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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2011

HIGHLIGHTS

As compared with financial year 2010:

- Turnover increased 25% from HK$14.7 million to HK$18.3 million.
- Loss after income tax for the year substantially reduced 90% from HK$1,641 million to HK$168 million.
- Net assets value increased 60% from HK$937 million to HK$1,498 million.
- Total liabilities reduced 66% from HK$727 million to HK$250 million.
- Gearing ratio remained at a low level of 2.0%.

* *for identification purpose only*

The board (the "**Board**") of directors (the "**Directors**" and each a "**Director**") of Siberian Mining Group Company Limited (the "**Company**") announces the consolidated financial results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 March 2011, together with the comparative figures for the year ended 31 March 2010, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2011

		Continuing operations		Discontinued operation		Total	
		2011	2010	**2011**	2010	**2011**	2010
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	3	**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	3	**3,055**	1,256	**–**	–	**3,055**	1,256
Other gains and losses	3	**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	4	**(32,128)**	(101,670)	**–**	–	**(32,128)**	(101,670)
Share of results of associates		**–**	–	**–**	276	**–**	276
(Loss)/profit before income tax	5	**(179,656)**	(1,643,112)	**–**	1,862	**(179,656)**	(1,641,250)
Income tax	6	**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	7	**(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)

CONSOLIDATED INCOME STATEMENT *(Continued)*
For the year ended 31 March 2011

	Notes	**Total** **2011**	2010
Loss per share			
From continuing and discontinued operations			
Basic (Hong Kong cents)	*9*	**7.56**	211.75
Diluted (Hong Kong cents)	*9*	**10.69**	211.75
From continuing operations			
Basic (Hong Kong cents)	*9*	**7.56**	212.16
Diluted (Hong Kong cents)	*9*	**10.69**	212.16

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	Continuing operations		Discontinued operation		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'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)

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	*10*	**29,561**	19,671
Prepayments for acquisition of property, plant and equipment		**4,493**	3,925
Goodwill	*11*	**–**	13,210
Other intangible assets	*12*	**1,423,093**	1,536,802
Prepayment for acquisition of additional mining rights	*13*	**249,600**	–
Direct costs for acquisition of possible subsidiaries		**618**	–
Promissory note receivable		**–**	6,891
		1,707,365	1,580,499
Current assets			
Inventories		**432**	450
Trade receivables	*14*	**15,659**	10,619
Other receivables, deposits and prepayments		**12,278**	9,999
Amounts due from non-controlling interests of subsidiaries		**524**	475
Amounts due from related parties		**2,018**	1,943
Cash and cash equivalents		**9,639**	60,148
		40,550	83,634
Current liabilities			
Trade payables	*15*	**846**	3,524
Other payables, accrued expenses and trade deposits received		**11,768**	12,470
Provision of purchase consideration payable for additional acquisition	*19*	**31,943**	–
Amount due to a shareholder		**–**	6,918
Amounts due to related parties		**–**	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 *(Continued)*
As at 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current liabilities			
Convertible notes	16	**–**	406,650
Amount due to a shareholder		**39,470**	133,586
Amounts due to related parties		**5,905**	–
Promissory notes payable	17	**156,670**	148,330
Provision for close down, restoration and environmental costs		**1,849**	1,617
Deferred tax liabilities		**93**	11,692
		203,987	701,875
Net assets		**1,498,333**	937,035
EQUITY			
Share capital	18	**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

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention, as modified for certain financial instruments, which are carried at fair value.

In the current year, the Group has adopted the following new/revised HKFRSs, which in collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by HKICPA that are effective for the current accounting period.

(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 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

1. BASIS OF PREPARATION AND 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.

2. 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 the Russian Federation ("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 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.

2. **SEGMENT INFORMATION** *(Continued)*

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.

