



Interim
Report
2010



DOXEN ENERGY GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 668

CORPORATE INFORMATION

Board of Directors

Executive directors

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

Non-executive directors

Mr. Wang Xiaobo
Mr. Qin Hong

Independent non-executive directors

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

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Company Secretary

Ms. Wong Tsui Yue, Lucy

Authorized Representatives

Mr. Lo Siu Yu
Mr. Chen Yang

Registered Office

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Share Registrar

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

Share Transfer Office

Computershare Hong Kong Investor Services
Limited
Shops 1712-6, 17/F, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

Principal Bankers

The Hongkong and Shanghai Banking
Corporation Limited
Bank of China (HK) Limited

Solicitor

Chiu & Partners

Auditor

PricewaterhouseCoopers

Stock Code

668

Website

<http://www.doxen.com.hk>

The board (the "Board") of directors (the "Directors") of Doxen Energy Group Limited (the "Company") hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2010 as follows:

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 September 2010

		Unaudited Six months ended 30 September 2010		2009
	<i>Note</i>	HK\$'000	HK\$'000	
Revenue	5	39,002	104,860	
Other income	6	6	1,196	
Cost of inventories consumed		(11,920)	(31,564)	
Staff costs		(16,657)	(40,340)	
Operating lease rentals		(7,697)	(18,052)	
Depreciation of property, plant and equipment		(441)	(1,676)	
Net loss on financial assets	7	–	(2,882)	
Legal and professional fees		(9,056)	(310)	
Other operating expenses		(10,750)	(18,469)	
Operating loss	7	(17,513)	(7,237)	
Share of profit of an associated company		–	828	
Loss before income tax		(17,513)	(6,409)	
Income tax expense	8	(92)	(420)	
Loss for the period		(17,605)	(6,829)	
Loss for the period attributable to:				
Shareholders of the Company		(17,457)	(6,675)	
Non-controlling interests		(148)	(154)	
		(17,605)	(6,829)	
Dividend	9	–	179,618	
Basic and diluted loss per share attributable to shareholders of the Company	10	(3.5 cents)	(1.9 cents)	

The notes on pages 8 to 18 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2010

	Unaudited Six months ended 30 September 2010 HK\$'000	2009 HK\$'000
Loss for the period	(17,605)	(6,829)
Other comprehensive income:		
Exchange differences arising on translation of a foreign operation	98	–
Fair value gain of available-for-sale financial asset	200	3,185
Other comprehensive income for the period, net of tax	298	3,185
Total comprehensive loss for the period	(17,307)	(3,644)
Total comprehensive loss for the period attributable to:		
Shareholders of the Company	(17,159)	(3,490)
Non-controlling interests	(148)	(154)
	(17,307)	(3,644)

The notes on pages 8 to 18 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

At 30 September 2010

	Note	Unaudited 30 September 2010 HK\$'000	Restated 31 March 2010 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	57,691	45,396
Mining rights	12	9,538	9,497
Goodwill	4	1,362	1,362
Available-for-sale financial asset	13	10,000	9,800
Rental deposits paid – non-current portion		4,895	4,895
Deferred tax assets		20	75
		83,506	71,025
Current assets			
Inventories		4,414	2,456
Trade receivables	14	190	145
Deposits, prepayments and other receivables		4,503	3,647
Tax recoverable		245	245
Pledged deposits		300	–
Bank balances and cash		673,968	38,840
		683,620	45,333
Assets classified as held for sale	15	5,286	5,453
Total assets		772,412	121,811
EQUITY			
Capital and reserves			
Share capital	18	127,404	34,544
Reserves		558,795	20,014
Equity attributable to shareholders of the Company		686,199	54,558
Non-controlling interests		310	458
Total equity		686,509	55,016

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION *(continued)*

At 30 September 2010

	<i>Note</i>	Unaudited 30 September 2010 HK\$'000	Restated 31 March 2010 HK\$'000
LIABILITIES			
Non-current liabilities			
Provision for long service payments – non-current portion		639	752
		639	752
Current liabilities			
Trade payables	16	3,725	2,213
Other payables and accrued charges		9,131	58,406
Amount due to a related company	17	67,268	–
		80,124	60,619
Liabilities classified as held for sale	15	5,140	5,424
Total liabilities		85,903	66,795
Total equity and liabilities		772,412	121,811
Net current assets/(liabilities)		603,496	(15,286)
Total assets less current liabilities		692,288	61,192

