昊天能源集團有限公司
HAO TIAN RESOURCES GROUP LIMITED

(Formerly known as "Winbox International (Holdings) Limited 永保時國際(控股)有限公司")
(Incorporated in the Cayman Island with limited liability)

Stock Code: 00474

Interim Report 2010/11

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CORPORATE INFORMATION

Board of Directors

Mr. Ma Lishan
(Chairman, Chief Executive Officer and Executive Director)
Mr. Fung Ka Pun
(Vice-Chairman and Executive Director)
Mr. Ng Cheuk Fan, Keith
(Executive Director)
Mr. Mak Yiu Tong
(Executive Director)
Ms. Fung Wing Ki, Vicky
(Non-Executive Director)
Dr. Tam Hok Lam, Tommy, *J.P.*
(Independent Non-Executive Director)
Mr. Zhu Yongguang
(Independent Non-Executive Director)
Mr. Chan William
(Independent Non-Executive Director)

Audit Committee

Dr. Tam Hok Lam, Tommy, *J.P.*
(Chairman of Committee)
Mr. Zhu Yongguang
Mr. Chan William

Executive Committee

Mr. Ma Lishan
(Chairman of Committee)
Mr. Fung Ka Pun
Mr. Ng Cheuk Fan, Keith
Mr. Mak Yiu Tong

Remuneration Committee

Mr. Fung Ka Pun
(Chairman of Committee)
Dr. Tam Hok Lam, Tommy, *J.P.*
Mr. Zhu Yongguang

Nomination Committee

Mr. Ma Lishan
(Chairman of Committee)
Dr. Tam Hok Lam, Tommy, *J.P.*
Mr. Zhu Yongguang

Company Secretary

Mr. Yu Tat Chi, Michael

Legal Advisers

Troutman Sanders
34/F, Two Exchange Square
8 Connaught Place, Central
Hong Kong

Guantao Law Firm
17/F, Tower 2
Ying Tai Center
No. 28, Finance Street
Beijing 100140, China

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F One Pacific Place
88 Queensway
Hong Kong

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

Hang Seng Bank Limited
83 Des Voeux Road Central
Hong Kong

Principal Share Registrar and Transfer Office in Cayman Islands

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House, 68 Fort Street
P.O. Box 609, Grand Cayman KY1-1107
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

Registered Office

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

Principal Place of Business in Hong Kong

Unit 4803, 48/F, COSCO Tower
183 Queen's Road Central
Hong Kong

Website

www.haotianhk.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of Hao Tian Resources Group Limited (the "Group"), I hereby present our unaudited interim results for the six months ended 30 September 2010.

Business Review

In the first half of 2010, the effect of financial storm on the global economy diminished. Growth in the Chinese domestic consumption revived every commercial sector in the People's Republic of China ("PRC"). In the early days, the Group was mainly engaged in manufacturing and designing of delicate high-end packaging boxes, but the business was hit by the financial storm. In the beginning of 2010 the Group acquired two quality coal mines located in Wuhai City, Inner Mongolia. Apart from focusing on the mining, washing and sales of coking coal at our existing coal mines, we will actively consider expanding into the more profitable downstream processing business in coal industry.

Business Development

The PRC is now actively promoting the integration and consolidation among coal mines. According to "Notice On Accelerating the Merger and Reorganization Among Coal Mining Enterprise"(《加快推進煤礦企業兼併重組通知》) issued by National Development and Reform Committee ("國家發展和改革委員會"), coal mining enterprises are encouraged to develop advanced productivity and at the same time abandon their backward technical know-how. Shanxi, Inner Mongolia, Henan and Shaanxi, the four major coal producing provinces, are required to shut down obsolete small coal mines, upgrade the technological level of equipment and improve production safety conditions at coal mines through merger and reorganization, and eventually reduce the number of coal mine enterprises. Such policy is aimed to encourage the development of large coal mining enterprises which are internationally competitive and the Group will also benefit from this policy. The Group considers that in the long-term, such policy is positive to the Group. In the short-term, the Group will also consider actively participating in integration and consolidation of coal mines close to our existing coal mines.

At present, to align with the overall corporate strategy, the production capacity of both Mines No. 1 and 4 are to be enhanced through technical improvements. The output of Mine No. 1 will be raised to 600,000 tonnes annually and is expected to be completed in December 2010. Mine No. 4 will construct a new shaft and at the same time, production systems and the surrounding facilities also will be adjusted and optimized so as to further improve the production capacity of the mine and output will be uplifted to 2,400,000 tonnes annually. The geological exploration, construction design, bidding and tendering, and the evaluation and approval by the relevant government departments of all levels are all in progress. The Group estimates that the two coal mines will have an aggregate production capacity of 3,000,000 tonnes by 2012.

The civil and earthwork of the Tianyu Coal Washing Plant has been completed in mid-November 2010. The plant is expected to be completed by the end of 2010 with final inspection and tuning of machinery, with an annual processing capacity of 3,000,000 tonnes. Through the construction of the coal washing plant, the Group aims to expand business into production and sales of washed clean coal that have a much higher profit margin than raw coking coal, so as to increase our profit and broaden our product mix.

In business development, the Group also intends to acquire target coal mine in the Xinjiang Uygur Autonomous Region. The Group considers the proposed acquisition to be an opportunity for the Group to further develop its coal mining business operation and to provide a solid base for the consolidation of coal reserves in enhancing the long-term growth potential of the Group.

Apart from focusing in business expansion and improvement of the business system, as always, the Group regards social responsibility, production safety and environmental protection as utmost importance. The Group believes that, driven by the strong recovery in global economy and the tremendous growth in the PRC's economy, our business will continue to have outstanding performance.

Business Outlook

In the fourth quarter of 2010, the Group will strive to ensure the completion of Mine No. 1 and Tianyu Coal Washing Plant within the year. The Group will simultaneously expedite the construction of technical improvement of Mine No. 4. The Group will comprehensively refine our existing business system and actively explore any acquisition opportunities in other coal mines to continue strengthening our competitiveness. The Group will make every effort in the development of the coal mining and washing business, seize every market opportunity to expand the business scope, and will look for long-term cooperation with downstream steel industries.

The Group will adopt a proactive strategy to develop our core business. By leveraging on the central government's national policy in developing western China and Xinjiang and taking advantage of our efficient networking channels, the Group will actively participate in the development and acquisition of coal resources. At the same time, we are poised to increase the volume of coal resources by proactively participating in the mergers and consolidations of coal resources in places where the Group's mines are located. Based on many years of management experience, we have ground to believe that, with lucid strategic development plan and the opportunity for integration and consolidation within the industry, we will become one of the biggest coking coal enterprises in the PRC in the near future, so as to bring remarkable returns to our shareholders who have been supporting us all the way.

Finally, on behalf of the Board, I would like to express my sincere gratitude to all shareholders for the great support and trust, and to our directors, management and staff for their valuable contribution to the Group during the past six months.

Ma Lishan
Chairman and CEO
Hong Kong, 29 November 2010

INTERIM DIVIDEND

The board of directors (the "Board") does not recommend the payment of an interim dividend for the six months ended 30 September 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

During the six months period ended 30 September 2010, we continued to stay focused as a coal mining developer in Inner Mongolia. We are also pressing ahead with the development of further prospects in Xinjiang during this reporting period.

Despite the delay caused by the March flooding accident occurred at Shenhua Wuhai Luotuoshan Coal Mine in Wuhai City, Inner Mongolia Autonomous Region, we nevertheless managed to commence the construction of the Tianyu coal washing plant and the technical improvement of Mine No. 1 in July 2010 after implementing certain safety measures and satisfying the local authority's safety requirement. In order to catch up with the time lost due to the suspension, we gave our full attention in meeting the construction progress timetable. We also put our focus on the cost and quality of our works and as a result, with our 100% effort, both the Tianyu coal washing plant and the technical improvement of Mine No. 1 are scheduled to be completed at the end of 2010. Moreover, the geological exploration, construction design, bidding and tendering, and the evaluation of Mine No. 4 have been completed and we are in the process of applying for approval of the technical improvement of Mine No. 4 with the relevant government departments. Technical improvement of Mine No. 4 is scheduled to be completed by the end of 2011.

As our coal mining business operation is still at the development stage during the reporting period, there was no revenue contribution made from this business sector. The revenue from Winbox packaging segment declined slightly period-on-period which is in line with the depressed market sentiment resulting from the financial crisis. The loss for the six months period ended 30 September 2010 was HK$82.6 million (2009: Profit of HK$8.7 million). The loss was mainly attributable to non-cash related loss during the reporting period, which was accounting treatment from the negative effect arising from fair value adjustment in derivative component and the recognition of imputed interest expense on the liability component of the convertible notes issued by the Company on 25 January 2010 for the acquisitions. The loss was also attributable to the increase of production cost of sale of plastic and paper boxes for luxury consumer goods.