(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	Coal trading	Digital television technology services	Corporate and others	Consolidated total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*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)

2. SEGMENT INFORMATION *(Continued)*

(a) Reportable segments *(Continued)*

For the year ended 31 March 2010

	Continuing operations				Discontinued operation	
	Mining	Digital television technology services	Corporate and others	Total	Garment and premium	Consolidated total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'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)

2. SEGMENT INFORMATION *(Continued)*

(a) Reportable segments *(Continued)*

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

	2011	2010
	HK$'000	*HK$'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)

2. **SEGMENT INFORMATION** *(Continued)*

(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	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Continuing operations				
People's Republic of China ("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.

3. 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	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'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	**796**	486	**–**	–	**796**	486
	3,055	1,256	**–**	–	**3,055**	1,256
Other gains and losses:						
Allowance for doubtful trade receivables *(Note 14(ii))*	**(2,956)**	(91)	**–**	–	**(2,956)**	(91)
Impairment loss on goodwill *(Note 11)*	**(13,421)**	(147,682)	**–**	–	**(13,421)**	(147,682)
Impairment loss on other intangible assets *(Note 12)*	**(39,380)**	(1,664,815)	**–**	–	**(39,380)**	(1,664,815)
Impairment loss on property, plant and equipment *(Note 10)*	**(1,555)**	–	**–**	–	**(1,555)**	–
Change in fair value of derivative component of convertible notes *(Note 16(iv))*	**90,271**	910,520	**–**	–	**90,271**	910,520
Loss on modification of convertible notes	**–**	(451,240)	**–**	–	**–**	(451,240)
Gain on disposal of trading securities	**–**	119	**–**	–	**–**	119
Gain on disposal of subsidiaries	**–**	–	**–**	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)

4. FINANCE COSTS

	Continuing operations		Discontinued operation		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest expense on:						
Loan from a shareholder	**6,023**	3,186	**–**	–	**6,023**	3,186
Loan from a former Director	**–**	7	**–**	–	**–**	7
Imputed interest on convertible notes *(Note 16(iv))*	**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

5. (LOSS)/PROFIT BEFORE INCOME TAX

	Continuing operations		Discontinued operation		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
(Loss)/profit before income tax is arrived at after charging:–						
Employees benefit expenses (excluding Directors' remuneration):–						
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	**–**	138	**–**	–	**–**	138
	16,595	10,322	**–**	–	**16,595**	10,322
Amortisation of other intangible assets *(Note 12)**						
– 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 10)**	**734**	687	**–**	4	**734**	691
Equity-settled share option expense to Directors	**–**	721	**–**	–	**–**	721
Auditor's remuneration	**1,815**	1,693	**–**	–	**1,815**	1,693
Provision for close down, restoration and environmental costs	**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).

6. INCOME TAX

(i) Taxation in the consolidated income statement represents:

	Continuing operations		Discontinued operation		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Group:						
Current – Hong Kong						
Charge for the year	**–**	6	**–**	–	**–**	6
Current – Russia and other overseas						
Deferred taxation	**(2,458)**	918	**–**	–	**(2,458)**	918
Current – PRC						
Written back for the year	**(286)**	(82)	**–**	–	**(286)**	(82)
Deferred taxation	**(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.

6. 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

7. 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.

8. DIVIDEND

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

9. 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 18(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	2010
	HK$'000	*HK$'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

9. 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	2010
	HK$'000	*HK$'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.

10. 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	789	–	–	–	57	–	–	846
Disposal of subsidiaries	–	–	(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	–	–	–	–	152	388	151	691
Written off	–	–	–	–	(2)	–	–	(2)
Disposal of subsidiaries	–	–	(470)	–	(681)	(985)	(549)	(2,685)
Exchange realignments	–	–	–	–	1	1	–	2
At 31 March 2010	–	–	–	–	253	503	195	951
Charge for the year	–	–	–	2	161	300	271	734
Impairment loss *(Note 3)*	–	–	–	–	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

11. GOODWILL

The Group

	HK$'000
Cost:	
At 1 April 2009	179,474
Disposal of subsidiaries	(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 3)*	147,682
Disposal of subsidiaries	(19,458)
At 31 March 2010	147,682
Impairment loss *(Note 3)*	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").

11. GOODWILL *(Continued)*

* 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 with reference to a professional valuation report issued by RHL Appraisal Limited, an independent firm of professionally qualified valuers, which is 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 is 20.2% (2010: 22.6%) and 12.1% (2010: 33%), 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 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.

