

DOXEN



DOXEN ENERGY GROUP LIMITED

(Incorporated in Hong Kong with limited liability) Stock Code: 668

Interim Report **2011/12**

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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

Suites 1707-1709, Harbour Centre
25 Harbour Road, Wanchai, Hong Kong
Tel: (852) 2596 0668
Fax: (852) 2511 0318
E-mail: enquiry@doxen.com.hk

Share Registrar

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

Share Transfer Office

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

Principal Bankers

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

Solicitor

Chiu & Partners

Auditor

PricewaterhouseCoopers

Stock Code

668

Website

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

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS

BUSINESS REVIEW

For the six months ended 30 September 2011, Doxen Energy Group Limited (the “Company”) and its subsidiaries (together the “Group”) recorded revenues of HK\$25.9 million (six months ended 30 September 2010: HK\$39.0 million), representing a decrease of 33.5% as compared with that of the corresponding period in prior year, while the loss for the period attributable to equity holders of the Company decreased by 47.5% to HK\$9.2 million (six months ended 30 September 2010: HK\$17.5 million).

- **Restaurant Operation**

The Group currently operates two restaurants, namely Eighteen Brook Cantonese Cuisine and Imperial Kitchen. For the six months ended 30 September 2011, the Group’s revenues from restaurant operation reduced by approximately HK\$13.6 million or 34.8% to HK\$25.4 million (six months ended 30 September 2010: HK\$39.0 million) which was mainly due to the disposal of the Group’s interests in Shanghai Lu Yang Cun Restaurant in October 2010.

Facing the increasing costs of rental expenses, salaries and wages and food, the restaurant operation of the Group recorded a loss of HK\$2.6 million (six months ended 30 September 2010: HK\$2.4 million) for the six months ended 30 September 2011, representing an increase of loss of approximately HK\$0.2 million or 7.6% as compared with that of the corresponding period in prior year. In order to enhance the competitiveness of its restaurant operation, the Eighteen Brook Cantonese Cuisine of the Group was renovated from the end of May to mid June in 2011.

BUSINESS REVIEW *(continued)*

- **Coal Mining**

During the period under review, the 900,000 tons production capacity expansion program of our coal mine located in Xinjiang Uyghur Autonomous Region (“Xinjiang”) of the People’s Republic of China (the “PRC”) (the “New Century Coal Mine”) continues to carry on. However, since the first China-Eurasia Expo was held in September 2011 in Urumqi City, Xinjiang, to ensure the safety and success of the Expo, the local government had carried out a series of strict security measures, including prohibiting explosives from entering Xinjiang since 25 August 2011, which had severely affected our mine construction. Besides, the early sleet season in Xinjiang this year had also affected the progress of our construction. As a result, the management estimated that the completion of the New Century Coal Mine expansion will experience a slight delay to the second half of 2013. The project will be carried out in three phases and the total investment cost of the project amounted to RMB399.1 million, of which, RMB95.1 million is budgeted for the mine construction, RMB56.1 million is budgeted for the site formation, RMB120.8 million is budgeted for purchasing equipment and machinery, RMB54.3 million is budgeted for installation work, and RMB72.8 million is budgeted for other ancillary projects. Up to 30 September 2011, over 90% of the construction work of the main shaft and auxiliary shafts for the first phase of the expansion work has been completed. The second and third phases comprise the ground construction work and the installation of mechanical and electrical equipment, mainly referring to the lifting system, ventilation system, pressure ventilation system, ground production system, safety technology and control system, power supply system, ground transportation system, outdoor plumbing and heating system, auxiliary plant and warehouse, administration and welfare facilities, site facilities, welfare benefits facilities, environment protection and “solid wastes, liquid wastes and exhaust gas” treatment, etc. The construction works are expected to be completed by the fourth quarter of 2013.

For the six months ended 30 September 2011, the costs incurred for the production capacity expansion program of the New Century Coal Mine amounted to approximately RMB22.3 million. Since New Century Coal Mine is still in the process of expanding its production capacity, there has been no exploration, development or production activity during the six months ended 30 September 2011.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 30 September 2011, the Group had a total of 166 (31 March 2011: 170) 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 insurance plans and retirement benefit schemes. Discretionary bonus and share options may be granted to eligible employees based on the performance of the Group and individual employees. The Company encourages its employees to enhance their competence and provides training to improve staff development to assure opportunity for individual growth of employees.