Business Prospect

Looking ahead, we are intending to acquire a coal mine in Xinjiang. We entered into a non-legally binding MOU on 4 October 2010. Based on the Preliminary Target Mine Report provided by the vendor, the target mine is located in Baicheng County, Aksu Prefecture, Xinjiang Uygur Autonomous Region, the PRC. The target mine has a coal field area of approximately 5.9178 sq. km., with coal resources of approximately 106 million tonnes and recoverable reserves of approximately 51.248 million tonnes. The coal product of the target mine is gas coal and three of its seams are exploitable. The target mine is currently in operation. We consider the proposed acquisition to be an opportunity to further develop our coal mining business operation and to provide a solid base for the consolidation of coal reserves in enhancing the long-term growth potential of the Group.

We are in the progress in completing the Tianyu coal washing plant and the technical improvement of Mine No. 1 within schedule. We expect to commence trial operations in early 2011 and formal operations in March 2011. Revenue will be generated from these operations and thus will greatly improve our cash flow position. With a limited growth in supply and as the steel industry gradually recovers, the demand for domestic coking coal will pick up steadily and coking coal prices will continue to maintain at high level and are expected to continue rising. We are now in negotiations stage on the supply terms with many potential customers. Depending on our production schedule, we will finalize the terms over time prior to the commencement of our operations.

Financial Review

Revenue

For the six months ended 30 September 2010, the Group recorded a revenue derived from sales of plastic and paper boxes for luxury consumer goods of approximately HK$51.2 million, representing a decrease of approximately HK$2.2 million or 4.0% as compared with that of approximately HK$53.4 million for the same period of 2009. The drop in turnover was mainly attributable to the downturn market has not yet been recovered from the outbreak of the financial tsunami in late 2008 in the United States and Europe, and resulting in more cautious orders placed by our customers.

In addition, for the coal mining business of the Group, the coal Mine No. 1 is in the process of various technical and quality improvements in the PRC to reach the operational stage and to attain the safety standard in accordance with the new regulations imposed by the PRC authority. Mine No. 4 is in the process of applying for approval of the technical improvement with the relevant government departments. Accordingly, the Group had no sales of coal during the six months ended 30 September 2010.

Cost of Sales

For the six months ended 30 September 2010, cost of sales was approximately HK$47.0 million, representing an increase of approximately HK$4.1 million or 9.6%, as compared with that of approximately HK$42.9 million for the same period of 2009. The increase was due to (i) the increase in staff costs as a result of the minimum wages enforcement in the PRC; (ii) the increase in raw materials cost due to the RMB appreciation against HKD continually; and (iii) the side effect of production efficiency was associated with moving plant to Dongguan from Shenzhen during the period.

Gross Profit and Gross Profit Margin

As a result of the reasons above, gross profit for the six months ended 30 September 2010 was approximately HK$4.2 million, representing a decrease of approximately HK$6.3 million or 60.0% as compared with that of approximately HK$10.5 million for the same period of 2009. Gross profit margin achieved at 8.2% during the period, representing a decrease from 19.7% for the same period of 2009.

Other income, gain and loss, Change in fair value of investments held for trading and Change in fair value of derivative financial instruments

For the six months ended 30 September 2010, the Group recorded a total net loss of approximately HK$33.0 million (2009: net gain of approximately HK$13.3 million) in other income, gain and loss, change in fair value of investments held for trading and change in fair value of derivative financial instruments. The loss were mainly attributable to (i) the negative effect arising from fair value adjustment in derivative component of the convertible notes issued by the Company on 25 January 2010 for the acquisitions; (ii) the impairment loss recognized in respect of available-for-sale investment; and (iii) the decrease in gain on disposal of available-for-sale investments during the period.

Distribution and Selling Costs

For the six months ended 30 September 2010, distribution and selling costs were approximately HK$1.3 million, representing a decrease of approximately HK$0.1 million or 6.8% as compared with that of approximately HK$1.4 million for the same period of 2009.

Administrative Expenses

For the six months ended 30 September 2010, administrative expenses were approximately HK$33.8 million, representing a substantial increase of approximately HK$20.5 million or 153% as compared that of approximately HK$13.4 million for the same period of 2009. The increase were a result of (i) the non-cash share based payments expenses approximately HK$5.5 million arising from the amortisation of a total 92,900,000 newly granted share options to eligible participants by the Company as disclosed in the announcements during the period and the grants of share options were in line with the development of the Group; (ii) the increase in directors' remuneration and staff costs by approximately HK$5.5 million for the operational needs during the period; and (iii) the increase in rental expenses in Hong Kong, litigation expense associated with the litigation, of details which are set out in heading "Litigation" below, and land use tax in the PRC by approximately HK$5.1 million during the period.

Other Expenses

For the six months ended 30 September 2010, other expenses were approximately HK$5.3 million (2009: Nil) which represented the direct labour costs, depreciation expense, consumables and other direct attributable costs related to the coal mining improvement expenditure in Mine No. 1. The Mine is in the process of various technical and quality improvements to reach the operational stage and to attain the safety standard in accordance with the new regulations imposed by the PRC authority. Accordingly, the Group had no coal production and sales of coal during the six months ended 30 September 2010.

Finance Costs

For the six months ended 30 September 2010, finance costs were approximately HK$13.5 million (2009: Nil), which were mainly attributable to recognition of imputed interest expense of approximately HK$13.1 million on the liability component of the convertible notes issued by the Company on 25 January 2010 for the acquisitions and interest on bank borrowing of approximately HK$0.4 million during the period.

Taxation

For the six months ended 30 September 2010, credit deferred tax was approximately HK$0.15 million (2009: income tax expense: HK$0.34 million), representing the adjustment of deferred tax arising from the amortization of prepaid lease payment in accordance with the tax regulations in the PRC during the period.

Owner's Attributable Loss

As a result of the reasons above, the net loss attributable to the Owners in the period was approximately HK$82.6 million (2009: owner's attributable profit of approximately HK$8.7 million)

Liquidity, Capital Structure and Financial Resources

The Group funds its operations from a combination of internal resources, equity fund raising, financial instruments and bank borrowing. As at 30 September 2010, the Group had cash and cash equivalents of approximately HK$134.0 million (31 March 2010: HK$302.7 million). The Group's working capital decreased to approximately HK$140.5 million from that of approximately HK$235.5 million as at 31 March 2010. Such decreases were mainly due to partial funds were used in Washing Plant construction, and civil and earthwork for Mine No. 4 in the PRC and settlements of other payable expenses. Gearing ratio (a ratio of total borrowings to total assets) as at 30 September 2010 was approximately 13.9%, representing a slight decrease compared that of 15.1% as at 31 March 2010.

The Group has pledged its leasehold land and buildings with carrying value of approximately HK$3.0 million (31 March 2010: HK$3.1 million) to secure the unutilised general banking facilities granted to the Group and no other assets pledged at the day of reporting (31 March 2010: The Group had pledged its leasehold land and buildings with carrying values of approximately HK$12.6 million with deposit placed with the third party amounted to RMB2.0 million (equivalent to approximately HK$2.3 million) to secure the outstanding bank borrowing).

Capital Commitment and Contingent Liabilities

As at 30 September 2010, there was capital commitment of approximately HK$126.7 million (31 March 2010: HK$108.3 million) and HK$343.4 million (31 March 2010: HK$407.8 million) in respect of addition of property, plant and equipment contracted for but not provided in the consolidated financial statements and authorised but not contracted for respectively.

Save as disclosed in this report and the tax audit initiated by the Inland Revenue Department on certain group companies as disclosed in the Annual Report 2009/2010, the Group had no material contingent liabilities as at the close of business on 30 September 2010.

Exposure to Fluctuations in Exchange Rates

The Group's sales are denominated mainly in United States dollars ("USD") and Euro ("EUR"). The Group's purchases and expenses are mostly denominated in Hong Kong dollars ("HKD") and Renminbi ("RMB"), and some in EUR and USD. The Group has certain foreign currency bank balances, investments held for trading, available-for-sale investments and investment in foreign operations, which are exposed to foreign currency exchange risk. As HKD is pegged to USD, the Group does not expect any significant foreign currency exposure arising from the fluctuation of the USD/HKD exchange rates. Therefore, exchange rate fluctuation of foreign currencies against the RMB and EUR may have favourable or adverse effects on the operating results of the Group. Except as disclosed, there was no material change in the Group's position in relation to foreign exchange exposure as disclosed in the Annual Report for the year ended 31 March 2010.

Employee Information

As at 30 September 2010, the Group had a total of approximately 1,600 employees in the PRC, Hong Kong and France. The Group provides a mandatory provident fund scheme for its employees in Hong Kong and the state-managed retirement benefit schemes for its employees in PRC and France. Remuneration packages are reviewed periodically.

The Group has also adopted a share option scheme. During the period, there were share options granted.