The notes on pages 8 to 18 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 September 2010

	Unaudited Six months ended 30 September 2010	2009
	HK\$'000	HK\$'000
Net cash used in operating activities	(21,923)	(3,860)
Net cash used in investing activities	(12,182)	(6,044)
Net cash generated from financing activities	669,458	532
Net increase/(decrease) in cash and cash equivalents	635,353	(9,372)
Cash and cash equivalents at 1 April	38,840	139,486
Effect of foreign exchange rate changes	591	–
Cash and cash equivalents at 30 September	674,784	130,114
Less: cash and cash equivalents included in assets classified as held for sale (<i>Note 15</i>)	(816)	(16,938)
	673,968	113,176

The notes on pages 8 to 18 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2010

	Unaudited									
	Attributable to shareholders of the Company									
	Share capital	Share premium	Investment revaluation reserve	Retained earnings/(accumulated losses)	Dividend reserve	Exchange reserve	Merger reserve	Total	Non-controlling interests	Total equity
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2009	34,544	142,700	(718)	53,574	-	-	-	230,100	68	230,168
Loss for the period	-	-	-	(6,675)	-	-	-	(6,675)	(154)	(6,829)
Other comprehensive income:										
Reversal of fair value loss of available-for-sale financial assets included in the disposal group	-	-	3,185	-	-	-	-	3,185	-	3,185
Reversal of reserves of disposal group	-	-	(257)	(3,376)	-	-	-	(3,633)	-	(3,633)
Cancellation of share premium account	-	(142,700)	-	142,700	-	-	-	-	-	-
Reserve for unclaimed dividend	-	-	-	-	523	-	-	523	-	523
Write-back of unclaimed dividend	-	-	-	10	-	-	-	10	-	10
2009/10 special dividend declared	-	-	-	(179,628)	179,628	-	-	-	-	-
At 30 September 2009	34,544	-	2,210	6,605	180,151	-	-	223,510	(86)	223,424
At 1 April 2010, as previously reported	34,544	-	5,550	4,241	-	-	-	44,335	458	44,793
Business combination (Note 4)	-	-	-	(30,201)	-	56	40,368	10,223	-	10,223
At 1 April 2010, as restated	34,544	-	5,550	(25,960)	-	56	40,368	54,558	458	55,016
Loss for the period	-	-	-	(17,457)	-	-	-	(17,457)	(148)	(17,605)
Other comprehensive income:										
Fair value gain of available-for-sale financial asset	-	-	200	-	-	-	-	200	-	200
Exchange differences arising on translation of a foreign operation	-	-	-	-	-	98	-	98	-	98
Issuance of shares to effect the										
Acquisition (Note 4)	30,000	465,000	-	-	-	-	(495,000)	-	-	-
Subscription and placement of shares	62,860	585,940	-	-	-	-	-	648,800	-	648,800
At 30 September 2010	127,404	1,050,940	5,750	(43,417)	-	154	(454,632)	686,199	310	686,509

The notes on pages 8 to 18 are an integral part of these condensed consolidated interim financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. General information

The Company is a limited liability company incorporated in Hong Kong and is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its registered office is at Room 2110, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.

The Group is engaged in the operation of restaurants and energy mining.

These unaudited condensed consolidated interim financial statements were approved for issue by the Board on 29 November 2010.

2. Basis of preparation

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2010 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 March 2010, which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3. Accounting policies

Except for the adoption of the new and revised HKFRS and HKAS as listed below, the accounting policies adopted are consistent with those of the annual financial statements of the Group for the year ended 31 March 2010.

The following standards, amendments and interpretations are mandatory for the first time for the accounting period beginning 1 April 2010.

HKFRS (Amendments)	Improvements to HKFRS issued in 2008 for the amendment to HKFRS 5
HKFRS (Amendments)	Improvements to HKFRS issued in 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Eligible Hedged Items
HKFRS 1 (Revised)	First-time adoption of HKFRS
HKFRS 1 (Amendments)	First-time adoption of HKFRS – Additional Exemptions for First-time Adopters
HKFRS 2 (Amendments)	Share-based Payment – Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners

3. Accounting policies *(continued)*

The adoption of these standards, amendments and interpretations had no significant impact on the results and financial position of the Group.

