**	–
Others	**–**	–	**641**	44
	18,251	14,660	**1,707,365**	1,573,608

(c) Information about major customers

For the year ended 31 March 2011, only the sole customer of the coal trading segment with revenue of HK$10,211,000 contributed to more than 10% of the Group's revenue.

For the year ended 31 March 2010, only one customer of the digital television technology services segment with revenue of HK$1,859,000 contributed to more than 10% of the Group's revenue.

6. TURNOVER, OTHER INCOME AND OTHER GAINS AND LOSSES

Turnover, which is also the Group's revenue, represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and the net invoiced value of digital television technology services rendered during the year.

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

	Continuing operations		Discontinued operation		Total	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Turnover:						
Trading of coal	**10,211**	–	**–**	–	**10,211**	–
Provision of digital television technology services	**8,028**	14,660	**–**	–	**8,028**	14,660
Sales of goods	**12**	–	**–**	–	**12**	–
	18,251	14,660	**–**	–	**18,251**	14,660
Other income:						
Interest income	**357**	97	**–**	–	**357**	97
Sundry income	**1,902**	673	**–**	–	**1,902**	673
Interest income from promissory note receivable (Note 22)	**796**	486	**–**	–	**796**	486
	3,055	1,256	**–**	–	**3,055**	1,256
Other gains and losses:						
Allowance for doubtful trade receivables (Note 24(ii))	**(2,956)**	(91)	**–**	–	**(2,956)**	(91)
Impairment loss on goodwill (Note 15)	**(13,421)**	(147,682)	**–**	–	**(13,421)**	(147,682)
Impairment loss on other intangible assets (Note 16)	**(39,380)**	(1,664,815)	**–**	–	**(39,380)**	(1,664,815)
Impairment loss on property, plant and equipment (Note 14)	**(1,555)**	–	**–**	–	**(1,555)**	–
Change in fair value of derivative component of convertible notes (Note 28(v))	**90,271**	910,520	**–**	–	**90,271**	910,520
Loss on modification of convertible notes (Note 28(ii))	**–**	(451,240)	**–**	–	**–**	(451,240)
Gain on disposal of trading securities	**–**	119	**–**	–	**–**	119
Gain on disposal of subsidiaries (Note 37)	**–**	–	**–**	1,626	**–**	1,626
Write back of trade payables	**293**	–	**–**	–	**293**	–
Net exchange gain	**13**	1,101	**–**	–	**13**	1,101
	33,265	(1,352,088)	**–**	1,626	**33,265**	(1,350,462)

7. FINANCE COSTS

	Continuing operations		Discontinued operation		Total	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Interest expense on:						
Loan from a shareholder (Note 41(b))	**6,023**	3,186	**–**	–	**6,023**	3,186
Loan from a former director of the Company	**–**	7	**–**	–	**–**	7
Imputed interest on convertible notes (Note 28(v))	**7,442**	83,078	**–**	–	**7,442**	83,078
Imputed interest on promissory notes	**18,585**	15,237	**–**	–	**18,585**	15,237
	32,050	101,508	**–**	–	**32,050**	101,508
Bank charges	**78**	162	**–**	–	**78**	162
	32,128	101,670	**–**	–	**32,128**	101,670

8. (LOSS)/PROFIT BEFORE INCOME TAX

	Continuing operations		Discontinued operation		Total	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
(Loss)/profit before income tax is arrived at after charging:–						
Employees benefit expenses (excluding directors' remuneration (Note 9(a)):–						
Wages and salaries	**15,562**	9,503	**–**	–	**15,562**	9,503
Pension fund contributions	**1,033**	681	**–**	–	**1,033**	681
Equity-settled share option expense (Note 33)	**–**	138	**–**	–	**–**	138
	16,595	10,322	**–**	–	**16,595**	10,322
Amortisation of other intangible assets (Note 16)*						
– Mining right	**118,699**	126,310	**–**	–	**118,699**	126,310
– Customer base	**2,074**	3,244	**–**	–	**2,074**	3,244
– Technical know-how	**4,420**	361	**–**	–	**4,420**	361
Depreciation (Note 14)*	**734**	687	**–**	4	**734**	691
Equity-settled share option expense to directors (Note 9(a) & 33)	**–**	721	**–**	–	**–**	721
Auditor's remuneration	**1,815**	1,693	**–**	–	**1,815**	1,693
Provision for close down, restoration and environmental costs (Note 40)	**170**	–	**–**	–	**170**	–
Minimum lease payments in respect of premises under operating leases	**9,679**	5,208	**–**	–	**9,679**	5,208
Cost of inventories sold*	**11,461**	5,850	**–**	–	**11,461**	5,850

* Cost of sales disclosed on the face of the consolidated income statement represents cost of inventories sold, depreciation charges and other expenses of HK$174,000 (2010: HK$185,000) and amortisation of customer base of HK$2,074,000 (2010: HK$3,244,000).

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' remuneration

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

Name of directors	Fees		Salaries and allowances		Pension fund contributions		Equity-settled share option expenses		Total	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000	**2011 HK$'000**	2010 HK$'000	**2011 HK$'000**	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Executive directors										
Lim Ho Sok	**240**	260	**2,250**	2,290	**12**	15	**–**	–	**2,502**	2,565
Shin Min Chul	**240**	131	**690**	327	**–**	–	**–**	–	**930**	458
Li Wing Sang*	**80**	260	**384**	815	**4**	14	**–**	126	**468**	1,215
Chiu Chi Hong*	**100**	260	**335**	614	**5**	14	**–**	126	**440**	1,014
	660	911	**3,659**	4,046	**21**	43	**–**	252	**4,340**	5,252
Non-executive director										
Pang Ngoi Wah, Edward	**29**	–	**–**	–	**–**	–	**–**	–	**29**	–
Independent non-executive directors										
Tam Tak Wah, Louis	**180**	195	**–**	–	**–**	–	**–**	–	**180**	195
Liew Swee Yean	**129**	130	**–**	–	**–**	–	**–**	–	**129**	130
Young Yue Wing, Alvin	**77**	–	**–**	–	**–**	–	**–**	–	**77**	–
Yoshinori Suzuki*	**63**	130	**–**	–	**–**	–	**–**	469	**63**	599
	449	455	**–**	–	**–**	–	**–**	469	**449**	924
Total	**1,138**	1,366	**3,659**	4,046	**21**	43	**–**	721	**4,818**	6,176

* These directors resigned as directors of the Company during the current year.

In the prior year, two executive directors and one independent non-executive director were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in Note 33. The fair value of such options which was expensed in the consolidated income statement over the vesting period, was determined as at the date of grant and the amount included in profit or loss for the prior year are included in the above directors' remuneration disclosures. There was no share options granted to any director of the Company in the current year.

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

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2010: HK$Nil).

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(b) Five highest paid individuals

The five highest paid individuals during the year included two (2010: three) directors, details of whose remuneration are set out in Note (a) above. Details of the remuneration of the remaining three (2010: two) non-directors, highest paid individuals for the year are as follows:

	2011 HK$'000	2010 HK$'000
Salaries and other benefits	4,850	1,333
Pension fund contributions	4	–
	4,854	1,333

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

	2011	2010
HK$Nil to HK$1,000,000	1	2
HK$1,000,001 to HK$1,500,000	–	–
HK$1,500,001 to HK$2,000,000	2	–
	3	2

10. INCOME TAX

(i) Taxation in the consolidated income statement represents:

	Continuing operations		Discontinued operation		Total	
	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000
Group:						
Current – Hong Kong						
Charge for the year	–	6	–	–	–	6
Current – Russia and other overseas						
Deferred taxation (Note 30)	(2,458)	918	–	–	(2,458)	918
Current – PRC						
Written back for the year	(286)	(82)	–	–	(286)	(82)
Deferred taxation (Note 30)	(9,196)	(811)	–	–	(9,196)	(811)
	(11,940)	31	–	–	(11,940)	31

No provision for Hong Kong profits tax was made for the current and prior year as the Hong Kong subsidiaries of the Group have no assessable profits for Hong Kong profits tax purposes in the current and prior year. Taxation for the Russian and other foreign operations are similarly charged at the appropriate current rates of taxation ruling in the relevant countries.

Tax holidays were granted by the relevant authorities to a PRC subsidiary of the Group in prior years, where the PRC corporate income tax ("CIT") was exempted for the first two profitable years of the subsidiary and is chargeable at half of the applicable rate for the subsequent three years.

10. INCOME TAX (continued)

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

For the year ended 31 March 2011

	Total HK$'000
Loss before income tax expenses	**(179,656)**
Tax credit calculated at the weighted average statutory tax rate	**(39,602)**
Tax effect of expenses not deductible for taxation purposes	**39,543**
Tax effect of income not taxable for taxation purposes	**(15,292)**
Tax effect of tax losses not recognised	**3,411**
Income tax for the year	**(11,940)**

For the year ended 31 March 2010

	Total HK$'000
Loss before income tax expenses	(1,641,250)
Tax credit calculated at the weighted average statutory tax rate	(347,430)
Tax effect of expenses not deductible for taxation purposes	506,329
Tax effect of income not taxable for taxation purposes	(162,270)
Tax effect on share of results of associates	(69)
Tax effect of tax losses not recognised	3,471
Income tax for the year	31

11. LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

Loss from ordinary activities attributable to owners of the Company for the year ended 31 March 2011 includes a loss of HK$281,430,000 (2010: loss of HK$483,003,000) which has been dealt with in the financial statements of the Company.

12. DIVIDEND

The board of directors does not recommend the payment of any dividend for the year ended 31 March 2011 (2010: HK$Nil).

13. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share is based on the loss for the year attributable to the owners of the Company, and the weighted average number of ordinary shares in issue during the year, as adjusted to reflect the Share Consolidation (as defined Note 31(ii)) effected during the current year.

The calculation of diluted loss per share is based on the loss for the year attributable to the owners of the Company, adjusted to reflect the imputed interest on convertible notes and the change in fair value of derivative component of convertible notes, where applicable. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

As the Company's outstanding convertible notes, warrants and share options all had an anti-dilutive effect to the basic loss per share calculation for the prior year. The conversion of the above potential dilutive shares was therefore not assumed in the computation of diluted loss per share for the prior year. In the current year, no warrants were in issue and the outstanding share options continued to have an anti-dilutive effect to the basic loss per share calculation. The conversion of the outstanding share options is therefore not assumed in the computation of diluted loss per share for the current year. The dilutive effect of the outstanding convertible notes to the basic loss per share calculation in the current year is shown below.

For continuing and discontinued operations

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

	2011 **HK$'000**	2010 HK$'000
Loss		
Loss attributable to the owners of the Company, used in the basic loss per share	**130,417**	967,640
Imputed interest on convertible notes	**(7,442)**	–
Change in fair value of derivative component of convertible notes	**90,271**	–
Loss attributable to the owners of the Company, used in the diluted loss per share	**213,246**	967,640

	Number of shares **2011**	2010
Shares		
Weighted average number of ordinary shares for basic loss per share	**1,725,419,745**	456,973,246
Effect of dilutive potential ordinary shares: Convertible notes	**270,168,493**	–
Weighted average number of ordinary shares for diluted loss per share	**1,995,588,238**	456,973,246

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

From continuing operations

The calculation of the basic and diluted loss per share from continuing operations is based on the following data:

	2011 HK$'000	2010 HK$'000
Loss		
Loss attributable to the owners of the Company from continuing operations, used in the basic loss per share	**130,417**	969,502
Imputed interest on convertible notes	**(7,442)**	–
Change in fair value of derivative component of convertible notes	**90,271**	–
Loss attributable to the owners of the Company from continuing operations, used in the diluted loss per share	**213,246**	969,502

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

From discontinued operation

Basic earnings per share amount from discontinued operation is Nil Hong Kong cents and 0.41 Hong Kong cents per share for the year ended 31 March 2011 and 2010, respectively, based on the earnings for the current and prior year from discontinued operation of HK$Nil and HK$1,862,000, respectively. The denominators used are the same as those detailed above for basic and diluted earnings per share from continuing and discontinued operations.

14. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment

The Group	Construction in progress HK$'000	Freehold land HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At cost:								
At 1 April 2009	–	–	470	–	1,165	2,908	1,261	5,804
Additions	14,332	1,330	–	–	112	65	384	16,223
Written off	(136)	–	–	–	(6)	–	–	(142)
Acquisition of subsidiaries (Note 35(a))	789	–	–	–	57	–	–	846
Disposal of subsidiaries (Note 37)	–	–	(470)	–	(681)	(995)	(549)	(2,695)
Exchange realignments	507	43	–	–	10	9	17	586
At 31 March 2010	15,492	1,373	–	–	657	1,987	1,113	20,622
Additions	12,095	–	–	33	29	285	744	13,186
Written off	(2,209)	–	–	–	(10)	–	–	(2,219)
Transfer	(2,028)	–	–	2,028	–	–	–	–
Exchange realignments	1,033	53	–	50	28	80	63	1,307
At 31 March 2011	**24,383**	**1,426**	**–**	**2,111**	**704**	**2,352**	**1,920**	**32,896**
Accumulated depreciation and impairment losses:								
At 1 April 2009	–	–	470	–	783	1,099	593	2,945
Charge for the year (Note 8)	–	–	–	–	152	388	151	691
Written off	–	–	–	–	(2)	–	–	(2)
Disposal of subsidiaries (Note 37)	–	–	(470)	–	(681)	(985)	(549)	(2,685)
Exchange realignments	–	–	–	–	1	1	–	2
At 31 March 2010	–	–	–	–	253	503	195	951
Charge for the year (Note 8)	–	–	–	2	161	300	271	734
Impairment loss (Note 6)	–	–	–	–	159	996	400	1,555
Exchange realignments	–	–	–	–	23	46	26	95
At 31 March 2011	**–**	**–**	**–**	**2**	**596**	**1,845**	**892**	**3,335**
Net carrying value:								
At 31 March 2011	**24,383**	**1,426**	**–**	**2,109**	**108**	**507**	**1,028**	**29,561**
At 31 March 2010	15,492	1,373	–	–	404	1,484	918	19,671

15. GOODWILL

The Group

	HK$'000
Cost:	
At 1 April 2009	179,474
Disposal of subsidiaries (Note 37)	(19,458)
Exchange realignments	876
At 31 March 2010	160,892
Exchange realignments	6,676
At 31 March 2011	**167,568**
Accumulated impairment losses:	
At 1 April 2009	19,458
Impairment loss (Note 6)	147,682
Disposal of subsidiaries (Note 37)	(19,458)
At 31 March 2010	147,682
Impairment loss (Note 6)	13,421
Exchange realignments	6,465
At 31 March 2011	**167,568**
Net carrying value:	
At 31 March 2011	**–**
At 31 March 2010	13,210

The directors have allocated the carrying amount of goodwill, net of any impairment loss, entirely to the cash generating unit of digital technology services (the "DTV CGU").

* **Impairment testing of goodwill**

Goodwill arose from the business combination of the DTV CGU in prior year, which is a reportable segment.

Management had originally anticipated that there would be a significant growth in the DTV CGU at the date of acquisition. However, in the current year and prior years, due to the increased competition in the DTV industry, the growth rate of the DTV industry had been slower than expected.

The recoverable amount of the DTV CGU was determined by the directors of the Company with reference to a professional valuation report issued by RHL Appraisal Limited, an independent firm of professionally qualified valuers, which was based on the value in use calculation using a cash flow projection and financial budgets covering a 5-year period approved by senior management. The discount rate and average growth rate applied to the cash flow projection was 20.2% (2010: 22.6%) and 12.1% (2010: 33.0%), respectively. The directors are of the opinion that based on value in use calculation, goodwill associated with the DTV CGU was fully impaired as at 31 March 2011 and recognised a further impairment loss of HK$13,421,000 for the year then ended (2010: impairment loss of HK$147,682,000). The directors of the Company are also of the opinion that based on value in use calculation of the DTV CGU, the customer base was fully impaired and property, plant and equipment was partially impaired compared with their recoverable amounts as at 31 March 2011. Impairment losses of HK$34,707,000 and HK$1,555,000 were recognised for the customer base and property, plant and equipment respectively during the year.

The key assumptions on which management have based its cash flow projection to undertake impairment testing of the DTV CGU are as follows:

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

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

16. OTHER INTANGIBLE ASSETS

The Group

	Mining right HK$'000 (Note (a))	Customer base HK$'000 (Note (b))	Technical know-how HK$'000 (Note (c))	Total HK$'000
Cost:				
At 1 April 2009	–	41,985	–	41,985
Arising from acquisition of subsidiaries (Note 35(a)&(b))	3,139,584	–	21,649	3,161,233
Exchange realignments	184,536	230	87	184,853
At 31 March 2010	3,324,120	42,215	21,736	3,388,071
Exchange realignments	127,773	1,751	902	130,426
At 31 March 2011	**3,451,893**	**43,966**	**22,638**	**3,518,497**
Accumulated amortisation and impairment losses:				
At 1 April 2009	–	2,961	–	2,961
Charge for the year (Note 8)	126,310	3,244	361	129,915
Impairment loss (Note 6)	1,664,815	–	–	1,664,815
Exchange realignments	53,558	19	1	53,578
At 31 March 2010	1,844,683	6,224	362	1,851,269
Charge for the year (Note 8)	118,699	2,074	4,420	125,193
Impairment loss (Note 6)	–	34,707	4,673	39,380
Exchange realignments	78,479	961	122	79,562
At 31 March 2011	**2,041,861**	**43,966**	**9,577**	**2,095,404**
Net carrying value:				
At 31 March 2011	**1,410,032**	**–**	**13,061**	**1,423,093**
At 31 March 2010	1,479,437	35,991	21,374	1,536,802

16. OTHER INTANGIBLE ASSETS (continued)

(a) Mining right

On 31 October 2008, the Company, Grandvest International Limited ("Grandvest"), a wholly-owned subsidiary of the Company, Cordia Global Limited (the "Langfeld Vendor") and the sole beneficial owner of the Langfeld Vendor entered into an acquisition agreement (the "Acquisition Agreement") to acquire a 90% equity interest in Langfeld Enterprises Limited ("Langfeld") and its subsidiaries (the "Langfeld Group") (collectively referred as the "Acquisition"). The mining right relating to the cash generating unit of coal mining (the "Coal Mining CGU") was acquired as part of the acquisition of the Langfeld Group completed during the prior year and was initially recognised at its fair value of the consideration paid for the acquisition. At the end of each reporting period, mining right is measured using the cost model subject to impairment.

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

As at 31 March 2011, the recoverable amount of the Coal Mining CGU was assessed by the directors with reference to the professional valuation as at 31 March 2011 performed by Vigers Appraisal and Consulting Limited ("Vigers"). The recoverable amount of the Coal Mining CGU was determined by Vigers based on a value in use calculation using a cash flow projection according to the financial budgets approved by senior management for the next 5 years at an estimated growth rate of 5% (2010: 5%), and extrapolates cash flows beyond the 5 years based on a steady growth rate of 3% (2010: 5%). The discount rate applied to the cash flow projection is 24.8% (2010: 24.0%). The financial budgets and growth rates are estimated with reference to the development curve for the mining industry. The directors of the Company are of the opinion that based on the valuation, the mining right associated with the Coal Mining CGU was not impaired compared with its carrying amount as at 31 March 2011 (2010: impairment loss of HK$1,664,815,000).

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

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

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

Detail of the Group's mining right is as follows:–

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

Based on the advice from the Group's legal advisors, the Group is confident that the relevant licence for the mining right will be renewed by the relevant authorities without significant costs to be incurred upon its existing expiry date.

16. OTHER INTANGIBLE ASSETS (continued)

(b) Customer base

Customer base relates to the DTV CGU and was acquired as part of the acquisition of the DTV Group with a finite useful life, over which the assets are amortised. The amortised period for the customer base was 13 years. As explained in Note 15, the customers base has been fully impaired during the year.

(c) Technical know-how

Technical know-how on vertical farming (the "Vertical Farming CGU") was acquired as part of the acquisition of SOFOCO Group (as defined in Note 35(b)) in the prior year, and has an estimated useful life of five years, over which the assets are amortised.

The recoverable amount of the Vertical Farming CGU was re-assessed by the directors with reference to the professional valuation as at 31 March 2011 performed by Roma Appraisals Limited ("Roma"). The recoverable amount of the Vertical Farming CGU was determined by the professional valuers with reference to a value in use calculation using a cash flow projection and financial budgets covering a 5 years period approved by the senior management. The discount rate and growth rate applied to the cash flow projection is 38.1% (2010: 33.6%) and 46.7% (2010: 45.7%), respectively. The directors are of the opinion that based on the professional valuation, an impairment loss of HK$4,673,000 for the technical know-how associated with the Vertical Farming CGU should be recognised (2010: HK$Nil) as compared with its recoverable amount as at 31 March 2011.

The key assumptions on which management and valuers prepared its cash flow projection to undertake impairment testing of technical know-how are as follows:

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

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

17. PREPAYMENT FOR ACQUISITION OF MINING RIGHTS

The Langfeld Vendor had procured that the Group would be able to acquire the subsoil user right for the purpose of exploration and bituminous coal mining in the Kemerovsky, Volkovsky and Vladimirovsky seams from the level of 65 metres underground to 400 metres underground, and Petrovsky and adjoining lot of Kemerovsky (collectively referred to as the "New Mining Licence").

Pursuant to the Acquisition Agreement, the Additional Acquisition as defined in Note 35(a)(i) and a Deed of Settlement as defined in Note 35(a)(i) (collectively referred to as the "Mining Agreements"), upon the Group obtaining the New Mining Licence, the Company shall issue the following convertible notes to the Langfeld Vendor as consideration for the New Mining Licence (i) a secured convertible note in the principal amount of US$32,000,000 (equivalent to approximately HK$249,600,000) (the "Second Convertible Note") and (ii) a convertible note in the principal amount of not less than US$255,150,000 (equivalent to approximately HK$1,990,170,000) and not more than US$550,800,000 (equivalent to approximately HK$4,296,240,000) (the "Third Convertible Note") to be determined upon the proven reserves and probable reserves deriving from the New Mining Licence being confirmed in a technical report to be issued by a technical expert as detailed in Note 35(a)(ii).

During the current year, the Group had obtained the New Mining Licence. Accordingly, the Second Convertible Note was issued to the Langfeld Vendor as partial consideration for the New Mining Licence. The Third Convertible Note has not been issued as the technical report which is required to determine the principal amount of the Third Convertible Note has not been issued up to the date of this report.