12. 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	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 5)*	126,310	3,244	361	129,915
Impairment loss *(Note 3)*	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 5)*	118,699	2,074	4,420	125,193
Impairment loss *(Note 3)*	–	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

12. 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 are of the opinion that based on the valuation, the mining right associated with the Coal Mining CGU was not impaired compared with its recoverable 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.

12. 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 11, 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 Development Limited ("SOFOCO") and its subsidiaries (collectively referred to as the "SOFOCO Group"), and 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.

13. 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 19 and a deed of settlement (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.

13. PREPAYMENT FOR ACQUISITION OF MINING RIGHTS *(Continued)*

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 announcement.

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 announcement, 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.

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.

14. 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.

14. TRADE RECEIVABLES *(Continued)*

(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 3)*	**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.

(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

14. TRADE RECEIVABLES *(Continued)*

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

	The Group	
	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.

15. 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	2010
	HK$'000	*HK$'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.

16. CONVERTIBLE NOTES AND DERIVATIVES FINANCIAL INSTRUMENTS

The Company and the Group

(i) The First Convertible Note (as defined below)

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 First Convertible Note could be converted 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 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) The Modified First Convertible Note (as defined below)

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. 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 Convertible Note.

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 17) respectively as at 23 February 2010.

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.

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

The Company and the Group *(Continued)*

(iii) The 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 set out in Note 13. The Second Convertible Note could be converted 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 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) Movement of the different components of the convertible notes

		Convertible notes		
		Liability component	**Derivative component**	**Total**
	Notes	*HK$'000*	*HK$'000*	*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	*3*	–	(910,520)	(910,520)
Imputed interest charged	*4*	83,078	–	83,078
Conversion into new shares		(618,478)	(410,097)	(1,028,575)
Derecognition of the First Convertible Note		(501,418)	(43,915)	(545,333)
Recognition of Modified First Convertible Note	*(ii)*	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	*3*	–	(90,271)	(90,271)
Imputed interest charged	*4*	7,442	–	7,442
Conversion into new shares		(530,883)	(42,538)	(573,421)
Carrying amount at 31 March 2011		**–**	**–**	**–**

17. PROMISSORY NOTES PAYABLE

		The Company		The Group	
	Notes	**2011**	2010	**2011**	2010
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
At beginning of the year					
– Modified PN		**144,655**	–	**144,655**	–
– Others		**–**	–	**3,675**	5,320
Issued during the year					
– Modified PN	*(a)*	**–**	161,973	**–**	161,973
Repaid during the year					
– Modified PN	*(a)*	**(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).

18. 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**	2010
			HK$'000	*HK$'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.

18. 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 16, 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 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 an extraordinary 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.

18. SHARE CAPITAL *(Continued)*

Notes: (Continued)

(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 16, after the Capital Reorganisation, the Company's convertible notes with aggregate carrying amount of HK$233,671,000 (representing 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.

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

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 announcement. 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.

19. ACQUISITION OF ADDITIONAL INTERESTS IN A SUBSIDIARY AND PROVISION OF PURCHASE CONSIDERATION PAYABLE FOR ADDITIONAL ACQUISITION *(Continued)*

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.

20. LITIGATION

(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 announcement, 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 19).

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 announcement.

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 announcement 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 announcement.

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 19).

(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 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 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 formally commenced civil proceedings against these three former executive directors to claim damages in the total sum of approximately HK$18.98 million. In pursuing the proceedings, legal advices from senior counsel have 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, and subject to approval by the court. The Company is now in the process of proceeding with negotiations for settlement.

21. 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 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 up to the date of this announcement.

(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 the written undertaking from 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 to the extent of 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 up to the date of this announcement.

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 approximately HK$10.2 million (2010: Nil) of the turnover during the year, while the digital television technology services business recorded a turnover of approximately HK$8.0 million, representing a decrease of 45.6% as compared with the previous year of approximately 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 approximately 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 approximately 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 approximately 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 Russia Federation 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 Kmerovsky (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 that 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 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 customer in Republic of Korea. Although coal trading business was just commenced, this segment did contribute profit of HK$0.3 million (2010: Nil) to the Group.