The following standards, amendments and interpretations which have been issued and are not yet effective for the accounting period beginning 1 April 2010 have not been early adopted by the Group:

HKFRS (Amendments)	Improvements to HKFRS issued in 2010
HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendment)	Financial Instruments: Presentation – Classification of Rights Issues
HKFRS 1 (Amendments)	First-time adoption of HKFRS – Limited Exemptions from Comparative HKFRS 7 Disclosures for First-time Adopters
HKFRS 9	Financial Instruments
HK(IFRIC) – Int 14 (Amendment)	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

4. Business combination

On 17 July 2008, Mr. Lo Siu Yu (“Mr. Lo”) acquired, through Ocean Profit Investment Development Limited (“Ocean Profit”), an entity wholly owned by him, 85% equity interests in Xinjiang New Century Mining Company Limited (“Xinjiang New Century”), a company incorporated in the People’s Republic of China (the “PRC”), whose principal asset is a coal mine in Xinjiang Uyghur Autonomous Region (“Xinjiang”) of the PRC.

On 7 October 2009, Mr. Lo acquired, through Money Success Limited (“Money Success”), an entity wholly owned by him, 63.49% equity interests in the Company and became the controlling shareholder of the Company and the Chairman of the Group.

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

The Acquisition was completed on 31 August 2010 and has been accounted for as a business combination under common control for which the Company applies the principles of merger accounting, as prescribed in Hong Kong Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the HKICPA in preparing these unaudited condensed consolidated financial statements. The condensed consolidated interim financial statements for the six months ended 30 September 2010, including the comparative figures have been prepared on the basis as if the current group structure had been in existence since 7 October 2009, the date when Mr. Lo completed the acquisition of the controlling equity interest in the Company and when the Company and Xinjiang New Century first came under the common control of Mr. Lo.

4. Business combination *(continued)*

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

The following is a reconciliation of the effect arising from the Acquisition on the consolidated statement of financial position as at 31 March 2010.

The condensed consolidated statement of financial position as at 31 March 2010:

	The Group before the Acquisition HK\$'000	Effect of the Acquisition HK\$'000 (Note)	Consolidated HK\$'000
Net assets	44,793	10,223	55,016
Share capital	34,544	–	34,544
Merger reserve	–	40,368	40,368
Retained earnings and other reserves	9,791	(30,145)	(20,354)
Non-controlling interests	458	–	458
	<u>44,793</u>	<u>10,223</u>	<u>55,016</u>

Note:

The adjustments represent the net assets of Ray Tone Group and the merger reserve arising from the business combination under common control. Ray Tone and Mega Source Limited, the immediate holding company of Xinjiang New Century, were not yet incorporated as at 31 March 2010 and the net assets of Ray Tone Group as at 31 March 2010 only included those of Xinjiang New Century.

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

5. Revenue and segment information

The chief operating decision-maker ("CODM") has been identified as the Chief Executive Officer and directors of the Company who review the Group's internal reporting in order to assess its performance and allocate resources. The CODM has determined the operating segments based on these reports.

The CODM assesses the performance of the operating segment based on a measure of profit/(loss) before income tax. The measurement policies the Group used for segment reporting under HKFRS 8 are the same as those used in the condensed consolidated interim financial statements.

The Group has identified two operating segments – operation of restaurants and energy mining business. However, since the newly acquired energy mining business has not yet commenced operation and, in the opinion of the Directors, is not significant to the Group's results as a whole, no segment disclosures are presented.

All revenue of the Group was derived in Hong Kong from the restaurant operation.

6. Other income

	Unaudited Six months ended 30 September	
	2010	2009
	HK\$'000	HK\$'000
Interest income	6	113
Rental income from other properties	–	10
Rental income from investment properties	–	994
Dividend income	–	79
	6	1,196

7. Operating loss

Operating loss is stated after charging/(crediting) the followings:

	Unaudited Six months ended 30 September	
	2010	2009
	HK\$'000	HK\$'000
Amortization of prepaid operating lease payments	–	100
Net loss on financial assets		
Financial assets at fair value through profit or loss		
– Listed equity securities	–	(584)
– Derivative financial instruments	–	386
– Financial assets designated at fair value through profit or loss	–	(105)
Available-for-sale financial assets	–	3,185
	–	2,882
Loss/(gain) on disposal of property, plant and equipment	52	(258)
Provision for/(reversal of provision for) long service payments, included in staff costs	111	(931)
Retirement benefit costs – defined contribution schemes, included in staff costs	653	1,825

8. Income tax expense

	Unaudited Six months ended 30 September	
	2010	2009
	HK\$'000	HK\$'000
Current income tax		
Hong Kong profits tax	–	299
Deferred income tax charge	92	121
	92	420

Hong Kong profits tax has been provided at the rate of 16.5% (2009:16.5%) on the estimated assessable profits for the period.