Significant Investment, Materials Acquisitions and Disposals

On 4 October 2010, the Company announced that Champ Universe Limited ("Champ Universe"), a wholly owned subsidiary of the Company has entered into a non-legal binding Memorandum of Understanding ("MOU") with Tai Rong, a company wholly owned by Ms. Li Shao Yu, who is a substantial shareholder and connected person of the Company. Pursuant to the MOU, Champ Universe intends to purchase the entire share capital of Venture Path Limited, which owns 拜城温州礦業開發有限公司一礦3號井 (No. 3 decline of Mine One of Baicheng Wenzhou Mining Development Co., Ltd) and is located at Baicheng Country, Aksu Prefecture, Xinjiang Uygur Autonomous Region, the PRC. The consideration for this acquisition is not yet determined.

Further announcement will be made by the Company in the event where a formal sale and purchase agreement in relation to the proposed acquisition has been entered into by the Group.

Litigation

Pursuant to an equity transfer agreement dated 18 August 2007 between Wuhai City Menggang and the then equity-holders of Tianyu Gongmao (the "Original Equity-holders"), Wuhai City Menggang agreed to acquire the entire equity interest in Tianyu Gongmao from the Original Equity-holders at a cash consideration of RMB90 million, of which only RMB45 million has been paid by Wuhai City Menggang. Wuhai City Menggang did not settle the remaining consideration of RMB45 million because there was a dispute over the production capacity of Tianyu Gongmao.

A civil claim was brought by the Original Equity-holders to the PRC court against Wuhai City Menggang and pursuant to the first instance judgment handed down by the Wuhai City Intermediate People's Court（烏海市中級人民法院）in April 2009, Wuhai City Menggang was ordered to pay the remaining consideration of RMB45 million and the breach of contract fixed damages of RMB9 million to the Original Equity-holders. Wuhai City Menggang appealed to the Inner Mongolia Autonomous Region Superior People's Court（內蒙古自治區高級人民法院）against the first instance judgment.

Upon the application of the Original Equity-holders, the Wuhai City Intermediate People's Court（烏海市中級人民法院）handed down the Civil Judgment (Wu Zhong Fa (2008) Min Yi Chu Zi No. 30)（烏中法(2008)民一初字第30號）on 19 January 2009 to freeze the entire equity interests in Tianyu Gongmao held by Wuhai City Menggang pending the outcome of the case. Pursuant to such order, Wuhai City Menggang would not be allowed to transfer or pledge its interest in, or receive any dividend from Tianyu Gongmao. The operation of Wuhai City Menggang and its subsidiaries however was not affected by such order or the litigation.

On 26 January 2010, Inner Mongolia Autonomous Region Superior People's Court（內蒙古自治區高級人民法院）handed down the second instance judgment to reject the appeal of Wuhai City Menggang and upheld the first instance judgment. Wuhai City Menggang settled the case with the original equity holders by fulfilling the orders set out in the judgment in August 2010. As a result, the entire equity interest in Tianyu Gongmao held by Wuhai City Menggang, which were frozen upon the application of the original equity holders, have been released by the Wuhai City Intermediate People's Court（烏海市中級人民法院）on 26 August 2010.

In addition, the total litigation expenses associated with court order are of approximately RMB2.94 million, an increase of approximately RMB1.49 million compared with that of approximately RMB1.45 million in the Annual Report for the year ended 31 March 2010. The additional litigation expense was charged to the income statement for the six months ended 30 September 2010, but it would be indemnified by US$2.33 million convertible notes pledged to the Company by the vendor. The above settlement would not have any material impact on the financial position of the Group as a whole.

DISCLOSURE OF INTERESTS

Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares of the Company and its Associated Corporations

As at 30 September 2010, the interests of the Directors or their associates in shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the "Model Code"), were as follows:

Long Positions in ordinary shares and underlying shares of the Company

Name of Director	Capacity	Nature of Interest	Number of shares of the Company held	Number of underlying shares of the Company held	Total	Approximate percentage of total issued share capital
Ma Lishan	Interest of a controlled corporation	Corporate interest	393,953,697 (Note 1)	497,916,866 (Note 1)		
	Beneficial owner	Personal interest		20,000,000 (Note 4)	911,870,563	50.14%
Fung Ka Pun	Beneficial owner	Personal interest	519,082	20,240,000 (Note 4)		
	Interest of a controlled corporation	Corporate interest	22,187,594 (Note 2)			
	Beneficiary of trust	Other interest	80,000,000 (Note 3)			
	Interest of spouse	Spouse interest	3,444,313		126,390,989	6.95%
Ng Cheuk Fan, Keith	Beneficial owner	Personal interest	–	5,000,000 (Note 4)	5,000,000	0.27%
Mak Yiu Tong	Beneficial owner	Personal interest	–	2,000,000 (Note 4)	2,000,000	0.11%
Fung Wing Ki, Vicky	Beneficial owner	Personal interest	2,337,262	2,000,000 (Note 4)		
	Beneficiary of trust	Other interest	80,000,000 (Note 3)		84,337,262	4.64%
Dr. Tam Hok Lam, Tommy, *J.P.*	Beneficial owner	Personal interest	400,000		400,000	0.02%

Notes:

1. Ma Lishan has controlling interest in Real Power Holdings Limited, which is beneficially owned as to 25% by China Capital Group Limited and 75% by TRXY Development (HK) Limited. China Capital Group Limited is beneficially owned as to 40% by Ma Lishan. As at 30 September 2010, Real Power Holdings Limited held 393,953,697 shares in the Company, representing approximately 21.66% of the issued share capital of the Company. As at 30 September 2010, Real Power Holdings Limited was also interested in convertible notes issued by the Company on 25 January 2010 in the aggregate principal amount of US$56,529,633.57 which were convertible into 497,916,866 shares, representing approximately 27.38%.

2. Fung Ka Pun has beneficial interests in Bo Hing Limited ("Bo Hing") and Goodwill International (Holdings) limited, which was interested in 5,582 shares and 22,182,012 shares in the Company as at 30 September 2010, representing approximately 1.22% of the issued share capital of the Company.

3. The two references to 80,000,000 shares relate to the same block of shares held by Gainbest Investments Limited ("Gainbest") which is a company wholly owned by HSBC International Trustee Limited as the trustee of a discretionary trust set up by Fung Ka Pun, of which the discretionary objects include but not limited to Choi Hon Hing, Fung Wing Ki, Vicky and Fung Wing Yee, Wynne.

4. These interests represented the interests in underlying shares in respect of share options granted by the Company to these Directors as beneficial owners under the Share Option Scheme ("Post-Listing Scheme") adopted on 16 May 2006, the details of which are set out in the details of movements in the share options on note 20 to the condensed financial statements.

Other than as disclosed above, as at 30 September 2010, none of the Directors or their associates had any interests or short positions in any shares, underlying shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the Register required to be kept under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Option Scheme

Particulars of the Company's share option schemes and details of movements in the share options are set out in note 20 to the condensed consolidated financial statements.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company

As at 30 September 2010, the following entities have interests or short positions of 5% or more in the shares and underlying shares of the Company which were recorded in the Register of Substantial Shareholders maintained under Section 336 of the SFO or had otherwise notified to the Company:

Name	Number of shares of the Company held	Number of underlying shares of the Company held	Capacity	Total	Approximate percentage of total issued share capital
TRXY Development (HK) Limited	146,216,443	167,570,985 (Note 1)	Beneficial owner		
	393,953,697 (Note 2)	497,916,866 (Note 2)	Interest of a controlled corporation	1,205,657,991	66.29%
Li Shao Yu	540,170,140 (Note 3)	665,487,851 (Note 3)	Interest of controlled corporations		
		19,000,000 (Note 6)	Beneficial owner	1,224,657,991	67.34%
Real Power Holdings Limited	393,953,697	497,916,866 (Note 2)	Beneficial owner	891,870,563	49.04%
Choi Hon Hing	3,444,313		Personal interest		
	5,582 (Note 5)		Interest of a controlled corporation		
	80,000,000 (Note 4)		Beneficiary of trust		
	22,701,094	20,240,000 (Note 6)	Spouse interest	126,390,989	6.95%
UBS AG	9,434,000		Beneficial owner		
	112,324,000		Interest of controlled corporations	121,758,000	6.69%
Big Wish Investments Limited	144,300,000	1,040,743,227	Beneficial owner	1,185,043,227 (Note 7)	65.16%
CCB Financial Holdings Limited	144,300,000	1,040,743,227	Interest of a controlled Corporation	1,185,043,227 (Note 7)	65.16%
CCB International (Holdings) Limited	144,300,000	1,040,743,227	Interest of a controlled Corporation	1,185,043,227 (Note 7)	65.16%
CCB International Asset Management Limited	144,300,000	1,040,743,227	Interest of a controlled Corporation	1,185,043,227 (Note 7)	65.16%

Name	Number of shares of the Company held	Number of underlying shares of the Company held	Capacity	Total	Approximate percentage of total issued share capital
CCB International Assets Management (Cayman) Limited	144,300,000	1,040,743,227	Interest of a controlled Corporation	1,185,043,227 (Note 7)	65.16%
CCB International Group Holdings Limited	144,300,000	1,040,743,227	Interest of a controlled Corporation	1,185,043,227 (Note 7)	65.16%
Central Huijin Investment Ltd	144,300,000	1,040,743,227	Interest of a controlled Corporation	1,185,043,227 (Note 7)	65.16%
China Construction Bank Corporation	144,300,000	1,040,743,227	Interest of a controlled Corporation	1,185,043,227 (Note 7)	65.16%
Kingston Finance Limited	394,897,526 (Note 8)	–	Beneficial owner	394,897,526	21.71%
Ample Cheer Limited	394,897,526 (Note 8)	–	Interest of a controlled Corporation	394,897,526	21.71%
Best Forth Limited	394,897,526 (Note 8)	–	Interest of a controlled Corporation	394,897,526	21.71%
Chu Yuet Wah	394,897,526 (Note 8)	–	Interest of a controlled Corporation	394,897,526	21.71%

Notes:

1. As at 30 September 2010, TRXY Development (HK) Limited was interested in convertible notes in the aggregate principal amount of US$19,024,714.79, which were convertible into 167,570,985 shares, representing approximately 9.21% of the issued share capital of the Company.