FINANCIAL REVIEW

Liquidity and financial resources

As at 30 September 2011, the Group had cash and cash equivalents of approximately HK\$680.3 million (31 March 2011: HK\$722.8 million) and management believes that the Group has sufficient cash and cash equivalents to fund its operations and future development.

As at 30 September 2011, the current ratio of the Group, representing current assets divided by current liabilities, was 2.8 (31 March 2011: 3.1) and the gearing ratio, representing total borrowings divided by the total equity, was 72.1% (31 March 2011: 72.8%).

Capital structure

As at 30 September 2011, the Group's current bank borrowing amounting to HK\$341.6 million (31 March 2011: HK\$332.6 million) bore interest at fixed rate of 5.0% per annum and is subject to repricing upon its due date in December 2011. The Group's non-current bank borrowing amounting to HK\$151.9 million (31 March 2011: HK\$166.3 million) bore interest at floating rates.

As most of the bank borrowings of the Group bore fixed interest rate, the Group's exposure to changes in market interest rates was limited. The Group did not use any derivatives to hedge its exposure to interest rate risk for the six months ended 30 September 2011 and the year ended 31 March 2011.

The Group monitors its capital by maintaining a sufficient net cash position to satisfy its commitments and working capital requirements.

Pledge of assets

As at 30 September 2011, the Group pledged its mining right and bank deposits with total carrying amounts of approximately HK\$10.3 million (31 March 2011: HK\$10.0 million) and HK\$364.8 million (31 March 2011: HK\$350.8 million) respectively, and its equity interest in Xinjiang New Century Mining Company Limited to various banks for securing the loans and general banking facilities granted to the Group.

Exposure to fluctuations in exchange rates and related hedges

The Group operates in Hong Kong and the PRC with most of the transactions denominated and settled in local currencies. The Group's foreign exchange risk primarily arises from the Group's investment in the New Century Coal Mine which is denominated in RMB. Currency exposure arising from the net assets of such operations is managed primarily through borrowings denominated in RMB.

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

Commitments

As at 30 September 2011, the Group had capital commitments of HK\$376.0 million (31 March 2011: HK\$424.8 million), which mainly consisted of the capital commitment for the production capacity expansion project of the New Century Coal Mine. The project will be funded by internal capital and by bank borrowings.

As at 30 September 2011, the total future minimum lease payments under non-cancellable operating leases for properties amounted to HK\$28.9 million (31 March 2011: HK\$24.7 million).

Contingent liabilities

The Group had no significant contingent liabilities as at 30 September 2011.

Dividends

The board of directors (the "Board") does not recommend the payment of an interim dividend for the six months ended 30 September 2011 (six months ended 30 September 2010: Nil).

Events after the date of the statement of financial position

There have been no events to cause material impact on the Group from 30 September 2011 to the date of this report that should be disclosed.

FUTURE PROSPECTS

Looking forward, the Group will continue to carry out the construction works on New Century Coal Mine as planned in the second half of the year. The areas of investment, quality, time and safety will be the main focus of the Group throughout the construction works. The Group will fully cooperate with the contractor, as well as to urge its supervising department to ensure the works carried out are of good quality and as scheduled.

The Group entered into strategic cooperation agreements with Henan Coal Chemical Industry Group Co. Ltd. (“Henan Coal Group”) and Jiangsu Huaxi Group Company (“Jiangsu Huaxi Group”) respectively in May 2010, to establish long-term strategic alliances to cooperate in the exploration and development of mining projects in the PRC. In addition, Jiangsu Huaxi Group has become one of the strategic shareholders of the Company. The Group will continue to maintain close relationship with Henan Coal Group and Jiangsu Huaxi Group and will actively explore opportunities in developing energy-related projects.

Amid the uncertainties in the global economy, the management of the Group will closely monitor the changes in the macroeconomic environment. Nevertheless, we are of the view that the fundamental of China’s economy remains good, while surging population driving the demand for coal energy, we are confident that this will benefit the sales volume of the New Century Coal Mine after the commencement of its operation in the future.

The Group has a good financial position with sufficient capital, which is favorable to the development of our current operations, and can be our strong support in seeking potential acquisitions. Apart from the New Century Coal Mine, we will actively explore other energy projects and strive to create value for the shareholders as soon as possible.