9. Dividend

	Unaudited Six months ended 30 September 2010 HK\$'000	2009 HK\$'000
Write-back of unclaimed dividend to retained earnings	–	(10)
Special dividend, approved on 17 August 2009, of HK52 cents per ordinary share	–	179,628
	<u>–</u>	<u>179,618</u>

No dividend was declared for the six months ended 30 September 2010. All dividends declared but unclaimed are written back to dividend reserve and are transferred back to retained earnings if they remained unclaimed for over 6 years.

10. Loss per share

The calculation of basic and diluted loss per share is based on the following:

	Unaudited Six months ended 30 September 2010 HK\$'000	2009 HK\$'000
Loss attributable to shareholders of the Company	<u>(17,457)</u>	<u>(6,675)</u>
Weighted average number of ordinary shares in issue	<u>497,668,058</u>	<u>345,438,550</u>

No employee share options were outstanding as at 30 September 2010 and 2009 and there is no dilutive effect on basic loss per share.

11. Property, plant and equipment, investment property and leasehold land

	Property, plant and equipment	Unaudited	
	HK\$'000	Investment property	Leasehold land
	HK\$'000	HK\$'000	HK\$'000
Six months ended 30 September 2009			
Opening net book value, at 1 April 2009	28,555	31,589	22,873
Additions	7,517	–	–
Disposals	(52)	–	–
Depreciation and amortization	(1,676)	–	(100)
Transfer to assets classified as held for sale	(34,271)	(31,589)	(22,773)
	<u>73</u>	<u>–</u>	<u>–</u>
Six months ended 30 September 2010			
Opening net book value, at 1 April 2010, as previously reported	1,138	–	–
Business combination (Note 4)	44,258	–	–
	<u>45,396</u>	<u>–</u>	<u>–</u>
Opening net book value, at 1 April 2010, as restated	45,396	–	–
Currency realignment	865	–	–
Additions	12,131	–	–
Disposals	(227)	–	–
Depreciation	(474)	–	–
	<u>57,691</u>	<u>–</u>	<u>–</u>
Closing net book value, at 30 September 2010	57,691	–	–

12. Mining rights

The mining rights of the Group represent its interest in the New Century Coal Mine, a thermal coal mine located in Fukang City in Xinjiang, the PRC, through Xinjiang New Century, a subsidiary newly acquired by the Group on 31 August 2010 (Note 4). The New Century Coal Mine is currently under construction and expansion.

13. Available-for-sale financial asset

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

14. Trade receivables

The ageing analysis of trade receivables is as follow:

	Unaudited 30 September 2010 HK\$'000	Audited 31 March 2010 HK\$'000
Current to 30 days	190	145

The Group's sales are mainly conducted in cash or by credit cards. The Group's trade receivables are either collectible within one month or on demand and are denominated in Hong Kong Dollars ("HK\$"). The fair value of the Group's trade receivables is approximately the same as the carrying value. The trade receivables included in the above ageing analysis are considered not impaired as they are aged within the credit period granted and there is no recent history of default.

15. Assets and liabilities classified as held for sale

The assets and liabilities relating to Melba Investments Holdings Inc. ("Melba") and its subsidiary, Shanghai Lu Yang Chun Restaurant (Hong Kong) Limited (collectively the "Melba Group"), have been presented as held for sale. Pursuant to a shareholders' agreement dated 18 October 1995 in respect of the shares of Melba, the minority shareholder of Melba has a right to acquire the Company's interest in Melba where there is a change in control of the Company. On 8 December 2009, the minority shareholder of Melba issued to the Company a written notice to exercise such right. The Directors have classified the related assets and liabilities of Melba Group as assets and liabilities held for sale in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations". The transaction was subsequently completed on 28 October 2010 (*Note 21*).