2. TRXY Development (HK) Limited has controlling interest in Real Power Holdings Limited, which held 393,953,697 shares in the Company as at 30 September 2010, representing approximately 21.66% of the issued share capital of the Company. As at 30 September 2010, Real Power Holdings Limited was also interested in convertible notes issued by the Company on 25 January 2010 in the aggregate principal amount of US$56,529,633.57 which were convertible into 497,916,866 shares, representing approximately 27.38% of the issued share capital of the Company

3. Li Shao Yu has controlling interest in TRXY Development (HK) Limited which, in turn, has controlling interest in Real Power Holdings Limited.

4. These 80,000,000 shares are held by Gainbest Investments Limited which is a company wholly owned by HSBC International Trustee Limited as the trustee of a discretionary trust set up by Fung Ka Pun, the spouse of Choi Hon Hing, of which the discretionary objects include but not limited to Choi Hon Hing, Fung Wing Ki, Vicky and Fung Wing Yee, Wynne.

5. Choi Hon Hing has beneficial interests in Bo Hing which was interested in 5,582 shares in the Company as at 30 September 2010, representing approximately 0.00% of the issued share capital of the Company.

6. These interests represented the interests in underlying shares in respect of share options granted by the Company under the Post-Listing Scheme adopted on 16 May 2006, the details of which are set out in the details of movements in the share options in note 20 to the condensed financial statements.

7. The eight references to 1,185,043,227 shares related to the same block of shares. Big Wish Investments Limited was beneficial owner of these shares and underlying shares in the Company. Big Wish Investments Limited is a wholly-owned subsidiary of CCB International Asset Management Limited ("CCBIAM"), in return, CCBIAM is a wholly-owned subsidiary of CCB International Assets Management (Cayman) Limited which in turn is a wholly-owned subsidiary of CCB International (Holdings) Limited. CCB International (Holdings) Limited is a wholly-owned subsidiary of CCB Financial Holdings Limited which in turn is wholly-owned by CCB International Group Holdings Limited. CCB International Group Holdings Limited is a wholly-owned subsidiary of China Construction Bank Corporation which in turn 57.09% of its interest is owned by Central Huijin Investment Limited. Accordingly, CCBIAM , CCB International Assets Management (Cayman) Limited, CCB International (Holdings) Limited, CCB Financial Holdings Limited, CCB International Group Holdings Limited, China Construction Bank Corporation and Central Huijin Investment Limited are deemed to be interested in these shares and underlying shares held in the Company by virtue of the provisions of the SFO.

8. The four references to 394,897,526 shares related to the same block of shares. Kingston Finance Limited was beneficial owner of these shares in the Company. Kingston Finance Limited is a wholly-owned subsidiary of Ample Cheer Limited,which in return 80% of its interest is owned by Best Forth Limited, in turn, Chu Yuet Wah has controlling interest in Best Forth Limited. Accordingly, Ample Cheer Limited, Best Forth Limited and Chu Yuet Wah are deemed to be interested in these shares held in the Company by virtue of the provisions of the SFO.

Other than as disclosed above, as at 30 September 2010, no person (other than Directors) has interests or short positions in the shares and underlying shares of the Company which were recorded in the Register of Substantial Shareholders maintained under Section 336 of the SFO.

Compliance with Code on Corporate Governance Practices of the Listing Rules

The Company is committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize on a quality board of Directors (the "Board"), sound internal control, transparency and accountability to all shareholders of the Company.

For the six months ended 30 September 2010, here is no deviation from the Corporate Governance Report as contained in the Annual Report of the Company for year ended 31 March 2010. Throughout the six months ended 30 September 2010, the Company has applied the principles of the Code on Corporate Governance Practices (the "CG Code"), as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company has complied with the CG Code, save for the deviation from Code Provision A.2.1 of the CG Code.

Code Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The Company does not separate the roles of the chairman and chief executive officer. For the six months ended 30 September 2010, Mr. Ma Lishan, the Chairman, who is also the chief executive officer, (both positions were appointed on 1 September 2010), is responsible for the overall control and management of the Company and the Group. The Company considered that the combination of the roles of chairman and chief executive officer could promote the efficient formulation and implementation of the Company's strategies which would enable the Group to capture business opportunities efficiently and promptly. The Company considered that through the supervision of its Board and its Independent Non-Executive Directors, a balancing mechanism exists so that the interests of the shareholders of the Company have been adequately represented. However, the Board will review the existing structure from time to time.

Compliance with the Model Code

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 as its own code of conduct regarding directors' securities transaction. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the period and they all confirmed having fully complied with the required standard set out in the Model Code.

Change of Director's Information Under Rule 13.51B(1) of the Listing Rules

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in director's information of the Company since the date of the 2010 annual report is as follows:

Mr. Ng Cheuk Fan, Keith, an Executive Director of the Company, was appointed as an executive director of New Environmental Energy Holdings Limited, a company listed on the Main Board of the Stock Exchange, on 16 August 2010.

Purchase, Sale or Redemption of the Company's Shares

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 30 September 2010.

Refreshment of General Mandate

On 25 November 2010, an ordinary resolution to approve the proposed refreshment of General Mandate was duly passed by way of poll in the Extraordinary General Meeting ("EGM"). The refreshment of general mandate granted the Directors the authority to allot, issue and deal with new Shares with an aggregate nominal amount of not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the EGM.

Audit Committee

The Company established an Audit Committee on 16 May 2006 with reference to "A Guide for the Formation of an Audit Committee" published by the Hong Kong Institute of Certificate Public Accountants. The terms of reference of the Audit Committee are consistent with the provisions as set out in the CG Code and are available on the Company's website.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed the internal controls and financial reporting matters including a review of the unaudited condensed consolidated interim financial statements for the six months ended 30 September 2010 with the directors and external auditors.

By order of the Board
Ma Lishan
Chairman and CEO

Hong Kong, 29 November 2010

Deloitte.
德勤

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TO THE BOARD OF DIRECTORS OF
HAO TIAN RESOURCES GROUP LIMITED
昊天能源集團有限公司
(FORMERLY KNOWN AS WINBOX INTERNATIONAL (HOLDINGS) LIMITED
永保時國際(控股)有限公司)
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 25 to 56, which comprises the condensed consolidated statement of financial position of Hao Tian Resources Group Limited (the "Company") and its subsidiaries as of 30 September 2010 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of 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.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquires, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29 November 2010

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2010

	NOTES	**Six months ended 30 September** **2010** **HK$'000** **(unaudited)**	2009 HK$'000 (unaudited)
Revenue	3	**51,197**	53,354
Cost of sales		**(46,989)**	(42,856)
Gross profit		**4,208**	10,498
Other income, gain and loss	5	**(2,888)**	9,450
Distribution and selling costs		**(1,272)**	(1,365)
Administrative expenses		**(33,817)**	(13,365)
Other expenses	6	**(5,285)**	–
Change in fair value of investments held for trading		**(132)**	3,813
Change in fair value of derivative financial instruments		**(30,021)**	–
Finance costs	7	**(13,532)**	–
(Loss) profit before taxation		**(82,739)**	9,031
Taxation	8	**149**	(335)
(Loss) profit for the period attributable to owners of the Company	9	**(82,590)**	8,696

	NOTES	Six months ended 30 September 2010 HK$'000 (unaudited)	2009 HK$'000 (unaudited)
Other comprehensive income			
Exchange differences arising on translation		**11,980**	3,150
Fair value changes on available-for-sale investments		**(828)**	7,404
Impairment recognition in respect of available-for-sale investments		**–**	13
Transfer to profit or loss on disposal of available-for-sale investments		**–**	(6,738)
Other comprehensive income for the period attributable to owners of the Company		**11,152**	3,829
Total comprehensive (expense) income for the period attributable to owners of the Company		**(71,438)**	12,525
(Loss) earnings per share	11		
Basic		**(HK4.56 cents)**	HK2.10 cents
Diluted		**(HK4.56 cents)**	HK2.08 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2010