OTHER INFORMATION

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 2011, the following directors of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under the provisions of the SFO); or (b) pursuant to section 352 of 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:

Long positions of the directors' interests in the shares and underlying shares of the Company:

Name of director	Capacity	Interests in shares			Total number of shares interested	Approximate percentage of the Company's issued shares
		Corporate interest	Personal interest	Interests in underlying shares pursuant to share options		
Mr. Lo Siu Yu ("Mr. Lo")	Interest of controlled corporation and beneficial owner	619,455,018 (Note a)	25,000,000 (Note b)	-	644,455,018	50.58%
Mr. Chen Yang	Beneficial owner	-	-	3,000,000	3,000,000	0.24%
Mr. Zhang Jian Qiang	Beneficial owner	-	-	2,850,000	2,850,000	0.22%
Mr. Wang Xiaobo	Beneficial owner	-	-	2,850,000	2,850,000	0.22%
Mr. Qin Hong	Beneficial owner	-	-	2,100,000	2,100,000	0.16%

Notes:

- Shares of 619,455,018 were held by Money Success Limited, a company wholly owned by Wealthy In Investments Limited, which is in turn wholly-owned by Mr. Lo.
- Such interests are held jointly with Ms. Chiu Kit Hung, the wife of Mr. Lo.

Save as disclosed above, as at 30 September 2011, none of the directors or chief executive of the Company had any 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 such 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.

Equity-settled share option scheme

Share options were granted to eligible participants under a share option scheme approved and adopted by the shareholders of the Company at the annual general meeting held on 11 September 2008 ("Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who have contributed or will contribute to the growth and development of the Group.

Movement in the share options granted under the Share Option Scheme during the six months ended 30 September 2011 is set out below:

	Date of grant	Exercisable period	Exercise price HK\$	Closing price per share immediately before the date of grant HK\$	No. of options outstanding as at 1 April 2011	No. of options granted during the six months ended 30 September 2011	No. of options exercised/ cancelled/ lapsed during the six months ended 30 September 2011	No. of options outstanding as at 30 September 2011	Approximate percentage of the underlying shares for the options in the issued shares of the Company
Mr. Chen Yang (Note 1)	15 October 2010	15 October 2010 to 14 October 2020	1.638	1.610	3,000,000	-	-	3,000,000	0.24%
Mr. Zhang Jian Qiang (Note 1)	15 October 2010	15 October 2010 to 14 October 2020	1.638	1.610	2,850,000	-	-	2,850,000	0.22%
Mr. Wang Xiaobo (Note 1)	15 October 2010	15 October 2010 to 14 October 2020	1.638	1.610	2,850,000	-	-	2,850,000	0.22%
Mr. Qin Hong (Note 2)	2 December 2010	2 December 2010 to 1 December 2020	1.628	1.500	2,100,000	-	-	2,100,000	0.16%
Employees (Note 1)	15 October 2010	15 October 2010 to 14 October 2020	1.638	1.610	5,400,000	-	-	5,400,000	0.42%
Total					16,200,000	-	-	16,200,000	1.27%

Notes:

- The options have a term of ten years commencing on 15 October 2010 and shall vest (if applicable) and become exercisable in three tranches in the proportion of approximately 33/3%, 33/3% and 33/3% on 15 October 2010, 15 October 2011 and 15 October 2012 respectively.
- The options have a term of ten years commencing on 2 December 2010 and shall vest (if applicable) and become exercisable in three tranches in the proportion of approximately 33/3%, 33/3% and 33/3% on 2 December 2010, 2 December 2011 and 2 December 2012 respectively.

Substantial shareholders' interests and short positions in shares and underlying shares and debentures of the Company

As at 30 September 2011, according to the register of interests kept by the Company under section 336 of the SFO, and so far as was known to the directors or chief executives of the Company, the following persons, other than directors or chief executives of the Company, had 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.