17. PREPAYMENT FOR ACQUISITION OF MINING RIGHTS (continued)

As the total consideration of the New Mining Licence and principal amount of the Third Convertible Note cannot be reliably measured and determined as at the date of this report, the New Mining Licence and the Third Convertible Note are accounted for and disclosed as a contingent asset and a contingent liability, respectively, of the Group as at 31 March 2011 (Note 39).

As at 31 March 2011, the principal amount of the Second Convertible Note issued as part of the consideration of the New Mining Licence is accounted for as a prepayment and included as a non-current asset in the consolidated statement of financial position. When the technical expert issues the technical report so that the total consideration for the New Mining Licence and principal amount of the Third Convertible Note can be determined, the prepayment will be re-classified as part of the cost of acquisition of the New Mining Licence.

18. INTERESTS IN SUBSIDIARIES

	The Company	
	2011	2010
	HK$'000	HK$'000
Unlisted shares, at cost	**10**	10
Amounts due from subsidiaries	**2,392,945**	2,284,464
	2,392,955	2,284,474
Less: Impairment loss on amounts due from subsidiaries	**(1,047,589)**	(905,825)
	1,345,366	1,378,649

The amounts due from subsidiaries are unsecured, interest-free and not expected to be repaid within one year. The directors consider the amounts are in substance, part of the Company's investments in the subsidiaries in the form of quasi-equity loans.

An accumulated impairment loss on amounts due from subsidiaries of HK$1,047,589,000 (2010: HK$905,825,000) was recognised as at 31 March 2011 because the related recoverable amounts of the investment costs and the balances due from subsidiaries with reference to the values of the respective subsidiaries were estimated to be less than their respective carrying amounts. Accordingly, the carrying amounts of the related investment costs and amounts due therefrom were reduced to their recoverable amounts as at 31 March 2011 and 2010.

18. INTERESTS IN SUBSIDIARIES (continued)

Particulars of the principal subsidiaries as at 31 March 2011 were as follows:–

Name of company	Place of incorporation/ establishment and operation	Particulars of issued and paid-up share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Langfeld	The Republic of Cyprus ("Cyprus")	Ordinary Euro€10,000	–	90	Investment holding
LLC "Shakhta Lapichevskaya" ("Lapi") (Note 2)	Russia	Registered capital of Russian Roubles ("RUB") of 172,315,950	–	90	Holding of a mining right
Digital New Century Company Limited	Hong Kong	Ordinary HK$100	100	–	Investment holding
Century Power (China) Limited("Century Power")	Hong Kong	Ordinary HK$10,000	–	100	Investment holding
DTVChina, Inc.	The British Virgin Islands ("BVI")	Ordinary US$1,000	–	51	Investment holding
EnRich Information Technology (Shanghai) Company Limited ("EnRich") (Notes 1 and 2)	PRC	Registered capital of US$1,000,000	–	51	Provision of digital television technology services
Grandvest	BVI	Ordinary US$1	100	–	Investment holding
SOFOCO Development Limited	Hong Kong	Ordinary HK$50,000,000	–	70	Investment holding
SOFOCO (Zhenjiang) Industrial Development Company Limited (Note 2)	PRC	Registered capital of HK$11,999,760	–	70	Provision of vertical farming projects
SMG Asia Company Limited (Note 2)	Korea	Registered capital of Korean Won ("KRW") of 10,000,000	–	100	Coal trading

Notes:

1. EnRich was registered in the PRC as a wholly-owned foreign enterprise under the PRC law.

2. The statutory financial statements of these subsidiaries are not audited by BDO Limited or any of its member firms.

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

19. INTEREST IN A JOINTLY-CONTROLLED ENTITY

	The Group	
	2011	2010
	HK$'000	HK$'000
Share of net assets	**–**	–

The Group's share of the results of the jointly-controlled entity in prior year was attributable to the jointly-controlled entity of Falcon Vision Limited ("Falcon Vision"). On 12 August 2009, the Group disposed of its entire 100% equity interest in Falcon Vision and its subsidiaries (the "Falcon Vision Group") and as a result, Falcon Vision's jointly-controlled entity has been derecognised from the consolidated statement of financial position of the Group on the same date.

Particulars of the Group's unlisted jointly-controlled entity immediately before its disposal was as follows:-

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

The statutory financial statements of Rontex Ningbo were not audited by BDO Limited or any of its member firms.

In the prior periods, the Group shared joint control over the financial and operating policy of this jointly-controlled entity with other investor notwithstanding that the Group had a 51% equity interest in the entity.

During the year ended 31 March 2010, the Group had not recognised its share of loss of Rontex Ningbo in excess of the Group's interest in this jointly-controlled entity. Summarised financial information in respect of the Group's interest in the jointly-controlled entity was as follows:

	2011	2010
	HK$'000	HK$'000
Total assets	**–**	–
Total liabilities	**–**	–
Net liabilities	**–**	–
Amount in excess of the Group's interest in the jointly-controlled entity	**–**	–
Net assets of the jointly-controlled entity attributable to the Group	**–**	–
Income	**–**	6,561
Expenses	**–**	(5,783)
Profit for the year	**–**	778
Amount in excess of the Group's interest in the jointly-controlled entity	**–**	(778)
Loss of the jointly-controlled entity attributable to the Group	**–**	–

20. INTERESTS IN ASSOCIATES

	The Group	
	2011 **HK$'000**	2010 HK$'000
Share of net assets	**–**	–

The Group's share of results of associates in prior years was attributable to the associates of Falcon Vision. On 12 August 2009, the Group disposed of its entire equity interest in the Falcon Vision Group and derecognised any interest in Falcon Vision's associates in the consolidated statement of financial position from that date.

Particulars of the Group's associates, all of which are unlisted entities, immediately before its disposal were as follows:–

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

The statutory financial statements of the above companies were not audited by BDO Limited or any of its member firms.

Summarised financial information in respect of the Group's associates were set out below:

	2011 **HK$'000**	2010 HK$'000
Turnover	**–**	56,386
Profit for the year	**–**	591
Profit attributable to the Group	**–**	276
Total assets	**–**	–
Total liabilities	**–**	–
Net assets	**–**	–
Net assets attributable to the Group	**–**	–

21. DIRECT COSTS FOR POSSIBLE ACQUISITION OF SUBSIDIARIES

	The Group	
	2011 HK$'000	2010 HK$'000
Direct costs for possible acquisition of subsidiaries	**618**	–

As at 31 March 2011, the amount represented direct costs attributable to the proposed subscription of 70% of the enlarged share capital of Trenaco SA (the "Target"). The subscription has not been completed up to the date of this report. Details of the proposed subscription are set out in the announcement of the Company dated 17 April 2011 and Note 46(a).

22. PROMISSORY NOTE RECEIVABLE

The Group and the Company

	2011 HK$'000	2010 HK$'000
At beginning of year	**7,330**	–
At the date of inception (Note 37)	**–**	6,844
Imputed interest credited (Note 6)	**796**	486
Repayment	**(8,126)**	–
At end of year	**–**	7,330
Within 1 year and included in current assets as other receivables	**–**	439
After 1 year and included in non-current assets – After 1 year but within 2 years	**–**	6,891
	–	7,330

On 12 August 2009, a promissory note in the principal amount of HK$7,680,000 was issued to the Group by Billion Master Holdings Limited ("Billion Master"), a company wholly owned by a former executive director of the Company as part of consideration for the disposal of the Group's wholly-owned equity interest in the Falcon Vision Group. The promissory note carried coupon interest of Hong Kong prime rate plus 1% per annum or 6% per annum, whichever was higher, on the outstanding principal amount and interest was receivable annually from the date of issuance of this promissory note. Billion Master would repay the outstanding principal and all interest accrued thereon under this promissory note to the Group on 11 August 2011. The fair value of the promissory note was HK$6,844,000 as at the issue date, based on the professional valuation performed by Vigers. The effective interest rate of the promissory note was determined to be 11.8% per annum.

The promissory note receivable was classified as non-current asset and carried at amortised cost basis until extinguished or redeemed, with the exception of the current portion of the promissory note receivable which was classified as a current asset and included in other receivables, deposits and prepayments as at 31 March 2010. The entire principal amount of the promissory note together with accrued interest were repaid to the Group in full during the current year.

23. INVENTORIES

	The Group	
	2011	2010
	HK$'000	HK$'000
Raw materials	**30**	–
Finished goods	**402**	450
	432	450

24. TRADE RECEIVABLES

	The Group	
	2011	2010
	HK$'000	HK$'000
Trade receivables	**19,197**	11,109
Less: allowance for doubtful debts	**(3,538)**	(490)
	15,659	10,619

(i) The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The Group generally allows an average credit term of 80 days to customers of the coal trading business. For digital television technology services business, because of the industry nature in the PRC, credit terms are extended beyond 90 days for certain well-established customers with strong financial strength and good repayment history and credit worthiness. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by the senior management. Trade receivables are non-interest-bearing.

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

	The Group	
	2011	2010
	HK$'000	HK$'000
At beginning of year	**490**	398
Additional allowance for doubtful debts (Note 6)	**2,956**	91
Exchange realignments	**92**	1
At end of year	**3,538**	490

As at 31 March 2011, the Group's trade receivables of HK$3,538,000 (2010: HK$490,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties or were in default in both interest and/or principle payments and the management assessed that none of the receivables is expected to be recovered. Consequently, specific and full allowances for doubtful debts were recognised. The Group does not hold any collateral over these balances.

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

24. TRADE RECEIVABLES (continued)

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

	The Group	
	2011	2010
	HK$'000	HK$'000
Within 30 days	**6,207**	1,364
31 to 60 days	**5,452**	–
61 to 90 days	**–**	1,348
Over 90 days	**7,538**	8,397
	19,197	11,109
Less: allowance for doubtful debts	**(3,538)**	(490)
	15,659	10,619

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

	The Group	
	2011	2010
	HK$'000	HK$'000
Not yet past due	**10,970**	2,263
Over 90 days past due	**4,689**	8,356
	15,659	10,619

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

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

The carrying amount of the trade receivables approximates their fair value.

25. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

As at 31 March 2011, other receivables, deposits and prepayments included a balance of US$457,000 (equivalent to approximately HK$3,592,000) due from an independent third party. The balance bored interest at 5% per annum, was unsecured and fully repaid to the Group subsequently to the year end.

26. CASH AND CASH EQUIVALENTS

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

	The Group	
	2011 HK$'000	2010 HK$'000
Cash and cash equivalents were denominated in:		
Renminbi ("RMB")	**492**	85
Russian ruble ("RUB")	**1,406**	2,214
Korean Won ("KRW")	**55**	–
United States dollars ("US$")	**3,855**	1,349
Hong Kong dollars ("HK$")	**3,831**	56,500
Total	**9,639**	60,148

	The Company	
	2011 HK$'000	2010 HK$'000
Cash and cash equivalents were denominated in:		
HK$	**1,323**	38,268
US$	**3,680**	26
Total	**5,003**	38,294

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

27. TRADE PAYABLES

The ageing analysis of trade payables of the Group at the end of reporting period, based on the invoice date, is as follows:

	The Group	
	2011 HK$'000	2010 HK$'000
Within 30 days	**267**	570
31 to 60 days	**126**	608
61 to 90 days	**158**	803
Over 90 days	**295**	1,543
	846	3,524

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

The carrying amount of trade payables approximates their fair value.