	NOTES	**30.9.2010 HK$'000 (unaudited)**	31.3.2010 HK$'000 (audited) (restated)
Non-current assets			
Property, plant and equipment	12	**144,589**	69,990
Prepaid lease payments	12	**26,154**	26,111
Investment property	12	**1,041**	1,058
Mining rights		**1,914,127**	1,903,116
Available-for-sale investments		**8,992**	21,457
Deposit paid for acquisition of property, plant and equipment		**81,151**	79,286
Deferred tax asset	13	**205**	205
		2,176,259	2,101,223
Current assets			
Inventories		**29,406**	21,189
Trade and bills receivables	14	**23,177**	9,314
Other receivables, deposits and prepayments		**12,114**	10,216
Investments held for trading		**171**	303
Prepaid lease payments	12	**1,106**	1,081
Tax recoverable		**2,018**	1,641
Restricted bank deposits	15	**–**	54,586
Bank balances and cash		**133,966**	302,671
		201,958	401,001

	NOTES	30.9.2010 HK$'000 (unaudited)	31.3.2010 HK$'000 (audited) (restated)
Current liabilities			
Trade payables	16	**13,578**	5,901
Other payables, deposits received and accruals		**36,526**	148,485
Bank borrowing		**9,294**	9,080
Tax payable		**2,060**	2,078
		61,458	165,544
Net current assets		**140,500**	235,457
Total assets less current liabilities		**2,316,759**	2,336,680
Non-current liabilities			
Retirement benefits obligations		**1,160**	1,138
Convertible notes	17	**321,574**	369,294
Embedded derivatives	17	**348,777**	392,765
Deferred tax liabilities	13	**477,781**	475,201
		1,149,292	1,238,398
Net assets		**1,167,467**	1,098,282
Capital and reserves			
Share capital	18	**90,935**	84,309
Reserves		**1,076,532**	1,013,973
Total equity		**1,167,467**	1,098,282

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2010

	Share capital HK$'000	Share premium HK$'000	Statutory surplus reserve HK$'000 (note a)	Share options reserve HK$'000	Asset revaluation reserve HK$'000	Special reserve HK$'000 (note b)	Translation reserve HK$'000	Accumulated losses HK$'000	Total attributable to owners of the Company HK$'000
Six months ended 30 September 2010									
At 1 April 2010 (audited)	84,309	1,337,384	3,539	470	2,639	(5,754)	9,501	(333,806)	1,098,282
Loss for the period	–	–	–	–	–	–	–	(82,590)	(82,590)
Exchange difference arising on translation	–	–	–	–	–	–	11,980	–	11,980
Fair value changes on available-for-sale investments	–	–	–	–	(828)	–	–	–	(828)
Total comprehensive (expense) income for the period	–	–	–	–	(828)	–	11,980	(82,590)	(71,438)
Issue of new shares due to exercise of share options	20	446	–	(151)	–	–	–	–	315
Issue of new shares upon conversion of convertible notes	6,606	128,205	–	–	–	–	–	–	134,811
Transfer upon forfeiture of share options	–	–	–	(124)	–	–	–	124	–
Recognition of equity-settled share-based payments	–	–	–	5,497	–	–	–	–	5,497
At 30 September 2010 (unaudited)	90,935	1,466,035	3,539	5,692	1,811	(5,754)	21,481	(416,272)	1,167,467

	Share capital HK$'000	Share premium HK$'000	Statutory surplus reserve HK$'000 (note a)	Share options reserve HK$'000	Asset revaluation reserve HK$'000	Special reserve HK$'000 (note b)	Translation reserve HK$'000	Accumulated profits HK$'000	Total attributable to owners of the Company HK$'000
Six months ended 30 September 2009									
At 1 April 2009 (audited)	20,574	5,071	2,281	2,664	1,916	(5,754)	8,456	141,889	177,097
Profit for the period	–	–	–	–	–	–	–	8,696	8,696
Exchange difference arising on translation	–	–	–	–	–	–	3,150	–	3,150
Fair value changes on available-for-sale investments	–	–	–	–	7,404	–	–	–	7,404
Impairment recognition in respect of available-for-sale investments	–	–	–	–	13	–	–	–	13
Transfer to profit or loss on disposal of available-for-sale investments	–	–	–	–	(6,738)	–	–	–	(6,738)
Total comprehensive income for the period	–	–	–	–	679	–	3,150	8,696	12,525
Issue of new shares due to exercise of share options	462	4,760	–	(2,430)	–	–	–	–	2,792
Final dividend for 2008/09 paid (note 10)	–	–	–	–	–	–	–	(5,028)	(5,028)
Recognition of equity-settled share-based payments	–	–	–	191	–	–	–	–	191
At 30 September 2009 (unaudited)	21,036	9,831	2,281	425	2,595	(5,754)	11,606	145,557	187,577

Notes:

(a) As stipulated by the relevant laws and regulations of the People's Republic of China ("PRC"), before distribution of the net profit each year, a subsidiary, Winbox Plastic Manufacturing (Shenzhen) Company Limited ("Winbox Plastic Manufacturing (Shenzhen)") established in the PRC shall set aside 10% of its net profit after taxation for the statutory surplus reserve. The reserve fund can only be used, upon approval by the board of directors of Winbox Plastic Manufacturing (Shenzhen) and by the relevant authority, to offset accumulated losses or increase capital.

(b) Special reserve of HK$5,754,000 represents the difference between the nominal amount of share capital issued by Winbox (BVI) Limited and the Company and the nominal amount of the share capital of the acquired subsidiaries and Winbox (BVI) Limited respectively arisen from group reorganisations occurred in prior years.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2010

	Six months ended 30 September	
	2010	2009
	HK$'000	HK$'000
	(unaudited)	(unaudited)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(50,646)**	30,220
NET CASH USED IN INVESTING ACTIVITIES		
Interest received	**28**	591
Dividends received from available-for-sale investments	**–**	239
Purchase of property, plant and equipment	**(72,647)**	(1,184)
Sales proceeds from disposal of available-for-sales investments	**7,711**	17,767
Purchase of available-for-sale investments	**–**	(613)
Deposit paid for acquisition of subsidiaries	**–**	(60,000)
	(64,908)	(43,200)
NET CASH USED IN FINANCING ACTIVITIES		
Dividend paid	**–**	(5,028)
Interest paid	**(450)**	–
Issuance of new shares	**315**	2,792
Settlement of Indemnity Obligations (as defined in note 15)	**(54,586)**	–
	(54,721)	(2,236)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(170,275)**	(15,216)
CASH AND CASH EQUIVALENTS AT 1 APRIL	**302,671**	54,659
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**1,570**	1,243
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER, REPRESENTED BY		
Bank balances and cash	**133,966**	40,686

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2010

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Laws 3 of 1961, as consolidated and revised) of the Cayman Islands.

Pursuant to the special resolution of the Company dated 7 May 2010, the name of the Company has been changed from Winbox International (Holdings) Limited to Hao Tian Resources Group Limited with effect from 7 May 2010.

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of its subsidiaries include (i) development of underground coking coal mine, coal production and sale of coal; and (ii) manufacturing and sale of quality plastic and paper boxes for luxury consumer goods.

The Group's condensed consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments which are measured at fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 March 2010, except as described below.

In the current interim period, the Group has applied, for the first time, the following revised standards, amendments and interpretation issued by the HKICPA, which are effective for the Group's financial year beginning on 1 April 2010.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and separate financial statements
HKAS 32 (Amendment)	Classification of rights issues
HKAS 39 (Amendment)	Eligible hedged items
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions
HKFRS 3 (Revised)	Business combinations
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners

HKFRS 3 (Revised) "Business Combinations" & HKAS 27 (Revised) "Consolidated and Separate Financial Statements"

The Group applies HKFRS 3 (Revised) "Business combinations" prospectively to business combinations for which the acquisition date is on or after 1 April 2010. The requirements in HKAS 27 (Revised) "Consolidated and separate financial statements" in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 April 2010.

As there was no transaction during the current interim period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Amendment to HKAS 17 "Leases"

As part of Improvements to HKFRSs issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, lessees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendment has removed such a requirement. Instead, the amendment requires the classification of leasehold land to be based on the general principles set out in HKAS 17, that is whether or not substantially all risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions of HKAS 17 "Leases", the Group reassessed the classification of land elements of unexpired leases at 1 April 2010 based on information which existed at the inception of these leases. Leasehold lands which met finance lease classification have been reclassified from prepaid lease payment to property, plant, and equipment retrospectively. The application of this amendment has no significant financial impact to the Group's profit for the current and prior periods.