15. Assets and liabilities classified as held for sale (continued)

The major classes of assets and liabilities classified as held for sale as at 30 September 2010 are as follows:

	Unaudited 30 September 2010 HK\$'000	Audited 31 March 2010 HK\$'000
Assets classified as held for sale		
Property, plant and equipment	523	640
Rental deposits paid	1,653	1,538
Inventories	777	618
Trade receivables	222	266
Deposits, prepayments and other receivables	1,295	1,039
Cash and cash equivalents	816	1,352
	5,286	5,453
Liabilities classified as held for sale		
Trade payables	1,982	1,614
Other payables and accrued charges	2,900	3,554
Provision for long service payments	258	256
	5,140	5,424
Net assets classified as held for sale	146	29

16. Trade payables

The ageing analysis of trade payables is as follows:

	Unaudited 30 September 2010 HK\$'000	Restated 31 March 2010 HK\$'000
Current to 30 days	3,663	2,033
31 to 60 days	–	8
Over 60 days	62	172
	3,725	2,213

The Group's trade payables are denominated in HK\$ or Renminbi ("RMB").

17. Amount due to a related company

The related company is a company beneficially owned by Mr. Lo. The amount is unsecured, interest free and repayable on demand.

18. Share capital

	Unaudited 30 September 2010	Audited 31 March 2010
Authorized:		
Number of ordinary shares	5,000,000,000	400,000,000
Nominal value at HK\$0.10 each	HK\$500,000,000	HK\$40,000,000
Issued and fully paid:		
Number of ordinary shares	1,274,038,550	345,438,550
Nominal value at HK\$0.10 each	HK\$127,403,855	HK\$34,543,855

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

On 31 August 2010, the Company issued 300,000,000 new shares of HK\$1 each as the consideration for acquiring the entire equity interest in Ray Tone pursuant to the sale and purchase agreement and the supplemental agreement dated 18 May 2010 and 7 June 2010 respectively (Note 4). On the same day, the Company also issued 120,000,000 new shares to Mr. Lo and 508,600,000 new shares to independent third parties, pursuant to a subscription agreement and a placing agreement entered into by the Company both on 18 May 2010 (Note 20). For details, please refer to the announcement of the Company dated 31 August 2010.

19. Commitments**(a) Capital commitments**

Capital expenditure in respect of acquisition of property, plant and equipment contracted but not provided for are as follows:

	Unaudited 30 September 2010 HK\$'000	Restated 31 March 2010 HK\$'000
Contracted but not provided for	30,796	31,251

19. Commitments *(continued)***(b) Operating lease commitments**

As at 30 September 2010, the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Unaudited 30 September 2010 HK\$'000	Audited 31 March 2010 HK\$'000
Within one year	13,859	13,824
After one year and within five years	18,632	9,608
	32,491	23,432

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

20. Related-party transactions

- (a) On 18 May 2010, a wholly owned subsidiary of the Company entered into a sale and purchase agreement with Mr. Lo to acquire the entire issued share capital of Ray Tone. The Acquisition was completed on 31 August 2010 (Note 4).
- (b) On 18 May 2010, the Company entered into (1) a subscription agreement, pursuant to which Money Success has conditionally agreed to subscribe for and the Company has conditionally agreed to issue an aggregate of 120 million new shares of the Company at a subscription price of HK\$1 per share (the "Share Subscription"); and (2) a placing agreement, pursuant to which the placing agent would procure the placing of up to 510 million new shares of the Company at HK\$1.00 or HK\$1.20 each to certain third parties (the "Share Placing"). The Share Subscription and Share Placing were completed on 31 August 2010, where Mr. Lo, through Money Success, has in aggregate subscribed for 420 million new shares of the Company.

21. Events after the date of the statement of financial position

On 15 October 2010, the Company appointed Mr. Wang Xiaobo and Mr. Qin Hong as non-executive Directors of the Company. On the same date, the Company granted 14,100,000 share options under its share option scheme to certain directors and senior management of the Company. For details, please refer to the announcement of the Company dated 15 October 2010.

On 28 October 2010, the Company entered into a sale and purchase agreement with New Town Caterers Limited ("New Town"), a minority shareholder of Melba, pursuant to which the Company has conditionally agreed to sell, and New Town has conditionally agreed to purchase, the shares beneficially held by the Company in Melba and a shareholder's loan made by the Company to Melba, at a consideration of HK\$1,336,805. For details, please refer to the announcement of the Company dated 28 October 2010.