28. CONVERTIBLE NOTES AND DERIVATIVES FINANCIAL INSTRUMENTS

The Company and the Group

(i) Issue of First Convertible Note

On 25 May 2009, five secured convertible notes in the aggregate principal amount of US$253,000,000 (equivalent to approximately HK$1,973,400,000) (the "First Convertible Note") were issued to the Langfeld Vendor as consideration for the Group's acquisition of a 90% equity interest in the Langfeld Group and 90% of the unsecured and interest-free shareholder's loan owed by the Langfeld Group to the Langfeld Vendor (the "Langfeld Shareholder Loan") as further detailed in Note 35(a). The First Convertible Note was denominated in US$ and secured by the Group's 90% equity interest in Langfeld Group and entire equity interest in Grandvest. The First Convertible Note was non-interest-bearing and payable in one lump sum on maturity. The redemption price of the First Convertible Note was equal to 115% of the outstanding principal amount of the First Convertible Note on its maturity date of falling five years after 25 May 2009. The First Convertible Note was convertible into ordinary shares of the Company at an initial conversion price of HK$0.12 per conversion share (subject to anti-dilutive adjustments) at any time between the date of issue of the First Convertible Note and respective maturity date.

The exercise of the derivative component embedded in the First Convertible Note would not result in settlement by the exchange of a fixed amount of cash for a fixed number of shares of the Company. The embedded derivative component of the First Convertible Note was therefore accounted for as a financial liability. The initial fair value of the derivative component of the First Convertible Note was determined at HK$1,215,552,000 by reference to a valuation carried out on the issue date by Vigers and the liability component of the First Convertible Note was HK$757,848,000.

During the year ended 31 March 2010, the principal amount of the First Convertible Note of US$111,000,000 (equivalent to approximately HK$865,800,000) was converted into 7,215,000,000 ordinary shares of the Company.

(ii) Amendments to terms of the First Convertible Note (the "Amendments")

On 14 December 2009, the Company and the Langfeld Vendor entered into a conditional modification deed ("Modification Deed") to amend certain existing terms of the First Convertible Note. The amendments pursuant to the Modification Deed included the cancellation of the outstanding principal amount of the First Convertible Note which amounted to US$142,000,000 (equivalent to approximately HK$1,107,000,000). A secured convertible note in the principal amount of US$107,000,000 (equivalent to approximately HK$834,600,000) at a conversion price of HK$0.04 per conversion share (subject to anti-dilutive adjustments) (the "Modified First Convertible Note") and three unsecured promissory notes in the aggregate principal amount of US$35,000,000 (equivalent to approximately HK$273,000,000) ("Modified PN") were issued by the Company to the Langfeld Vendor to replace the cancelled First Covertible Note. The redemption price of the Modified First Convertible Note was equal to 100% of the outstanding principal amount of the Modified First Convertible Note on its maturity date of falling six years after 25 May 2009. The Modification Deed became effective on 23 February 2010, when the liability component and the derivative component of the First Convertible Note was derecognised, and the Modified First Convertible Note and the Modified PN were issued and recognised by the Company.

The exercise of derivative component embedded in the Modified First Convertible Note would not result in settlement by the exchange of a fixed amount of cash for a fixed number of shares of the Company. The liability component of the First Convertible Note at amortised cost and the fair value of the derivative component of the First Convertible Note were HK$501,418,000 and HK$43,915,000, respectively as at 23 February 2010. The fair value of the derivative component of the Modified First Convertible Note determined by reference to a valuation carried out by Vigers and the liability component of the Modified First Convertible Note, and the fair value of the Modified PN with reference to a valuation issued by Vigers were HK$256,985,000, HK$577,615,000 and HK$161,973,000 (Note 28(v) and Note 29) respectively as at 23 February 2010. The difference between the then carrying amount of the First Convertible Note as at that date and the aggregate amount of the principal amount of the Modified First Convertible Note and fair value of the Modified PN at its date of issue of HK$451,240,000 was charged to the profit or loss for the year ended 31 March 2010.

28. CONVERTIBLE NOTES AND DERIVATIVES FINANCIAL INSTRUMENTS (continued)

The Company and the Group (continued)

(ii) Amendments to terms of the First Convertible Note (the "Amendments") (continued)

During the year ended 31 March 2010, the Modified First Convertible Note with a principal amount of US$52,000,000 (equivalent to approximately HK$405,600,000) was converted into 10,140,000,000 ordinary shares of the Company. During the year ended 31 March 2011, the remaining principal amount of the Modified First Convertible Note of US$55,000,000 (equivalent to approximately HK$429,000,000) was converted into 536,250,000 ordinary shares of the Company.

(iii) Issue of Second Convertible Note

On 1 December 2010, the Second Convertible Note was issued to the Langfeld Vendor as partial consideration for obtaining the New Mining Licence as further detailed in Note 17. The Second Convertible Note is denominated in US$ and secured by the Group's 90% equity interest in Langfeld Group and the entire equity interest in Grandvest. The Second Convertible Note was non-interest-bearing and payable in one lump sum on maturity. The redemption price of the Second Convertible Note was equal to 100% of the outstanding principal amount of the Second Convertible Note on its maturity date of falling six years after 1 December 2010. The Company could not redeem the Second Convertible Note prior to the respective maturity date. The Second Convertible Note was convertible into ordinary shares of the Company at an initial conversion price of HK$0.80 per conversion share (subject to anti-dilutive adjustments) at any time between the date of issue of the Second Convertible Note and its maturity date.

The exercise of the derivative component embedded in the Second Convertible Note would not result in settlement by the exchange of a fixed amount of cash for a fixed number of shares of the Company. The embedded derivative component of the Second Convertible Note was therefore accounted for as a financial liability. The initial fair value of the derivative component of the Second Convertible Note was determined at HK$24,804,000 by reference to a valuation carried out on the issue date by Vigers and the liability component of the Second Convertible Note was HK$224,796,000.

During the year ended 31 March 2011, the entire principal amount of the Second Convertible Note was converted into 312,000,000 ordinary shares of the Company.

(iv) Measurement of the First Convertible Note, Modified First Convertible Note and Second Convertible Note

The fair values of the derivative components of the First Convertible Note, the Modified First Convertible Note and the Second Convertible Note were determined based on a professional valuation performed by Vigers using the binomial option pricing model, at the date of issue, the date of conversion and at the end of reporting period. The aggregate decrease in the fair value of the derivative component of convertible note amounted to HK$90,271,000 (2010: HK$910,520,000), which was credited to the profit or loss during the current year. The effective interest rate of the liability component of the First Convertible Note, the Modified First Convertible Note and the Second Convertible Note were 22.1%, 7.0% and 1.8%, respectively. An aggregate imputed interest of HK$7,442,000 (2010: HK$83,078,000) was charged to the profit loss during the current year.

28. CONVERTIBLE NOTES AND DERIVATIVES FINANCIAL INSTRUMENTS (continued)

The Company and the Group (continued)

(iv) Measurement of the First Convertible Note, Modified First Convertible Note and Second Convertible Note (continued)

The major inputs into the binomial option pricing model used to value the First Convertible Note, the Modified First Convertible Note and the Second Convertible Note were based on the following parameters:

the First Convertible Note

	At 25 May 2009	At 9 June 2009	At 19 June 2009	At 23 June 2009	At 14 July 2009	At 27 July 2009	At 7 August 2009	At 23 February 2010
Expected volatility	73.7%	74%	74.2%	74.3%	74.4%	74.4%	74.4%	75%
Expected life	5 years	5 years	4.9 years	4.9 years	4.9 years	4.8 years	4.8 years	4.2 years
Risk-free rate	2.23%	2.86%	2.82%	2.71%	2.37%	2.63%	2.84%	1.9%
Expected dividend yield	3.52%	3.52%	3.52%	3.52%	3.52%	3.52%	3.52%	1.15%
Bond yield	18.04%	16.24%	16.82%	17.45%	17.07%	15.57%	13.90%	10.45%

the Modified First Convertible Note

	At 23 February 2010	At 25 March 2010	At 31 March 2010	At 20 May 2010	At 30 July 2010	At 5 October 2010
Expected volatility	75%	74.9%	74.9%	75.3%	75.7%	75.2%
Expected life	5.2 years	5.2 years	5.2 years	5 years	4.8 years	4.6 years
Risk-free rate	2.37%	2.65%	2.55%	2.04%	1.53%	1.1%
Expected dividend yield	1.15%	1.15%	1.15%	1.15%	1.15%	1.15%
Bond yield	10.45%	10.10%	10.29%	11.17%	10.70%	10.48%

the Second Convertible Note

	At 1 December 2010	At 25 February 2011	At 30 March 2011
Expected volatility	74.6%	73.2%	72.6%
Expected life	6 years	5.8 years	5.7 years
Risk-free rate	1.99%	2.42%	2.43%
Expected dividend yield	1.15%	1.15%	1.15%
Bond yield	11.10%	9.20%	9.40%

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

28. CONVERTIBLE NOTES AND DERIVATIVES FINANCIAL INSTRUMENTS (continued)

The Company and the Group (continued)

(v) Movement of the different components of the convertible notes

		Convertible notes		
	Notes	**Liability component** HK$'000	**Derivative component** HK$'000	**Total** HK$'000
Recognition of First Convertible Note	(i)	757,848	1,215,552	1,973,400
Fair value gain on derivative component of convertible notes	6&(iii)	–	(910,520)	(910,520)
Imputed interest charged	7	83,078	–	83,078
Conversion into new shares		(618,478)	(410,097)	(1,028,575)
Derecognition of the First Convertible Note	(ii)	(501,418)	(43,915)	(545,333)
Recognition of Modified First Convertible Note	(ii)&29(a)	577,615	256,985	834,600
Carrying amount of Modified First Convertible Note at 31 March 2010		298,645	108,005	406,650
Recognition of Second Convertible Note	(iii)	224,796	24,804	249,600
Fair value gain on derivative component of convertible notes	6	–	(90,271)	(90,271)
Imputed interest charged	7	7,442	–	7,442
Conversion into new shares	31(iv)&(vii)	(530,883)	(42,538)	(573,421)
Carrying amount at 31 March 2011		–	–	–

29. PROMISSORY NOTES PAYABLES

	Notes	The Company 2011 HK$'000	The Company 2010 HK$'000	The Group 2011 HK$'000	The Group 2010 HK$'000
At beginning of the year					
– Modified PN		**144,655**	–	**144,655**	–
– Others		**–**	–	**3,675**	5,320
Issued during the year					
– Modified PN	(a) & 28(ii)	**–**	161,973	**–**	161,973
Repaid during the year					
– Modified PN	(a) & 28(ii)	**(7,600)**	(31,200)	**(7,600)**	(31,200)
– Others	(b)	**–**	–	**(2,645)**	(3,000)
Imputed interest charged					
– Modified PN		**17,702**	13,882	**17,702**	13,882
– Others		**–**	–	**883**	1,355
At end of year and included in non-current liabilities		**154,757**	144,655	**156,670**	148,330

(a) The Modified PN initially recognised at HK$161,973,000 is non-interest-bearing and payable in one lump sum on maturity date of 25 May 2015. The principal amount of the Modified PN is US$35,000,000 (equivalent to approximately HK$273,000,000) and its fair value was US$20,766,000 (equivalent to approximately HK$161,973,000) as at the issue date. The fair value was determined by reference to a valuation carried out on the issue date by Vigers. The effective interest rate of the Modified PN is determined to be 10.5% per annum.