The effect of changes in accounting policies described above on the financial position of the Group as at 1 April 2009 and 31 March 2010 is as follows:

	As at 1.4.2009 (originally stated)	Adjustments	As at 1.4.2009 (restated)	As at 31.3.2010 (originally stated)	Adjustments	As at 31.3.2010 (restated)
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Property, plant and equipment	14,847	2,643	17,490	67,415	2,575	69,990
Prepaid lease payments	3,382	(2,643)	739	29,767	(2,575)	27,192
Total effects on net assets	18,229	–	18,229	97,182	–	97,182

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Amendment to HKAS 17 "Leases" *(Continued)*

The adoption of the other revised standards, amendments and interpretation has had no material effect on the reporting results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKAS 24 (Revised)	Related party disclosures[3]
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters[2]
HKFRS 7 (Amendment)	Disclosures – Transfers of financial assets[4]
HKFRS 9	Financial instruments[5]
HK(IFRIC) – INT 14 (Amendment)	Prepayments of a minimum funding requirement[3]
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments[2]

1 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.

2 Effective for annual periods beginning on or after 1 July 2010.

3 Effective for annual periods beginning on or after 1 January 2011.

4 Effective for annual periods beginning on or after 1 July 2011.

5 Effective for annual periods beginning on or after 1 January 2013.

Other than the application of HKFRS 9 "Financial Instruments" which might affect classification and measurement of the Group's financial assets, the directors of the Company anticipate that the application of the other new and revised standards, amendments and interpretations will have no material effect on the results and financial position of the Group.

3. REVENUE

Revenue represents the amounts received and receivable for goods sold by the Group to outside customers, less sales tax during the period.

4. SEGMENT INFORMATION

The Group's chief operating decision maker makes its decision on allocation of resources and assessment of performance based on the operation of individual subsidiary or group of subsidiaries. In the prior period, the Group's principal activity is manufacturing and sale of quality plastic paper boxes for luxury consumer goods and the directors considered that the sale of plastic and paper boxes for luxury consumers goods could be divided into two operating segments, based on two different group of subsidiaries.

On 25 January 2010, the Group acquired subsidiaries which mainly engage in developing of underground coking coal mine, coal production and sale of coal in the PRC. The directors of the Company considered the acquired subsidiaries as a separate operating segment, as a result, an additional segment on coal mining operation has been presented.

(a) Sale of plastic and paper boxes for luxury consumer goods:

(i) France Operation – Dardel S.A.S.

(ii) China Operation – Winbox Company Limited, Winbox Plastic Manufacturing (Shenzhen), First Light Investments Limited and Winpac Trading Co. Limited

(b) Developing of underground coking coal mine, coal production and sale of coal:

(iii) Coal Mining Operation – Tianyu Coal Company Limited and Tianyu Gongmao Company Limited

4. SEGMENT INFORMATION *(Continued)*

Information regarding the above segments is reported below:

For the six months ended 30 September 2010

	Sale of plastic and paper boxes for luxury consumer goods			
	France Operation HK$'000 (unaudited)	China Operation HK$'000 (unaudited)	Coal Mining Operation HK$'000 (unaudited)	Consolidated HK$'000 (unaudited)
Revenue	11,495	39,702	–	51,197
Segment results	(215)	(8,435)	(12,207)	(20,857)
Other income, gain and loss				(2,888)
Central administration costs				(15,309)
Change in fair value of investments held for trading				(132)
Change in fair value of derivative financial instruments				(30,021)
Finance costs				(13,532)
Loss before taxation				(82,739)

4. SEGMENT INFORMATION *(Continued)*

For the six months ended 30 September 2009

	Sale of plastic and paper boxes for luxury consumer goods			
	France Operation HK$'000 (unaudited)	China Operation HK$'000 (unaudited)	Coal Mining Operation HK$'000 (unaudited)	Consolidated HK$'000 (unaudited)
Revenue	11,404	41,950	–	53,354
Segment results	(745)	4,498	–	3,753
Other income, gain and loss				9,450
Central administration costs				(7,985)
Change in fair value of investments held for trading				3,813
Profit before taxation				9,031

Segment results represent the profit or loss earned by each segment without allocation of other income, gain and loss, central administration costs, change in fair value of investments held for trading and derivative financial instruments and finance costs. This is the measure reported to the board of directors for the purpose of resource allocation and performance assessment.

The following is an analysis of the Group's assets by operating segment:

	30.9.2010 HK$'000	31.3.2010 HK$'000
Sale of plastic and paper boxes by luxury consumer goods		
– France Operation	**13,525**	13,006
– China Operation	**47,952**	27,969
Coal Mining Operation	**2,159,510**	2,122,235
Total segment assets	**2,220,987**	2,163,210

5. OTHER INCOME, GAIN AND LOSS

	Six months ended 30 September	
	2010	2009
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Interest earned on bank deposits	**28**	166
Interest earned on unlisted debt securities held for trading	**–**	230
Interest earned on unlisted available-for-sale investments	**–**	195
Net foreign exchange gain	**–**	1,631
Dividend income from listed investments held for trading	**–**	76
Dividend income from listed available-for-sale investments	**–**	239
Gain on disposal of available-for-sale investments	**832**	6,738
Impairment loss recognised in respect of available-for-sale investments	**(3,926)**	(13)
Sundry income	**178**	188
	(2,888)	9,450

6. OTHER EXPENSES

The Group is in the process of various technical and quality improvements at Mine No. 1 in the PRC to reach the operational stage and to attain the safety standard in accordance with the new regulations imposed by the PRC authority. Accordingly, the Group had no coal production and sales of coal during the six months ended 30 September 2010. Other expenses represent the direct labour costs, depreciation expense, consumables and other direct attributable costs related to the coal mining improvement expenditure.

In the opinion of the directors, based on the current state of the improvement work completed and taking into account the legal advice received, the Group is able to renew its mining rights at minimal costs before its expiry in December 2010 for a further period of 3 years.

7. FINANCE COSTS

	Six months ended 30 September	
	2010	2009
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Interest on borrowing wholly repayable within five years	**450**	–
Imputed interest expense on convertible notes	**13,082**	–
	13,532	–

8. TAXATION

	Six months ended 30 September	
	2010	2009
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Current tax:		
Hong Kong	**–**	335
Deferred tax – current period (note 13)	**(149)**	–
	(149)	335

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2009: 16.5%) of the estimated assessable profit for the period. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

No provision for taxation has been made as the group entities were incurred tax loss for the period.

9. (LOSS) PROFIT FOR THE PERIOD

	Six months ended 30 September 2010 HK$'000 (unaudited)	Six months ended 30 September 2009 HK$'000 (unaudited) (restated)
(Loss) profit for the period has been arrived at after charging:		
Allowance for slow moving inventories (included in cost of sales)	**1,500**	–
Property, plant and equipment written off	**–**	872
Depreciation of property, plant and equipment and investment property	**1,968**	842
Release of prepaid lease payments	**581**	–
Staff costs (including directors' emoluments)		
Fees, salaries, bonus and other allowances	**31,730**	19,309
Retirement benefit scheme contributions	**1,606**	1,662
Share-based payments	**5,497**	191
	38,833	21,162

10. DIVIDENDS

	Six months ended 30 September 2010 HK$'000 (unaudited)	Six months ended 30 September 2009 HK$'000 (unaudited)
Final dividend paid for 2008/09 of HK$0.012 per share	**–**	5,028

11. (LOSS) EARNINGS PER SHARE

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

	Six months ended 30 September	
	2010	2009
	HK$'000	HK$'000
	(unaudited)	(unaudited)
<u>(Loss) earnings</u>		
(Loss) earnings for the purposes of basic and diluted (loss) earnings per share	**(82,590)**	8,696

	Six months ended 30 September	
	2010	2009
	'000	'000
<u>Number of shares</u>		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**1,809,854**	414,422
Effect of dilutive potential ordinary shares:		
Share options (Note)	**–**	3,838
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	**1,809,854**	418,260

Note: The computation of diluted loss per share for the period ended 30 September 2010 did not assume the exercise of the conversion rights of the Company's outstanding convertible notes and the Company's outstanding share options since their exercise would reduce loss per share.

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT, PREPAID LEASE PAYMENTS AND INVESTMENT PROPERTY

During the period, the Group spent approximately HK$72,647,000 (six months ended 30 September 2009: HK$1,184,000) on purchase of property, plant and equipment. There was no acquisition of prepaid lease payments and investment property for both periods.

During six months ended 30 September 2009, HK$872,000 of leasehold improvement was written off.

13. DEFERRED TAXATION

The following are the major deferred tax (liabilities) assets recognised and movements thereon during the current period:

	Mining rights HK$'000	Withholding tax arise from PRC subsidiaries HK$'000 (note)	Revaluation of property, plant and equipment and prepaid lease payments HK$'000	Tax losses HK$'000	Total HK$'000
At 1 April 2010 (audited)	(471,876)	(185)	(3,325)	390	(474,996)
Credit to profit or loss (note 8)	–	–	149	–	149
Exchange realignment	(2,710)	–	(19)	–	(2,729)
At 30 September 2010 (unaudited)	(474,586)	(185)	(3,195)	390	(477,576)

Note: Under the Law of the PRC on Enterprise Income Tax, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards.