RESULTS

The revenue of the Group decreased by approximately 62.8% to HK\$39 million (2009: HK\$104.9 million) while loss attributable to shareholders of the Company increased by approximately HK\$10.8 million to HK\$17.5 million (2009: HK\$6.7 million).

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend (2009: HK52 cents, a special dividend which was paid on 20 October 2009) for the period ended 30 September 2010.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS

Business Review

- *New Business*

During the period under review, the Group launched a new business development plan. On 18 May 2010, the Group, through a wholly owned subsidiary, entered into an agreement to acquire the entire equity interest of Xinjiang New Century, which owned the New Century Coal Mine, a thermal coal mine adjacent to Fukang City in Xinjiang of the PRC, at a consideration of HK\$300 million. Subsequent to the Acquisition, the Group has been endeavoring to increase its annual production capacity from 90,000 tons to 900,000 tons. The expansion is expected to be completed in the fourth quarter of 2012, followed by the commencement of trial mining. Site formation and construction work of a main shaft and auxiliary shafts are underway as scheduled and the progress so far has been satisfactory.

The Acquisition was unanimously passed in the extraordinary general meeting held on 28 June 2010 and was completed on 31 August 2010.

- *Strategic Alliance*

Apart from the Acquisition, the Group also entered into strategic cooperation agreements with Henan Coal Chemical Industry Group Co. Ltd ("Henan Coal Group") and Jiangsu Huaxi Group Company ("Jiangsu Huaxi Group") on 18 May 2010 to establish long-term strategic alliances to cooperate in the exploration and development of mining projects in the PRC, among which Jiangsu Huaxi Group has become one of the strategic shareholders of the Company.

Henan Coal Group is a diversified energy conglomerate which is principally engaged in, among others, coal production, chemicals and non-ferrous metals. It has coal resources mainly in Henan province, covering more than 10 cities, and other provinces including Guizhou, Xinjiang, Inner Mongolia and Anhui. Henan Coal Group's strong presence and extensive experience in the coal mining industry will greatly enhance the Group's financial support and the capabilities to acquire and subsequently exploit additional coal mining projects in the PRC.

Jiangsu Huaxi Group is collectively owned by Huaxi Village, Jiangyin City, Jiangsu Province, the PRC ("Huaxi Village"). Huaxi Village is widely recognized as China's Number One Village (中國第一村). Jiangsu Huaxi Group is engaged mainly in textiles, chemicals, chemical fibers products business and thermal power stations. Jiangsu Huaxi Group's strong business network and experience in a variety of industries may also bring other potential investment and business opportunities to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS

(continued)

Business Review (continued)

- *Strengthening Capital*

On the same date when the Acquisition completed, the Group issued and placed 120 million and 508.6 million new shares to its controlling shareholders and several independent parties respectively, including Jiangsu Huaxi Group.

- *Catering Business*

During the period under review, the catering business, another business segment of the Group, operated steadily. As at 30 September 2010, restaurants owned by the Group included Eighteen Brook Cantonese Cuisine, Imperial Kitchen and Shanghai Lu Yang Cun Restaurant.

Prospect

Driven by the continuous economic growth in Xinjiang and benefited from a series of favorable PRC government policies on economy, finance and the industry, market demands for local coal are expected to increase rapidly in the future. Besides fulfilling local demands, with the relief in transportation bottleneck, large quantities of coal will be transported to other consumer regions in the middle and eastern part of China. Therefore, the Group is very confident in the prospect of coal mining operations.

Pursuant to the relevant shareholders agreement dated 18 October 1995, on 28 October 2010, the Group announced the sale of its entire equity interest in Shanghai Lu Yang Cun Restaurant. The Group will continue to operate and manage its remaining restaurants, namely Eighteen Brook Cantonese Cuisine and Imperial Kitchen, which are well recognised trade-names in Asian cuisines.

Sound financial support and talented professionals are keys to the Group's success in the full-scale development of its energy business. To this end, the Group continues to equip itself with a strong senior management team. Besides the re-appointment of Mr. Wang Jin Ling, the chief consultant of Henan Coal Group, as our independent non-executive director, the Group has recently recruited some new talents with extensive experience in the areas of mining business, energy business, financing and business development, among which are Mr. He Yiyuan (Director of Mining Operations) and Mr. Qin Hong (non-executive director). Mr. He Yiyuan was a member of the senior management of a large-scale state-owned coal enterprise and has over 30 years of experience in the coal mines management, while Mr. Qin Hong has been responsible for the management of investment and financial issues of Jiangsu Huaxi Group. Their joining will definitely benefit the future development of our energy business.