During the year, the part of Modified PN in the principal amount of US$1,000,000 (equivalent to approximately HK$7,800,000) was transferred by the Langfeld Vendor to an independent third party of the Group. Part of the Modified PN in the principal amount of US$974,000 (equivalent to approximately HK$7,600,000) (2010: US$4,000,000 (equivalent to approximately HK$31,200,000)) was repaid in the current year, and the remaining outstanding Modified PN is classified as non-current liabilities at amortised cost until extinguished on redemption.

As at the end of the reporting period, the carrying amount of the Modified PN was HK$154,757,000 (2010: HK$144,655,000).

(b) The other promissory notes were issued as partial consideration for the acquisition of a 51% equity interest in the DTV Group in the prior years. During the current year, the Group repaid the principal amount of other promissory notes by HK$2,645,000 (2010: HK$3,000,000) in cash.

As at the end of the reporting period, the carrying amount of the other promissory notes payable was HK$1,913,000 (2010: HK$3,675,000).

30. DEFERRED TAXATION

The component of deferred tax liabilities recognised in the consolidated statement of financial position and movements during the current and prior year are as follows:

	The Group		
	Customer base HK$'000	**Others** HK$'000	**Total** HK$'000
At 1 April 2009	9,756	–	9,756
Arising from acquisition of subsidiaries (Note 35(a))	–	1,649	1,649
Credited to the consolidated financial statements (Note 10(i))	(811)	918	107
Exchange realignments	53	127	180
At 31 March 2010	8,998	2,694	11,692
Credited to the consolidated financial statements (Note 10(i))	(9,196)	(2,458)	(11,654)
Exchange realignments	198	(143)	55
At 31 March 2011	–	93	93

At 31 March 2011, the Group had unused tax losses of HK$44,844,000 (2010: HK$26,152,000) available for offset against future profits indefinitely. No deferred tax asset has been recognised as at 31 March 2011 and 2010 in respect of such losses and temporary differences due to the unpredictability of future profit streams of the respective group entities. There was no other significant unrecognised deferred tax as at 31 March 2011 and 2010.

31. SHARE CAPITAL

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

	Number of shares		Nominal value	
	2011	2010	**2011 HK$'000**	2010 HK$'000
Ordinary shares of HK$0.01* each:				
Authorised	**100,000,000,000**	100,000,000,000	**1,000,000**	1,000,000
Issued and fully paid:				
At beginning of the year	**22,444,061,200**	2,913,501,200	**224,441**	29,135
Issue of shares on exercise of share options before share consolidation (Note (i))	**19,600,000**	19,560,000	**196**	196
Share consolidation (Note (ii))	**(21,340,478,140)**	–	**–**	–
Issue of shares on exercise of share options after share consolidation and before capital reorganisation (Note (iii))	**980,000**	–	**196**	–
Issue of shares upon conversion of convertible notes before capital reorganisation (Note (iv))	**536,250,000**	17,355,000,000	**107,250**	173,550
Capital reorganisation (Note (v))	**–**	–	**(315,479)**	–
Placements of new shares (Note (vi))	**740,000,000**	2,000,000,000	**7,400**	20,000
Issue of shares upon conversion of convertible notes after capital reorganisation (Note (vii))	**312,000,000**	–	**3,120**	–
Issue of shares on exercise of warrants (Note (viii))	**–**	156,000,000	**–**	1,560
At end of the year	**2,712,413,060**	22,444,061,200	**27,124**	224,441

* During the year, the par value of ordinary shares of the Company was consolidated from HK$0.01 each to HK$0.2 each as a result of the Share Consolidation (as defined in Note (ii) below) and then was reduced from HK$0.2 each to HK$0.01 each as a result of the Capital Reorganisation (as defined in Note (v) below).

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

31. SHARE CAPITAL (continued)

Notes:

(i) During the year ended 31 March 2011 and before the Share Consolidation (as defined in Note (ii) below), 19,600,000 (2010: 19,560,000) new ordinary shares of par value HK$0.01 each were issued at the subscription price HK$0.0224 (2010: HK$0.04) each on the exercise of 19,600,000 (2010: 19,560,000) share options at an aggregate consideration of HK$439,000 (2010: HK$782,000), of which HK$196,000 (2010: HK$196,000) was credited to share capital and the remaining balance of HK$243,000 (2010: HK$586,000) was credited to the share premium account. In addition, an amount attributable to the related share options of HK$195,000 (2010: HK$469,000) was transferred from equity-settled share option reserve to the share premium account.

(ii) An ordinary resolution was passed at an extraordinary general meeting held on 9 April 2010 approving the share consolidation on the basis that every 20 issued and unissued shares of the Company of HK$0.01 each were consolidated into 1 consolidated share of the Company of HK$0.2 each (the "Share Consolidation") which also became effective on the same date. Following the implementation of the Share Consolidation set out above, the Company's authorised share capital of HK$1,000,000,000 was divided into 5,000,000,000 shares of HK$0.2 each and its issued share capital will remain as approximately HK$224,637,000 represented by 1,123,183,000 shares of par value HK$0.2 each.

(iii) During the year ended 31 March 2011, after the Share Consolidation and before the Capital Reorganisation (as defined in Note (v) below), 980,000 new ordinary shares of par value HK$0.2 each were issued at the subscription price HK$0.448 each on the exercise of 980,000 share options at an aggregate consideration of HK$439,000, of which HK$196,000 was credited to share capital and the remaining balance of HK$243,000 was credited to the share premium account. In addition, an amount attributable to the related share options of HK$195,000 was transferred from equity-settled share option reserve to the share premium account.

(iv) As set out in Note 28, before the Capital Reorganisation (as defined in Note (v) below), the Company's convertible notes with aggregate carrying amount of HK$339,750,000 (2010: HK$1,028,575,000) (representing a principal amount of HK$429,000,000) were converted into 536,250,000 (2010: 17,355,000,000) shares of the Company at the conversion prices of HK$0.8 per share (2010: HK$0.04 and HK$0.12 per share), of which HK$107,250,000 (2010: HK$173,550,000) was credited to share capital and the remaining balance of HK$232,500,000 (2010: HK$855,025,000) was credited to the share premium account.

(v) A special resolution was passed at the annual general meeting held on 5 August 2010 approving the reorganisation of the capital of the Company (the "Capital Reorganisation") by way of (i) the capital reduction pursuant to which the par value of each existing share of HK$0.20 each in the issued capital of the Company would be reduced by HK$0.19 each; and (ii) the sub-division of each share of the Company in the authorised share capital of the Company into 20 shares of a nominal value of HK$0.01 each. The Capital Reorganisation became effective after the approval from the Grand Court of the Cayman Islands on 5 October 2010. Following the implementation of the Capital Reorganisation set out above, the Company's authorised share capital of HK$5,000,000,000 was divided into 100,000,000,000 shares of HK$0.01 each and its issued share capital was reduced from HK$332,083,000 to HK$16,604,000 with its number of shares remained as 1,660,413,000 shares of par value HK$0.01 each.

(vi) During the year ended 31 March 2011, an aggregate of 540,000,000 (2010: 2,000,000,000) new ordinary shares at par value of HK$0.01 each were issued at subscription prices ranging from HK$0.135 to HK$0.225 (2010: HK$0.029) to the then independent third parties of the Group and 200,000,000 new ordinary shares at par value of HK$0.01 each were issued at a subscription price of HK$0.19 each to Goldwyn Management Limited ("Goldwyn"), a company wholly and beneficially owned by Mr. Lim Ho Sok, an executive director and the chairman of the Company, at an aggregate consideration of HK$125,080,000 (2010: HK$56,450,000) (net of issue expenses) of which HK$7,400,000 (2010: HK$20,000,000) was credited to share capital and the remaining balance of HK$117,680,000 (2010: HK$36,450,000) was credited to share premium account.

(vii) As set out in Note 28, after the Capital Reorganisation, the Company's convertible notes with aggregate carrying amount of HK$233,671,000 (representing a principal amount of HK$249,600,000) were converted into 312,000,000 shares of the Company at the conversion prices of HK$0.8 per share, of which HK$3,120,000 was credited to share capital and the remaining balance of HK$230,551,000 was credited to the share premium account.

(viii) During the year ended 31 March 2010, 156,000,000 new ordinary shares of par value HK$0.01 each were issued at the subscription price of HK$0.08 each on exercise of 156,000,000 warrants with an aggregate consideration of HK$12,480,000 (before issue expense) of which HK$1,560,000 was credited to share capital and the remaining balance of HK$10,920,000 was credited to the share premium account. In addition, the related net premium of HK$1,461,000 received on issue of warrants was transferred from warrant reserve to the share premium account.

32. RESERVES

	Share premium HK$'000	Shares held by escrow agent for settlement of acquisition consideration HK$'000 (Note (a))	Contributed surplus HK$'000 (Note (b))	Equity-settled share option reserve HK$'000 (Note (c)(i))	Warrant reserve HK$'000 (Note (c)(ii))	Capital reserve HK$'000 (Note (c)(iii))	Accumulated losses HK$'000	Total HK$'000
The Company								
At 1 April 2009	175,022	(67,600)	42,569	4,566	5,149	–	(84,217)	75,489
Loss for the year	–	–	–	–	–	–	(483,003)	(483,003)
Other comprehensive income for the year	–	–	(42,569)	–	–	–	–	(42,569)
Total comprehensive income for the year	–	–	(42,569)	–	–	–	(483,003)	(525,572)
Release of shares held by escrow agent upon satisfaction of profit guarantee	–	67,600	–	–	–	–	–	67,600
Issue of shares on exercise of warrants (Note 31(viii))	12,381	–	–	–	(1,461)	–	–	10,920
Issue of shares upon conversion of convertible notes (Note 31(iv))	855,025	–	–	–	–	–	–	855,025
Release upon expiry of warrants (Note 34)	–	–	–	–	(3,688)	–	3,688	–
Issue of share options (Note 33)	–	–	–	859	–	–	–	859
Issue of shares on exercise of share options (Note 31(i))	1,055	–	–	(469)	–	–	–	586
Placements of new shares (Note 31(vi))	36,450	–	–	–	–	–	–	36,450
At 31 March 2010	1,079,933	–	–	4,956	–	–	(563,532)	521,357
Total comprehensive income for the year	–	–	–	–	–	–	(281,430)	(281,430)
Issue of shares on exercise of share options (Notes 31(i)&(iii))	876	–	–	(390)	–	–	–	486
Issue of shares upon conversion of convertible notes (Notes 31(iv)&(vii))	463,051	–	–	–	–	–	–	463,051
Capital Reorganisation (Note 31(v))	–	–	–	–	–	–	315,479	315,479
Placements of new shares (Note 31(vi))	117,680	–	–	–	–	–	–	117,680
Waiver of interests on early settlement of amount due to shareholder (Note 41(b))	–	–	–	–	–	7,522	–	7,522
At 31 March 2011	1,661,540	–	–	4,566	–	7,522	(529,483)	1,144,145

32. RESERVES (continued)

Notes:

(a) In the prior year, the Company issued 790,000,000 shares for the acquisition of the DTV Group, of which 400,000,000 shares were held by escrow agent as at 1 April 2009. The shares were released to the vendor in the prior year.