For the purpose of presentation in the condensed consolidated statement of financial position, certain deferred tax assets and liabilities have been offset.

14. TRADE AND BILLS RECEIVABLES

The Group allows credit period of 30 to 60 days to its customers. The aged analysis of trade and bills receivables is stated as follows:

	30.9.2010	31.3.2010
	HK$'000	HK$'000
	(unaudited)	(audited)
0 to 30 days	**14,761**	7,349
31 to 60 days	**6,853**	1,816
61 to 90 days	**1,355**	149
Over 90 days	**208**	–
	23,177	9,314

15. RESTRICTED BANK DEPOSITS

On 25 January 2010, Win Team Investments Limited ("Win Team"), a wholly owned subsidiary of the Company had acquired the entire issued share capital of Merrymaking Investments Limited and Pleasing Results Limited (the "Acquisition") from Real Power Holdings Limited and TRXY Development (HK) Limited (collectively referred as "the Vendors").

Before the completion of the Acquisition, the Company, Win Team and the Vendors entered into a supplemental agreement on 22 December 2009 (the "Supplemental Agreement"). Pursuant to the Supplemental Agreement, the Vendors have provided a specific indemnity to the Group against all or any loss or damages that may be incurred or suffered by the Group, as a result of certain outstanding litigations, fines and penalties, breaches of representations and warranties or certain liabilities uncovered during the due diligence review and investigation in respect to the Acquisitions ("Indemnity Obligations"). The estimated total losses and liabilities in respect to the Indemnity Obligations is amounted to US$16.81 million (equivalent to approximately HK$131.12 million).

15. RESTRICTED BANK DEPOSITS *(Continued)*

Pursuant to the Supplemental Agreement, a bank account is opened, which is used solely to retain part of the cash consideration payable for the Acquisition of US$14.48 million (equivalent to approximately HK$112.94 million) to the Vendors ("Special Purpose Account"). The Group is entitled to set off any sums due to it by the Vendors in connection to the Indemnity Obligations against the monies in the Special Purpose Accounts.

As at 31 March 2010, approximately HK$76.54 million was settled and HK$54.59 million was retained in the restricted bank deposits for the future settlement of the remaining balance of the Indemnity Obligations. During the period, the restricted bank deposits were fully utilitised to settle the Indemnity Obligations.

16. TRADE PAYABLES

Trade payables principally comprise amounts outstanding for trade purchases. The credit period taken for trade purchases is 30 to 60 days. The aged analysis of trade payables is stated as follows:

	30.9.2010 **HK$'000** **(unaudited)**	31.3.2010 HK$'000 (audited)
0 to 30 days	**5,789**	2,963
31 to 60 days	**2,271**	1,133
61 to 90 days	**2,979**	652
91 to 180 days	**2,539**	1,153
	13,578	5,901

17. CONVERTIBLE NOTES AND EMBEDDED DERIVATIVES

The Group's convertible notes contain the following components:

(a) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the rate of interests, on initial recognition, of instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the conversion option. The effective interest rate of the liability component is 8.52% per annum.

(b) Embedded conversion option of the convertible notes represents the option to convert the liability into equity of the Company but the conversion will be settled other than by the exchange of a fixed number of the Company's own equity.

	Liability	Embedded conversion option	Total
	HK$'000	HK$'000	HK$'000
At 31 March 2010	369,294	392,765	762,059
Conversion during the period (note i)	(60,802)	(74,009)	(134,811)
Imputed interest charged (note 7)	13,082	–	13,082
Loss arising from change in fair value recognised in profit or loss (note ii)	–	30,021	30,021
At 30 September 2010	321,574	348,777	670,351

17. CONVERTIBLE NOTES AND EMBEDDED DERIVATIVES *(Continued)*

(b) *(Continued)*

Notes:

(i) On 13 April 2010, principal amounts of approximately HK$116,266,000 of the convertible notes were converted into 132,121,021 shares of the Company at the conversion price of HK$0.88 per share.

(ii) There were restrictions imposed on the Vendors (as defined in note 15) under the terms and conditions of the convertible notes, whereby the Vendors shall not, and shall procure that its nominee shall not, without the prior written consent of the Company, transfer or otherwise dispose of any of the convertible notes or shares to be issued upon conversion of the convertible notes (i) as to an amount representing two-third of the principal amount of the convertible notes within the first twelve-month period following the date of issue of the convertible notes, being 25 January 2010; and (ii) as to an amount representing one-third of the principal amount of the convertible notes within the second twelve-month period following the date of issue of the convertible notes, being 25 January 2010.

On 25 June 2010, the Company granted a waiver of transfer restrictions on the convertible notes to the Vendors. As a result of the waiver, the fair value of the embedded conversion option increased by HK$28 million. However, other than the waiver of the transfer restriction, other conversion restrictions on the convertible notes are still applicable to the Vendors. Details of the other restrictions are set out in the Company's 2010 annual report.

The fair value of the embedded conversion option is calculated using the Binomial Option Pricing Model. The inputs into the model at 13 April 2010, the date of conversion, and 30 September 2010 were as follows:

	13 April 2010	**30 September 2010**
Share price (note a)	HK$1.0699	HK$1.00
Conversion price	HK$0.88	HK$0.88
Expected life (note b)	7.79 years	7.33 years
Risk free rate (note c)	2.58%	1.61%
Expected volatility (note d)	75.19%	73.27%

17. CONVERTIBLE NOTES AND EMBEDDED DERIVATIVES *(Continued)*

Notes:

(a) Based on the quoted market price adjusted for the transfer restriction as detailed in note (ii) above.

(b) Expected life was the expected remaining life of the embedded conversion option.

(c) The risk free rate is determined by reference to the Hong Kong Exchange Fund Note.

(d) Expected volatility for embedded conversion option was estimated by calculating the historical weekly share price volatility of the comparable companies engaged in similar businesses as the Group's various business segments.

18. SHARE CAPITAL

	Number of shares	**Share capital** HK$'000
Authorised:		
At 1 April 2010 and 30 September 2010, ordinary shares of HK$0.05 each	5,000,000,000	250,000
Issued and fully paid:		
At 1 April 2010, ordinary shares of HK$0.05 each	1,686,192,760	84,309
Exercise of share options (Note a)	400,000	20
Shares issued upon conversion of convertible notes (Note b)	132,121,021	6,606
At 30 September 2010, ordinary shares of HK$0.05 each	1,818,713,781	90,935

All the shares which were issued during the period rank pari passu with the existing shares in all respects.

18. SHARE CAPITAL *(Continued)*

Notes:

(a) During the period ended 30 September 2010, share options of 310,000 and 90,000 of HK$0.05 each were exercised at the exercise price of HK$0.86 and HK$0.536 respectively. Details of options outstanding and movements during the period are set out in note 20.

(b) On 13 April 2010, 132,121,021 new ordinary shares of the Company of HK$0.05 each were issued upon the partial conversion of the convertible notes of the Company. Convertible notes with principal amount of approximately HK$116,266,000 was converted into 132,121,021 shares at the conversion price of HK$0.88 per share.

19. COMMITMENTS

(a) Operating lease commitments

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

	30.9.2010	31.3.2010
	HK$'000	HK$'000
	(unaudited)	(audited)
Within one year	**8,065**	5,302
Within 2-5 years	**8,797**	10,969
	16,862	16,271

Operating lease payments represent rentals payable by the Group for certain of its office and factory premises and staff quarter. Leases are negotiated for an average term of two to five years and rentals are fixed over the relevant lease term.

19. COMMITMENTS *(Continued)*

(b) Capital commitments

	30.9.2010	31.3.2010
	HK$'000	HK$'000
	(unaudited)	(audited)
Capital expenditure in respect of addition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	**126,690**	108,347
Capital expenditure in respect of addition of property, plant and equipment authorised but not contracted for	**343,382**	407,783

20. SHARE BASED PAYMENTS

On 16 May 2006, a Pre-Listing Share Option Scheme ("Pre-Listing Scheme") and a Share Option Scheme ("Post-Listing Scheme") were adopted for the purpose of recognising and motivating the contributions of eligible persons to the Company. As at 1 April 2010, all the share options granted under Pre-Listing Scheme were exercised or lapsed.