Digital Television Technology Services

For the year ended 31 March 2011, the Group recorded revenue from digital television technology services of approximately HK$8.0 million (2010: HK$14.7 million), and a loss of approximately HK$62.9 million (2010: HK$160.1 million).

The revenue from digital television technology services accounted for 43.8% (2010: 100%) of the Group's turnover. The decrease in turnover was mainly attributable to (i) vigorous competition in the digital television technology services industry in 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 approximately HK$49.7 million (2010: HK$147.7 million) in total for the year under review.

Geographical

In the year under review, PRC and Korea are the Group's major market segment 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 US "quantitative easing" 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 be benefited from 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, Trenaco SA (the "Target") and the shareholders of the Target (the "Vendors"), entered into a conditional agreement to subscribe 70% of the enlarged issued share capital of the Target at a cash consideration of US$15 million (equivalent to approximately HK$117 million). 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 believe the proposed acquisition, being in line with the Group's investment strategies, could enhance the Group's overall cashflow position. The acquisition has not been completed up to the date of this announcement.

The Group had launched coal trading business with its market preliminary target at Asia Pacific region. Although, coal trading business has 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.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2011, the Group had net current liabilities of approximately 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 approximately 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. The facility letter from Cordia dated 25 May 2009 was revised on 21 October 2009.

During the reporting period, the Company had successfully raised net proceeds of approximately of HK$125.1 million (2010: HK$56.5 million) by six separate placements of totally 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 the general working capital, repayment of non-current liabilities and the investments identified by the Group.

During the year under review, the Group recorded a net cash outflow of approximately HK$51.7 million (2010: net cash inflow of approximately HK$56.1 million), which lowered the total cash and cash equivalents to approximately HK$9.6 million (2009: 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 improve.

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 effect on the operating results of the Group.

Taking into consideration of the significant expenses involved, the Group at present has not 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 the following contingent considerations payable for the acquisition of Lot 2 of Lapi in respect of possible issuance of another convertible note with the principal amount to be determined by an agreed formula (the "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).

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 approximately HK$10.1 million (2010: HK$42.0 million) and property, plant and equipment of approximately 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.

EMPLOYEES AND REMUNERATION POLICIES

As of 31 March 2011, the Group had approximately 76 staff in Hong Kong, the PRC and Russia. The Group's remuneration policy is reviewed periodically and determined largely based on industry practice, company performance, and individual qualifications and performance. Remuneration packages comprised salary, commissions and bonuses based on individual performance.

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.

DIRECTOR'S 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 Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). Having made specific enquiry 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.

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") comprises the three independent non-executive directors ("INEDs") of the Company, chaired by Mr. Tam Tak Wah and the other two members are Mr. Liew Swee Yean and Mr. Young Yue Wing Alvin. The annual results of the Group for the year ended 31 March 2011 have been reviewed by the Audit Committee.

CORPORATE GOVERNANCE PRACTICES

During the year under review, the Company has complied with the code provision of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules 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 A4.1 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 is subject to retirement by rotation and re-election pursuant to the Company's articles of association. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance is no less exacting than those in the Code.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (http://www.hkex.com.hk) and the Company's website (http://www.ilinkfin.net/siberian_mining/) respectively. The annual report of the Company for the year ended 31 March 2011 will be dispatched to the shareholders and will be available on websites of the Stock Exchange and the Company in due course.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to extend our utmost gratitude to our valued customers, suppliers, shareholders and business associates for their continued support for and confidence in the Group. I also wish to express our sincere appreciation to our management and employees for their endeavours and contributions over the year.

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

Hong Kong, 30 June 2011

As at the date of this announcement, the executive Directors are Mr. Lim Ho Sok and Mr. Shin Min Chul, the non-executive Director is Mr. Pang Ngoi Wah Edward and the independent non-executive Directors are Mr. Liew Swee Yean, Mr. Tam Tak Wah and Mr. Young Yue Wing Alvin.