(b) In prior years, contributed surplus of the Company represented the excess of the fair value of the subsidiaries acquired pursuant to the group reorganisation, over the nominal value of the shares of the Company issued for the share exchange.

During the year ended 31 March 2010, the contributed surplus of the Company was released upon the disposal of the relevant subsidiaries.

(c) At the end of reporting period, the equity-settled share option reserve, warrant reserve and capital reserve of the Company represents respectively (i) the fair value of the outstanding share options of the Company at the respective grant dates; (ii) premium received on the outstanding warrants of the Company; and (iii) the amount of interest charged on amount due to a shareholder of the Company that was waived as a result of early settlement on the principal balance of the amount due to a shareholder of the Company. The amount waived is considered as a contribution from the equity participant of the Company.

33. SHARE OPTION SCHEME

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

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

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates (as defined under the Listing Rules), are subject to approval by all independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5,000,000, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

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

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

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

33. SHARE OPTION SCHEME (continued)

The following were the movements of share options outstanding under the Scheme during the year ended 31 March 2011:

Name or category of participant	At 1/04/2010 Number	Exercised during the year before Share Consolidation Number (Note 31(i))	Share Consolidation during the year Number	Exercised during the year after Share Consolidation Number (Note 31(iii))	At 31/03/2011 Number	Date of grant of share options	Exercise period of share options	Exercise price of share options HK$
Employees other than directors								
In aggregate*	117,360,000	–	(111,492,000)	–	5,868,000	10/09/2007	10/09/2007 to 09/09/2017	4.452
	39,200,000	(19,600,000)	(18,620,000)	(980,000)	–	04/03/2010	04/03/2010 to 03/03/2020	0.448
	156,560,000	(19,600,000)	(130,112,000)	(980,000)	5,868,000			

* During the year, two directors of the Company had resigned, but remained as directors of a wholly-owned subsidiary of the Company. As at the date of the resignation and 31 March 2011, these former directors own 1,956,000 share options of the Company, as such the amount of share options held by these former directors were reclassified from directors to employees other than directors in the current year.

Note:

The number of share options and exercise prices had been adjusted to reflect the Share Consolidation during the current year.

33. SHARE OPTION SCHEME (continued)

The following were the movements of share options outstanding under the Scheme during the year ended 31 March 2010:

Name or category of participant	At 1/04/2009 Number	Granted during the year Number	Exercised during the year Number (Note 31(i))	At 31/03/2010 Number	Date of grant of share options	Exercise period of share options	Exercise price of share options HK$
Executive directors							
Li Wing Sang	19,560,000	–	–	19,560,000	10/09/2007	10/09/2007 to 09/09/2017	0.2226
	–	9,800,000	–	9,800,000	04/03/2010	04/03/2010 to 03/03/2020	0.0224
Chiu Chi Hong	19,560,000	–	–	19,560,000	10/09/2007	10/09/2007 to 09/09/2017	0.2226
	–	9,800,000	–	9,800,000	04/03/2010	04/03/2010 to 03/03/2020	0.0224
Independent non-executive director							
Yoshinori Suzuki	–	19,560,000	(19,560,000)	–	05/01/2010	05/01/2010 to 04/01/2020	0.0400
Employees other than directors							
In aggregate	78,240,000	–	–	78,240,000	10/09/2007	10/09/2007 to 09/09/2017	0.2226
	–	19,600,000	–	19,600,000	04/03/2010	04/03/2010 to 03/03/2020	0.0224
	117,360,000	58,760,000	(19,560,000)	156,560,000			

At 31 March 2011, the Company had 5,868,000 (2010: 156,560,000) share options outstanding under the Scheme, representing 0.2% (2010: 0.7%) of the Company's issued share capital. The exercise of the entire outstanding share options would, under the capital structure of the Company as at 31 March 2011, result in the issue of 5,868,000 (2010: 156,560,000) additional ordinary shares of HK$0.01 (2010: HK$0.01) each of the Company, additional share capital of HK$59,000 (2010: HK$1,566,000) and additional share premium of HK$26,065,000 (2010: HK$25,437,000) (before issue expense). In addition, amount attributable to the related share options of HK$4,566,000 (2010: HK$4,956,000) would be transferred from equity-settled share option reserve to the share premium account.

33. SHARE OPTION SCHEME (continued)

Valuation of share options

Based on a professional valuation report issued by Vigers, the aggregate fair value of the share options granted during the year ended 31 March 2010 was estimated at HK$859,000 (Note 8) which was recognised as an equity-settled share option expense during the prior year.

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

	5 January 2010	4 March 2010
Exercise price of option	HK$0.0400	HK$0.0224
Spot price of shares	HK$0.0400	HK$0.0210
Expected volatility (%)	74.50	74.90
Risk-free interest rate (%)	2.701	2.683
Expected dividend yield (%)	1.15	1.15

34. WARRANTS

In prior years, the Company entered into two warrant placing agreements with two independent third parties in relation to the private placing of an aggregate of 176,000,000 unlisted warrants ("Warrants"). Each Warrants were issued at the premium price of HK$0.01 each in registered form and entitles the holder thereof to subscribe for fully-paid new ordinary shares of the Company at the initial subscription price of HK$0.08 per share. The aggregate premium, net of issue expense, of HK$1,648,000 was received and credited to warrant reserve in the prior years. During the year ended 31 March 2010, 156,000,000 were converted into ordinary shares of the Company (Note 31(viii)).

In prior years, 391,000,000 Warrants were issued and subscribed by independent investors at a premium price of HK$0.01 each and aggregate premium, net of issue expense, of HK$3,688,000 was received. The amount was credited to warrant reserve. As the Warrants were still not exercised at its expiry date, the aggregate premium, net of issue expense, of HK$3,688,000 previously recognised in warrant reserve was transferred to accumulated losses during the year ended 31 March 2010.

35. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES

(a) Acquisition of a mining right

On 25 May 2009, the Group acquired from Langfeld Vendor the mining right located in Russia and its related assets and liabilities at an aggregate consideration of US$253,000,000 (equivalent to HK$1,973,400,000) through the acquisition of (i) a 90% equity interest in Langfeld, an investment holding company which owns a 70% equity interest in Lapi; and (ii) a 90% of the Langfeld Shareholder Loan. The consideration was satisfied by the issuance of the First Convertible Note of the Company. In the opinion of the directors, this transaction did not constitute a business combination for accounting purpose and therefore was accounted for as an acquisition of assets and liabilities.

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

Pursuant to the Acquisition, the final consideration on the acquisition was subjected to two contingent considerations as follows:

(i) The first contingent consideration of US$32,000,000 (equivalent to approximately HK$249,600,000) was to be settled by way of issuance convertible notes with a principal amount of US$32,000,000 (equivalent to approximately HK$249,600,000) upon the completion of the relevant registration procedures for the exercise of the call option granted by the non-controlling interests of Lapi to enable Langfeld to acquire an additional 10% equity interest in Lapi for a consideration of US$4,000,000 (equivalent to approximately HK$31,200,000). The aggregate consideration of the above convertible notes of US$32,000,000 and exercise price of US$4,000,000 is referred to as the "First Contingent Consideration".

Pursuant to the completion of the sales and purchase agreement dated 23 November 2009 entered into by Langfeld and the non-controlling interests of Lapi to purchase the remaining 30% equity interest in Lapi (the "Additional Acquisition") and a deed of settlement dated 25 November 2009 entered into by the Company, Grandvest, Langfeld Vendor and the sole beneficial owner of Langfeld Vendor (the "Deed of Settlement"), the First Contingent Consideration was substituted by the issuance of the Second Convertible Note. The Additional Acquisition was completed on 12 February 2010 as further details are set out in Note 36. The completion of the Deed of Settlement and the issuance of the Second Convertible Note were subject to the fulfillment of the Group obtaining the New Mining Licence. The New Mining Licence was obtained by the Group during the year and the Second Convertible Note was issued to Langfeld Vendor. Details are set out in Note 17.

35. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of a mining right (continued)

(ii) Another contingent consideration will be payable to the Langfeld Vendor when the following conditions are satisfied; (i) the New Mining Licence is obtained by Lapi and (ii) a technical report is issued by a technical expert confirming that proven reserves and the probable reserves of the subsoil user right for the purpose of exploration and bituminous coal mining in Petrovsky and adjoining lot of Kemerovsky (the "Lot 2 of the Coal Mine") are not less than 12,000,000 tonnes. The second contingent consideration is between a minimum amount of US$255,150,000 (equivalent to HK$1,990,170,000) and a maximum amount of US$550,800,000 (equivalent to HK$4,296,240,000) as shall be calculated in accordance with a set formula (collectively referred to as the "Second Contingent Consideration").

The Second Contingent Consideration will be satisfied by the issue of the Third Convertible Note to be determined by the set formula. In the event that the above conditions are not satisfied, the Second Contingent Consideration shall not be payable. Notwithstanding that the New Mining Licence had been obtained by Lapi, condition (ii) has not been met up to the date of this report, the Second Contingent Consideration has not been recognised as at 31 March 2011. Details are set out in Note 17.

Details of the fair value of net assets acquired on 25 May 2009 in respect of the acquisition of the Langfeld Group were as follows:

	Notes	HK$'000
Net assets acquired:		
Properties, plant and equipment	14	846
Other intangible assets - mining right	16	3,139,584
Other receivables, deposits and prepayments		340
Cash and cash equivalents		1,183
The Langfeld Shareholder Loan		(59,292)
Other payables, accrued expenses and deposits received		(13,450)
Provisions for close down, restoration and environment costs	40	(1,528)
Deferred tax liabilities	30	(1,649)
Net assets acquired		3,066,034
Less: Non-controlling interests		(1,149,176)
		1,916,858
Add: Assignment of 90% of the Langfeld Shareholder loan		53,362
Amount due from Indemnifiers as indemnity to certain liabilities of the Langfeld Group on date of acquisition		12,020
		1,982,240
Consideration satisfied by:		
First Convertible Note issued	28(i)	1,973,400
Direct costs paid for acquisition of subsidiaries		8,840
		1,982,240
Net cash inflow arising from acquisition:		
Cash and cash equivalent balances acquired		1,183
Direct costs paid for acquisition of subsidiaries		(123)
		1,060

35. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES (continued)

(b) Acquisition of a technical know-how

On 3 March 2010, the Group acquired from Grand Farm Development Limited ("Grand Farm"), an independent third party, the technical know-how on vertical farming and its related assets and liabilities through the acquisition of a 70% equity interest in SOFOCO Development Limited ("SOFOCO"), which is an investment holding company and owns a 100% equity interest in SOFOCO (Zhenjiang) Development Limited (collectively referred to as the "SOFOCO Group"). The consideration was HK$50,000,000 and satisfied by way of injection of capital into SOFOCO in cash. The directors considered this transaction did not constitute a business combination for accounting purpose and therefore accounted for as an acquisition of assets and liabilities.