20. SHARE BASED PAYMENTS *(Continued)*

Details of the share options outstanding and movements during the current period were as follows:

Grantee	Name of the scheme	Date of grant	Exercising period	Exercise price per share HK$	Number of share options: Outstanding at 1 April 2010	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at 30 September 2010
Directors									
Ma Lishan (note a)	Post-Listing Scheme	27.9.2010	27.9.2011 to 26.9.2014	0.800	–	6,000,000	–	–	6,000,000
	Post-Listing Scheme	27.9.2010	27.9.2012 to 26.9.2015	0.800	–	6,000,000	–	–	6,000,000
	Post-Listing Scheme	27.9.2010	27.9.2013 to 26.9.2016	0.800	–	8,000,000	–	–	8,000,000
Ng Cheuk Fan, Keith	Post-Listing Scheme	27.9.2010	27.9.2011 to 26.9.2014	0.800	–	1,500,000	–	–	1,500,000
	Post-Listing Scheme	27.9.2010	27.9.2012 to 26.9.2015	0.800	–	1,500,000	–	–	1,500,000
	Post-Listing Scheme	27.9.2010	27.9.2013 to 26.9.2016	0.800	–	2,000,000	–	–	2,000,000
Mak Yiu Tong (note a)	Post-Listing Scheme	27.9.2010	27.9.2011 to 26.9.2014	0.800	–	600,000	–	–	600,000
	Post-Listing Scheme	27.9.2010	27.9.2012 to 26.9.2015	0.800	–	600,000	–	–	600,000
	Post-Listing Scheme	27.9.2010	27.9.2013 to 26.9.2016	0.800	–	800,000	–	–	800,000
Fung Wing Ki, Vicky	Post-Listing Scheme	27.9.2010	27.9.2011 to 26.9.2014	0.800	–	600,000	–	–	600,000
	Post-Listing Scheme	27.9.2010	27.9.2012 to 26.9.2015	0.800	–	600,000	–	–	600,000
	Post-Listing Scheme	27.9.2010	27.9.2013 to 26.9.2016	0.800	–	800,000	–	–	800,000
Fung Ka Pun (note b)	Post-Listing Scheme	8.6.2007	8.6.2010 to 7.6.2013	0.860	240,000	–	–	–	240,000
	Post-Listing Scheme	1.4.2010	1.4.2011 to 31.3.2014	1.202	–	6,000,000	–	–	6,000,000
	Post-Listing Scheme	1.4.2010	1.4.2012 to 31.3.2015	1.202	–	6,000,000	–	–	6,000,000
	Post-Listing Scheme	1.4.2010	1.4.2013 to 31.3.2016	1.202	–	8,000,000	–	–	8,000,000
Tam Hok Lam, Tommy	Post-Listing Scheme	8.6.2007	12.6.2010 to 11.6.2013	0.860	160,000	–	(160,000)	–	–
Hui Ka Wah, Ronnie (note c)	Post-Listing Scheme	8.6.2007	9.6.2010 to 8.6.2013	0.860	160,000	–	–	(160,000)	–
Leung Man Chun, Paul (note c)	Post-Listing Scheme	8.6.2007	12.6.2010 to 11.6.2013	0.860	160,000	–	–	(160,000)	–

20. SHARE BASED PAYMENTS *(Continued)*

Grantee	Name of the scheme	Date of grant	Exercising period	Exercise price per share HK$	Number of share options: Outstanding at 1 April 2010	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at 30 September 2010
Employees									
Li Shao Yu	Post-Listing Scheme	27.9.2010	27.9.2011 to 26.9.2014	0.800	–	5,700,000	–	–	5,700,000
	Post-Listing Scheme	27.9.2010	27.9.2012 to 26.9.2015	0.800	–	5,700,000	–	–	5,700,000
	Post-Listing Scheme	27.9.2010	27.9.2013 to 26.9.2016	0.800	–	7,600,000	–	–	7,600,000
Other employees	Post-Listing Scheme	8.6.2007	8.6.2008 to 5.7.2011	0.860	105,000	–	(75,000)	–	30,000
	Post-Listing Scheme	8.6.2007	8.6.2009 to 5.7.2012	0.860	105,000	–	(75,000)	–	30,000
	Post-Listing Scheme	8.6.2007	8.6.2010 to 5.7.2013	0.860	140,000	–	–	–	140,000
	Post-Listing Scheme	18.3.2008	18.3.2010 to 17.3.2013	0.536	90,000	–	(90,000)	–	–
	Post-Listing Scheme	18.3.2008	18.3.2011 to 17.3.2014	0.536	120,000	–	–	–	120,000
	Post-Listing Scheme	27.8.2010	1.9.2011 to 26.8.2014	0.800	–	2,400,000	–	–	2,400,000
	Post-Listing Scheme	27.8.2010	1.9.2012 to 26.8.2015	0.800	–	2,400,000	–	–	2,400,000
	Post-Listing Scheme	27.8.2010	1.9.2013 to 26.8.2016	0.800	–	3,200,000	–	–	3,200,000
	Post-Listing Scheme	27.9.2010	27.9.2011 to 26.9.2014	0.800	–	5,070,000	–	–	5,070,000
	Post-Listing Scheme	27.9.2010	27.9.2012 to 26.9.2015	0.800	–	5,070,000	–	–	5,070,000
	Post-Listing Scheme	27.9.2010	27.9.2013 to 26.9.2016	0.800	–	6,760,000	–	–	6,760,000
					1,280,000	92,900,000	(400,000)	(320,000)	93,460,000

Notes:

(a) Mr. Mak Yiu Tong and Mr. Ma Lishan were appointed as directors of the Company on 7 May 2010 and 1 September 2010 respectively.

(b) Mr. Fung Ka Pun, previously being advisor to the Group was appointed as director of the Company on 1 April 2010.

(c) Dr. Hui Ka Wah, Ronnie and Mr. Leung Man Chun, Paul were not offering themselves for re-election at the general annual meeting held on 27 September 2010.

20. SHARE BASED PAYMENTS *(Continued)*

On 1 April 2010, 27 August 2010 and 27 September 2010, the Company granted 20,000,000, 8,000,000 and 64,900,000 options at exercise price of HK$1.202, HK$0.8 and HK$0.8 per share respectively to directors and employees under the Post-Listing Scheme. The fair value of the share options granted determined at the dates of grant using Trinomial Option Pricing Model was approximately HK$13,480,000, HK$3,562,000 and HK$28,523,000 respectively. The fair value of the share option granted will be expensed on straight-line basis over the vesting period from 1 to 3 years.

In determining the fair value of the share options granted during the period. Trinomial Option Pricing Model has been used. The input into the model were as follows:

	Notes	**1 April 2010**	**27 August 2010**	**27 September 2010**
Share price at grant date		HK$1.16	HK$0.80	HK$0.79
Exercise price		HK$1.202	HK$0.80	HK$0.80
Expected life of options	a	4 to 6 years	4 to 6 years	4 to 6 years
Expected volatility	b	76.173% to 81.587%	75.069% to 80.272%	74.550% to 79.733%
Risk free rate	c	1.586% to 2.200%	0.787% to 1.290%	0.961% to 1.453%

Notes:

(a) The expected life of options ranges from 4 to 6 years from the date of grant.

(b) Expected volatility was estimated by calculating the historical weekly share price volatility of the comparable companies engaged in similar businesses as the Group's various business segments.

(c) The risk free rate is determined by reference to the Hong Kong Exchange Fund Note.

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

20. SHARE BASED PAYMENTS *(Continued)*

In the current period, share option expenses of approximately HK$5,497,000 (six months ended 30 September 2009: HK$191,000) has been recognised with a corresponding credit in the Group's share options reserve.

The closing price of the Company's shares immediately before 1 April 2010, 27 August 2010 and 27 September 2010, being the dates of grant of the share options during the period, were HK$1.21, HK$0.76 and HK$0.79 respectively.

The weighted average closing price of the Company's shares immediately before the dates on which the options were exercised was HK$0.941 per share.

21. RELATED PARTY TRANSACTIONS

The remuneration of directors, represent the key management personnel of the Group, during the period was HK$6,364,000 (six months ended 30 September 2009: HK$713,000).

22. NON-CASH TRANSACTIONS

During the period, deposit paid for purchase of property, plant and equipment as at 31 March 2010 of HK$350,000 was transferred to property, plant and equipment.

During the period, the Group's convertible notes of HK$60,802,000 and derivative financial instruments of HK$74,009,000 were transferred into share capital of HK$6,606,000 and share premium of HK$128,205,000, as a result of the conversion of convertible notes.

23. EVENTS AFTER THE END OF THE INTERIM PERIOD

(i) On 4 October 2010, the Company announced that Champ Universe, a wholly owned subsidiary of the Company has entered into a non-legal binding MOU with Tai Rong Xin Ye International Power Generation Inc. ("Tai Rong"), a company wholly owned by Ms. Li Shao Yu, who is a substantial shareholder and connected person of the Company. Pursuant to the MOU, Champ Universe intends to purchase the entire share capital of Venture Path Limited, which owns 拜城温州礦業開發有限公司一礦3號井 (No. 3 decline of Mine One of Baicheng Wenzhou Mining Development Co., Ltd) and is located at Baicheng Country, Aksu Prefecture, Xinjiang Uygur Autonomous Region, the PRC. The consideration for this acquisition is not yet determined.

Further announcement will be made by the Company in the event where a formal sale and purchase agreement in relation to the proposed acquisition has been entered into by the Group.

(ii) On 29 October 2010, 363,740,000 shares of the Company have been successfully placed to independent third parties at HK$0.90 per share. The net proceeds of approximately HK$319,082,000 are intended to be used as general working capital and for capital expenditure, and future possible acquisitions. At the date of placing, the closing market price of the Company's share was HK$0.90 per share.