The Group is well prepared and will strive to develop new businesses and identify suitable acquisition opportunities so as to deliver better returns to the shareholders.

Liquidity and capital resources

As at 30 September 2010, the Group had freely-held cash of approximately HK\$674 million (31 March 2010: HK\$38.8 million) with zero gearing.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS

(continued)

Employees and remuneration policies

As at 30 September 2010, the Group had a total of 180 (31 March 2010: 185) full time employees. Employees' remuneration packages are determined with reference to prevailing market practices and individual performance. Our remuneration package includes basic salaries, sales incentives (which are only payable to some operational staff), medical and retirement benefit schemes. Discretionary bonus will be awarded to eligible employees based on the performance of the Group and individual employees. During this period, no share option was granted under the Company's share option scheme. The Company also provides training to staff to ensure opportunity for the growth of individual employees.

Pledge of assets

A bank balance of HK\$300,000 was pledged to a bank to obtain a banking facility.

Exposure to fluctuations in exchange rates and related hedges

The Group conducted its business transactions in HK\$ and RMB. There was no financial instrument held for hedging purposes.

Contingent liabilities

The Group had no significant contingent liabilities as at 30 September 2010.

Purchase, sale or redemption of shares

The Company had not redeemed any of its shares during the six months ended 30 September 2010 and neither the Company nor any of its subsidiaries had purchased or sold any of the Company's shares during the six months ended 30 September 2010.

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

As at 30 September 2010, the following director of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under the provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered into in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") to be notified to the Company and the Stock Exchange:

Name of director	Capacity of interest	Total number and class of security held (Note a)	Approximate percentage of shareholding %
Mr. Lo Siu Yu ("Mr. Lo")	Interest of controlled corporate (note b)	644,455,018 ordinary shares(L) (Note b)	50.58

Notes:

- a. The letter "L" represents the Director's interests in the shares and underlying shares of the Company.
- b. 644,455,018 of these shares were held by Money Success Limited, a company wholly owned by Wealthy In Investments Limited, which is in turn wholly-owned by Mr. Lo.

Save as disclosed above, as at 30 September 2010, none of the directors or chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under the provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered into the register referred to therein; or (c) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

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

As at 30 September 2010, according to the register of interests kept by the Company under section 336 of the SFO, and so far as was known to the directors or chief executives of the Company, the following persons, other than directors or chief executives of the Company, had interests or short positions in the shares or underlying shares which would require to be disclosed by the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company.

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

Notes:

- The letter "L" represents the entity's interests in the shares.
- Wealthy In Investments Limited is a company wholly-owned by Mr. Lo, who is the Chairman and an executive Director of the Company.
- Money Success Limited is a company wholly owned by Wealthy In Investments Limited.
- Ms. Chiu Kit Hung is the wife of Mr. Lo.
- 55%, 25% and 20% of the shareholdings of Xinyuan International Marine Transportation Co. Ltd were owned by Mr. Gao Yi Xin, Ms. Wang He Fen and Mr. Huang Wu Jun respectively.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY *(continued)*

Save as disclosed above, as at 30 September 2010, the directors and the chief executives of the Company are not aware of any other person who had an interest or short position in the shares or underlying shares which would require to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company acknowledges the importance of good corporate governance practices and believes that it is essential to the development of the Group and to safeguard the interests of the shareholders. The Directors are of the opinion that the Company has complied with the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2010.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the Directors. Having made specific enquiry with all of the Directors, the Company confirmed that all Directors have complied with the required standard as set out in the Model Code during the period ended 30 September 2010.

AUDIT COMMITTEE

The Company has established an audit committee ("Audit Committee") with written terms of reference in compliance with the Listing Rules. The Audit Committee has reviewed the Group's unaudited condensed consolidated interim financial statements for the period ended 30 September 2010 and has also discussed the internal control, the accounting principles and practices adopted by the Group. The Audit Committee is of the opinion that such statements comply with the applicable accounting standards, the Listing Rules and other legal requirements and that adequate disclosures have been made.

On behalf of the Board
Doxen Energy Group Limited
Mr. Lo Siu Yu
Chairman

Hong Kong, 29 November 2010