Details of the fair value of net assets acquired in respect of the acquisition of the SOFOCO Group were as follows:

	Notes	HK$'000
Net assets acquired:		
Other intangible assets - technical know-how	16	21,649
Amount due from a non-controlling equity holder of a subsidiary		5
Cash and cash equivalents		5
Other payables, accrued expenses and deposits received		(230)
Net assets acquired		21,429
Capital injection		50,000
		71,429
Less: Non-controlling interest		(21,429)
		50,000
Consideration satisfied by:		
Capital injection		50,000
Net cash inflow arising on acquisition:		
Cash and cash equivalents balances acquired		5

36. PROVISION OF PURCHASE CONSIDERATION PAYABLE FOR ADDITIONAL ACQUSITION AND ACQUISITION OF ADDITIONAL INTERESTS IN A SUBSIDIARY

On 12 February 2010, pursuant to the sales and purchases agreement dated 23 November 2009, Langfeld, a 90% indirectly owned subsidiary of the Company, acquired the remaining 30% equity interest in LLC "Shakhta Lapichevskaya" ("Lapi") held by three Russians for a consideration of US$9,490,000 (equivalent to approximately HK$74,026,000) to be satisfied by payment of cash in four stages (the "Additional Acquisition"). The first and second stage of payments in aggregate amount of US$4,095,000 (equivalent to approximately HK$31,943,000) were made before 31 March 2010. The remaining consideration payable on the Additional Acquisition will be settled in two stages upon the fulfilment of the certain conditions as follow: (i) an amount of US$4,095,000 (equivalent to approximately HK$31,943,000) when the Group obtain the New Mining Licence (the "3rd Adjusted Consideration") and (ii) an amount of US$1,300,000 (equivalent to approximately HK$10,140,000) when the Group obtains the confirmation from the relevant taxation authority in Russia of the taxation liabilities of Lapi (the "4th Adjusted Consideration"). Under the terms of the Additional Acquisition, in the event that the Group could not obtain the New Mining Licence or the confirmation of the taxation liabilities of Lapi, there is no obligation on the Group to settle the remaining consideration of US$5,395,000 (equivalent to HK$42,083,000).

During the current year, the Group obtained the New Mining Licence and accordingly recognised the 3rd Adjusted Consideration as current liabilities as at 31 March 2011. The Group has not settled the 3rd Adjusted Consideration as at the date of this report. As a result, two of the former non-controlling interests of Lapi have taken legal actions against Langfeld for their shares of the 3rd Adjusted Consideration. Details are set out in Note 20. As the Group had not obtained the New Mining Licence and the confirmation of the taxation liabilities of Lapi as at 31 March 2010, the aggregate remaining consideration payable was not recognised but disclosed as capital commitment as at that date.

In the current year, the Group's share of the 3rd Adjusted Consideration in the amount of HK$28,749,000 was debited directly to other reserve in equity. In prior year, the difference of HK$360,254,000 between the share of the net assets of Lapi acquired by the Group as at the date of completion of the Additional Acquisition in the amount of HK$392,197,000 and the consideration paid of HK$31,943,000 was recognised directly in equity as other reserve of the Group.

37. DISPOSAL OF SUBSIDIARIES

On 6 August 2009, the Group entered into a conditional agreement with Billion Master, a company wholly owned by a former executive director of the Company to dispose of the Group's 100% equity interest in Falcon Vision Group and the unsecured and interest-free shareholder's loan it owed (the "Falcon Vision Shareholder Loan") for a consideration of HK$9,600,000, comprising cash of HK$1,920,000 and a promissory note in the principal amount of HK$7,680,000 issued by Billion Master to the Company. Details of the disposal were set out in the Company's announcement dated 6 August 2009. The disposal was completed on 12 August 2009. The cash consideration was fully received and the promissory note was issued to the Company at the completion date of the disposal and fully settled on 9 September 2010. The fair value of the promissory note at the date of issue was HK$6,844,000 (Note 22).

As set out in Note 15, goodwill attributable to the Falcon Vision Group in the amount of HK$19,458,000 was fully impaired in the prior years.

37. DISPOSAL OF SUBSIDIARIES (continued)

The assets and liabilities of Falcon Vision Group on 12 August 2009 were as follows:

	Notes	HK$'000
Net liabilities disposed of:		
Property, plant and equipment	14	10
Interests in associates		14,404
Cash and cash equivalents		553
Other payables, accrued expenses and deposits received		(5,047)
Falcon Vision Shareholder Loan		(23,931)
		(14,011)
Translation reserve realised upon disposal		(2,151)
Contribution surplus realised upon disposal		(918)
Direct costs incurred for the disposal		287
Assignment of the Falcon Vision Shareholder Loan		23,931
Gain on disposal of subsidiaries	6	1,626
		8,764
Consideration satisfied by:		
Cash consideration received in prior year		1,920
Promissory note receivable	22	6,844
		8,764

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	HK$'000
Net cash inflow arising on disposal:	
Cash consideration received	1,920
Cash and cash equivalents disposed of	(553)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	1,367

38. OPERATING LEASE COMMITMENTS

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

At 31 March 2011, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	The Group	
	2011	2010
	HK$'000	HK$'000
Within one year	**6,786**	6,020
In the second to fifth years, inclusive	**4,298**	2,856
Over five years	**335**	–
	11,419	8,876

39. CAPITAL COMMITMENTS, CONTINGENT ASSET AND CONTINGENT LIABILITY

(a) Capital commitment

Details of the capital expenditure contracted for but not provided in the financial statements are as follows:

		The Group	
		2011	2010
	Note	**HK$'000**	HK$'000
Acquisition of additional equity interest of a subsidiary	36	**10,140**	42,083
Property, plant and equipment		**2,002**	9,654

(b) Contingent asset

As at 31 March 2011, contingent asset of the Group represented the New Mining Licence acquired with a total value ranging from US$287,150,000 (equivalent to approximately HK$2,239,770,000) to US$582,800,000 (equivalent to approximately HK$4,545,840,000), further details are set out in Note 17.

(c) Contingent liability

As at 31 March 2011, contingent liability of the Group represented the Third Convertible Note with the principal amount ranging from US$255,150,000 (equivalent to approximately HK$1,990,170,000) to US$550,800,000 (equivalent to approximately HK$4,296,240,000) to be issued for the acquisition of the New Mining Licence, further details are set out in Note 17 and 35(a)(ii).

40. PROVISION FOR CLOSE DOWN, RESTORATION AND ENVIRONMENTAL COSTS

	The Group	
	2011 HK$'000	2010 HK$'000
At beginning of year	**1,617**	–
Acquisition of subsidiaries (Note 35(a))	**–**	1,528
Provision during the year (Note 8)	**170**	–
Exchange realignments	**62**	89
At the end of year	**1,849**	1,617

The provision for close down, restoration and environmental costs, relating to the acquisition of a 90% equity interests in the Langfeld Group is set out in Note 35(a).

Under the existing Russian legislation, management believed that there were no probable liabilities that would have a material adverse effect on the financial position or results of operations of the Group. The Russian government, however, moved and may move further towards the adoption of more stringent environmental standards. Environmental liabilities were subject to considerable uncertainty which affected the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include: (i) the exact nature and extent of the contamination at various sites including, but not limited to, coal mines and land development areas, whether operating, closed or sold, (ii) the extent of required clean-up efforts, (iii) varying costs of alternative remediation strategies, (iv) changes in environmental remediation requirements, and (v) the identification of new remediation sites.

The provision for close down, restoration and environmental clean up costs is determined by management based on their past experience and best estimate of future expenditure by discounting the expected expenditure to their net present value. However, in so far as the effect of the land and the environment from the mining activities becomes apparent in future periods, the estimate of the associated costs may be subject to revision in the future. The amounts provided in relation to close down, restoration and environmental clean-up costs are reviewed at least annually based upon the facts and circumstances available at the time and the provisions were updated accordingly.

41. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Save for those related party transactions disclosed elsewhere in these financial statements, details of transactions between the Group and other related parties are disclosed below.

(a) On 6 August 2009, the Group entered into a conditional agreement to dispose of the Falcon Vision Group to Billion Master, a company wholly owned by a former executive director of the Company, for a total consideration of HK$9,600,000. The disposal was completed on 12 August 2009 and details are set out in Note 37.

41. RELATED PARTY TRANSACTIONS (continued)

(b) On 25 May 2009, the Company and the Langfeld Vendor, a major shareholder of the Company, entered into a loan facility agreement prior to the completion of acquisition of the Langfeld Group, pursuant to which the Langfeld Vendor had made available loan facilities of up to US$70,000,000 to the Company for the development of the coal mine acquired during the period of 24 months commencing from the date of completion of the Acquisition.

On 21 October 2009, the Company and the Langfeld Vendor, a major shareholder of the Company, entered into a new loan facilities letter, pursuant to which the above loan facilities between the Company and the Langfeld Vendor were terminated. Under the new loan facilities letter, the Langfeld Vendor has made available to the Company new loan facilities of up to US$72,000,000 for the purpose of financing the development of the coal mine acquired from the acquisition of the Langfed Group and the acquisition of further equity interest in the Lapi. The new loan facilities are made available to the Company during the period from the effective date of the new loan facilities on 14 December 2009 to the date falling two years from the date the Group obtained the New Mining Licence.

The principal amount drawn under the loan facilities is included in amount due to a shareholder and classified as non-current liabilities as at 31 March 2011 and 2010. The balances are unsecured, interest-bearing at rate of 6-8% per annum and repayable within two to three years from the end of the reporting period. During the year ended 31 March 2010, interest payable on the principal amount drawn under the loan facilities was payable within one year from the end of the reporting period and included as amount due to a shareholder in current liabilities as at 31 March 2010.

During the current year, the Langfeld Vendor agreed to waive a portion of the interest charged in the total of US$964,000 (equivalent to approximately HK$7,522,000) on the amount due in view of the early settlement on the principal loan due to the Langfeld Vendor. The amount of interest waived in substance constituted a contribution from an equity participant of the Company and was credited directly to capital reserve within equity of the Company in the current year (Note 32(c)).

(c) The amounts due from non-controlling interests of subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

(d) Amounts due from related parties represent amount due from a director of the subsidiaries (2010: directors of the subsidiaries). The amounts are unsecured, interest-free and have no fixed terms of repayment. The maximum outstanding balance due from the related parties during the year was HK$2,018,000 (2010: HK$2,241,000).

(e) Amounts due to related parties represent amounts due to certain directors of two subsidiaries (2010: a director of a subsidiary), which are unsecured, interest-free and repayable after 1 year from the end of the reporting period (2010: no fixed term of repayment).

(f) On 1 July 2009, Grandvest, entered into a consultancy agreement for a period of six months with Mr. Choi Sung Min, a shareholder of the Company. A new consultancy agreement was entered into by both parties on 12 January 2010 as an extension of the July 2009 agreement for a period of two years commencing from 1 January 2010. Pursuant to both consultancy agreements, Mr Choi Sung Min is entitled to a monthly consultancy fee of HK$150,000 and shall be responsible for, inter alia, providing business development advice and exploring business opportunities in relation to the current business of the Grandvest and it subsidiaries (the "Grandvest Group") and any other business that may be developed by the Grandvest Group, in particular to solicit the business of coal mining in Russia and coal trading all over the world. The total consultancy fee paid to Mr. Choi Sungmin for the current year amounted to HK$1,800,000 (2010: HK$1,500,000).

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

42. LITIGATIONS

(i) Legal Proceedings Taken By Two Former Shareholders of a Russian Subsidiary Against the Group

During the year and up to the date of this report, each of the two former shareholders of a Russian subsidiary of the Group, namely Tannagashev Ilya Nikolaevich ("1st Claimant") and Demeshonok Konstantin Yur'evich ("2nd Claimant") has submitted a claim for their share of the 3rd Adjusted Consideration (Note 36).

The 1st Claimant is claiming an amount of approximately US$2,323,000 (equivalent to HK$18,119,000) (the "1st Claim") and the 2nd Claimant is claiming an amount of approximately US$1,064,000 (equivalent to HK$8,299,000) (the "2nd Claim") (collectively referred to as the "Claims"). The Central District Court of Kemerovo Region, Russia Federation (the "Central District Court") passed a judgement on 12 January 2011 in favour of the 1st Claimant in respect of the 1st Claim, the Group since launched an appeal against the judgement which was rejected by the Central District Court and the Group is required to settle the 1st Claim. The Group has since launched a cassational appeal against the judgement and lodged a counter claim against the 1st Claimant for compensation of US$5,180,000 (equivalent to approximately HK$40,404,000) with the hearing expected to commence in July 2011. The hearing for the 2nd Claim has not commenced up to the date of this report.

The Group's legal advisors have advised that the legal process for the Claims will take more than twelve months from the date of this report before the Courts of the Russian Federation will pass a final judgement so the Claims will not be settled until at least one year from the date of this report.

As at 31 March 2011, the Group had provided for the full amount of the 3rd Adjusted Consideration of US$4,095,000 (equivalent to HK$31,943,000) under current liabilities (Note 36).

(ii) Civil Proceedings Taken by the Company Against Three Former Directors of the Company

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

As set out in the Company's announcement dated 22 March 2010, the judgment of the High Court delivered on 18 March 2010, inter alia, (i) directed the Company to commence civil proceedings against these three former executive directors of the Company to recover loss attributable to their then mismanagement of the money of the Company in entering into certain transactions for and on behalf of the Group during the period between late 2002 and late 2005; and (ii) ordered that any settlement of this civil action by the Company should be subject to the court's approval.

On 15 April 2010, the Company commenced civil proceedings against these three former executive directors to claim damages in the total sum of approximately HK$18,980,000. In pursuing the proceedings, mediation has been sought with a view to settle the matter according to the Civil Justice Reform. Legal advice from senior counsel has also been sought, and it is advisable for the Company to consider negotiations for settlement for the sake of saving time and legal costs, provided that the ultimate settlement amount is desirable and acceptable. Any settlement arrangement shall be subject to approval by the court.

As at the date of this report, no settlement arrangement has been reached, and given this circumstances, the Company will proceed further with the action against these three former directors.

43. CAPITAL RISK MANAGEMENT

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

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

44. FINANCIAL RISK MANAGEMENT

The main risks arising from the Group's business and financial instruments are market risk (including foreign currency risk, cash flow and fair value interest rate risk and price risk), credit risk and fair value risk. The Group historically has no policy to use derivatives for hedging purposes. The majority of the financial instruments held by the Group are for purposes other than trading.

(a) Market risk

(i) Foreign currency risk

The Group's business operations in the PRC are denominated in the RMB, the business operations in Korea are denominated in the KRW and US$, and the Group's investments are denominated in US$ and RUB. Most of the Group's assets and liabilities are denominated in HK$, US$, RMB, RUB and KRW, which are the functional currencies of the respective group companies. The Group does not expect any significant exposure to foreign currency risks.

The Group currently does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider using hedging instruments in respect of significant foreign currency exposure should the need arise.

(ii) Cash flow and fair value interest rate risk

The Group's interest-rate risk mainly arises from promissory notes and convertible notes. The Group's promissory notes and convertible notes issued at fixed rate expose the Group to fair value interest-rate risk. The Group has no cash flow interest-rate risk as there is no borrowing which bears floating interest rates. The Group historically has not used any financial instrument to hedge potential fluctuation in interest rates.

(iii) Price risk

The Group is also exposed to equity price risk arising from changes in Company's own share price to the extent that the Company's own ordinary shares underlie the fair value of derivative component of convertible notes as further disclosed in Note 28.

If the price of the Company's shares is 10% higher/lower, loss of the Group for the year ended 31 March 2011 would not have any increase/decrease (2010: loss increased by HK$16,031,000/ loss decrease by HK$15,251,000) as a result of the changes in fair value of the derivative component of convertible notes.

The sensitivity analysis above is unrepresentative of the price risk to derivative financial liability as the year end exposure does not reflect the exposure during the year.

44. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk

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

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

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

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

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At the end of reporting period, the Group has a certain concentration of credit risk as 66.1% (2010: 14.2%) and 84.1% (2010: 48.3%) of the total trade receivables are due from the Group's largest debtor and the five largest debtors.

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

(c) Liquidity risk

The Group's policy to manage liquidity risk is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. Due to the dynamic nature of the underlying businesses, the Group maintains a reasonable level of cash and cash equivalents. The Group's primary cash requirements have been for purchases of goods, machinery and equipment and payment of related debts. The Group finances its working capital requirements through funds generated from operations. The management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected future cash flows.

As set out in Note 42(i), the Group's legal advisors have advised that the legal process for the Claims on the 3rd Adjusted Consideration will take more than twelve months from the date of this report to conclude so that the 3rd Adjusted Consideration shall not be settled until at least one year from the date of this report.

44. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

The following table details the remaining contractual maturities at the end of reporting period of the Group's and the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates current at the end of reporting period) and the earliest date the Group and the Company can be required to pay.

The Group

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	On demand HK$'000	Less than 3 months HK$'000	More than 3 months but less than 1 year HK$'000	More than 1 year but less than 5 years HK$'000	More than 5 years HK$'000
2011							
Trade payables	846	846	295	551	–	–	–
Other payables and accrued expenses	9,611	9,611	9,611	–	–	–	–
Amount due to a shareholder	39,470	41,642	–	–	–	41,642	–
Amounts due to related parties	5,905	5,905	–	–	–	5,905	–
Promissory notes payable	156,670	236,555	–	–	–	236,555	–
	212,502	**294,559**	**9,906**	**551**	**–**	**284,102**	**–**
2010							
Trade payables	3,524	3,524	1,543	1,981	–	–	–
Other payables and accrued expenses	12,470	12,470	12,470	–	–	–	–
Convertible notes	406,650	429,000	–	–	–	–	429,000
Amount due to a shareholder	140,504	159,788	–	2,944	6,838	150,006	–
Promissory notes payable	148,330	246,800	–	–	–	5,000	241,800
	711,478	851,582	14,013	4,925	6,838	155,006	670,800

44. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

The Company

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	On demand HK$'000	Less than 3 months HK$'000	More than 3 months but less than 1 year HK$'000	More than 1 year but less than 5 years HK$'000	More than 5 years HK$'000
2011							
Other payables and accrued expenses	2,027	2,027	2,027	–	–	–	–
Amount due to a shareholder	22,392	23,983	–	–	–	23,983	–
Promissory notes payable	154,757	234,200	–	–	–	234,200	–
	179,176	**260,210**	**2,027**	**–**	**–**	**258,183**	**–**
2010							
Other payables and accrued expenses	1,932	1,932	1,932	–	–	–	–
Convertible notes	406,650	429,000	–	–	–	–	429,000
Amount due to a shareholder	125,781	143,258	–	2,539	2,023	138,696	–
Promissory notes payable	144,655	241,800	–	–	–	–	241,800
	679,018	815,990	1,932	2,539	2,023	138,696	670,800

(d) Fair values

The fair values of financial assets and financial liabilities are determined as follow:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions.
- the fair value of derivative instruments, are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for option derivatives.

The Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in these financial statements approximate their corresponding fair values.

HKFRS 7 requires disclosure for financial instruments that are measured at fair value by level of the following fair value measurement hierarchy:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 31 March 2010, the fair values of the Group's conversion options of convertible notes were measure based on Level 3 of the fair value hierarchy as referred above. The movements of the fair value of the Group's conversion options of the convertible notes are set out in Note 28(v).

45. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 March 2011 and 2010 may be categorised as follows:

	2011 HK$'000	2010 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents), measured at amortised cost	**37,045**	87,028
Financial liabilities		
Fair value through profit or loss:		
– Designated upon initial recognition	**–**	(108,005)
Financial liabilities, measured at amortised cost	**(212,502)**	(599,169)

46. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

(a) On 15 April 2011, the Company, Grandvest, Trenaco SA (the "Target") and the shareholders of the Target (the "Vendors"), entered into a conditional agreement under which Grandvest would subscribe for 11,667 new shares of the Target, representing 70% of the enlarged issued share capital of the Target, at a cash consideration of US$15,000,000 (equivalent to approximately HK$117,000,000). Details are set out in the Company's announcement dated 17 April 2011 (collectively referred to as the "Proposed Acquisition"). The principal activities of the Target and its subsidiaries are engaged in trading of various commodities such as coal, base oil, petrochemicals, naphtha and ethanol. The Proposed Acquisition is subject to approval in extraordinary general meeting of shareholders and has not been completed as at the date of this report.

(b) In June 2011, the Company entered into an agreement with Lyceum Partners LLC (the "Investor"), an independent third party, pursuant to which the Company is granted an equity line of credit to require the Investor to subscribe for an aggregate of 568,000,000 new shares of the Company in multiple tranches for a period of three years. The subscription price of the shares is set at 83% of the 5 days average closing share price of the Company within the price fixing period and the subscription price should not be lower than the threshold price of HK$0.09 per share. Details are set out in the circular of the Company dated 30 June 2011.

(c) In June 2011, the Company obtained a written undertaking from each of two major shareholders of the Company to provide continuous financial support to the Company. Each of the major shareholders has agreed to provide a loan facility of up to HK$30,000,000 to the Company repayable on or before 30 September 2012. The Company has utilised US$1,410,000 (equivalent to approximately HK$11,000,000) out of these facilities as at the date of this report.

FINANCIAL SUMMARY

For the year ended 31 March 2011
(Expressed in Hong Kong dollars)

The following is a summary of the published results and of the assets and liabilities of the Group for the five years ended 31 March 2011.

RESULTS

	As at 31 March				
	2011 HK$'000	2010 HK$'000	2009 HK$'000	2008 HK$'000	2007 HK$'000
Turnover	**18,251**	14,660	115,531	120,550	166,429
Loss before tax and non-controlling interests	**(179,656)**	(1,641,250)	(523)	(14,638)	(31,523)
Income Tax	**11,940**	(31)	557	140	(7,831)
(Loss)/profit after tax and before non-controlling interests	**(167,716)**	(1,641,281)	34	(14,498)	(39,354)
Non-controlling interests	**37,299**	673,641	(2,466)	1,677	670
Loss attributable to owners of the Company	**(130,417)**	(967,640)	(2,432)	(12,821)	(38,684)

ASSETS AND LIABILITIES

	As at 31 March				
	2011 HK$'000	2010 HK$'000	2009 HK$'000	2008 HK$'000	2007 HK$'000
Non-current assets	**1,707,365**	1,580,499	224,735	43,858	44,106
Current assets	**40,550**	83,634	31,154	37,495	30,447
Current liabilities	**(45,595)**	(25,223)	(94,573)	(33,180)	(38,962)
Non-current liabilities	**(203,987)**	(701,875)	(15,076)	–	–
Non-controlling interests	**(139,650)**	(174,110)	(21,569)	(1,001)	(2,488)
Equity attributable to owners of the Company	**1,358,683**	762,925	124,671	47,172	33,103