Long positions of substantial shareholders' interests in the shares of the Company

Name of substantial shareholder	Capacity	Number of shares interested	Approximate percentage of the Company's issued shares
Ms. Chiu Kit Hung	Interest of spouse (<i>Note a</i>)	644,455,018	50.58%
Wealthy In Investments Limited	Interest of controlled corporation (<i>Note b</i>)	619,455,018	48.62%
Money Success Limited	Beneficial owner (<i>Note c</i>)	619,455,018	48.62%
Mr. Huang Guoping	Beneficial owner	120,000,000	9.42%
Baoli International (Hong Kong) Trading Co. Limited	Beneficial owner	120,000,000	9.42%
Mr. Gao Yi Xin	Interest of controlled corporation (<i>Note d</i>)	90,000,000	7.06%
Ms. Wang He Fen	Interest of controlled corporation (<i>Note d</i>)	90,000,000	7.06%
Mr. Huang Wu Jun	Interest of controlled corporation (<i>Note d</i>)	90,000,000	7.06%
Xinyuan International Marine Transportation Co. Ltd.	Beneficial owner (<i>Note d</i>)	90,000,000	7.06%

Notes:

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

Save as disclosed above, as at 30 September 2011, the Company had not been notified by any persons (other than directors or chief executives of the Company) 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 which were recorded in the register required to be kept by the Company under section 336 of SFO.

Purchase, sale or redemption of listed securities of the Company

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 September 2011.

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 in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 September 2011.

Compliance with the Model Code

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the Directors. The Company has made specific enquiry of all Directors and all Directors have confirmed with the Company that they have complied with the required standard as set out in the Model Code during the six months ended 30 September 2011.

Audit committee

The Company has established an audit committee ("Audit Committee") comprised all three independent non-executive Directors, namely, Mr. Chan Ying Kay, Ms. Kwong Ka Yin, Phyllis and Mr. Wang Jin Ling with written terms of reference in compliance with the Listing Rules.

The Audit Committee has reviewed the Group's condensed consolidated interim financial information for the six months ended 30 September 2011 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 financial information has been prepared in accordance with the applicable accounting standards, the Listing Rules and the statutory requirements and that adequate disclosures have been made in the interim report.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank all employees for their contributions to the Group and all the shareholders for their continuous support.

By order of the Board

DOXEN ENERGY GROUP LIMITED

Lo Siu Yu

Chairman

Hong Kong, 25 November 2011

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2011

		Unaudited	
		For the six months ended	
		30 September	
		2011	2010
	<i>Note</i>	HK\$'000	HK\$'000
			(Restated)
Revenue	5	25,942	39,002
Cost of inventories consumed		(8,515)	(11,920)
Staff costs	6	(16,919)	(16,657)
Operating lease rentals		(6,182)	(7,697)
Utilities expenses		(1,909)	(2,829)
Depreciation of property, plant and equipment		(1,394)	(441)
Repair and maintenance		(299)	(398)
Other gains/(losses) – net	7	10,952	(52)
Other operating expenses	8	(8,023)	(16,527)
Operating loss		(6,347)	(17,519)
Finance income	9	2,857	6
Finance costs	9	(8,622)	–
Finance (costs)/income – net	9	(5,765)	6
Loss before income tax		(12,112)	(17,513)
Income tax credit/(expense)	10	2,952	(92)
Loss for the period		(9,160)	(17,605)
Attributable to:			
Equity holders of the Company	11	(9,160)	(17,457)
Non-controlling interests		–	(148)
		(9,160)	(17,605)
Basic and diluted losses per share attributable to equity holders of the Company	11	(0.72 HK cents)	(2.33 HK cents)

The notes on pages 18 to 32 are an integral part of these condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2011

	Unaudited For the six months ended 30 September	
	2011 HK\$'000	2010 HK\$'000
Loss for the period	(9,160)	(17,605)
Other comprehensive income:		
Exchange differences arising from translation of a foreign operation	3,863	98
Fair value gain of available-for-sale financial asset	1,000	200
Other comprehensive income for the period, net of tax	4,863	298
Total comprehensive loss for the period	(4,297)	(17,307)
Total comprehensive loss for the period attributable to:		
Equity holders of the Company	(4,297)	(17,159)
Non-controlling interests	-	(148)
	(4,297)	(17,307)

The notes on pages 18 to 32 are an integral part of these condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2011

		Unaudited As at 30 September 2011 HK\$'000	Audited As at 31 March 2011 HK\$'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	13	121,519	83,617
Mining right	14	10,258	9,988
Goodwill		1,461	1,423
Available-for-sale financial asset	15	13,000	12,000
Rental deposits paid			
– non-current portion		3,237	4,815
Deferred income tax assets		6,229	3,158
		155,704	115,001
Current assets			
Inventories		3,278	3,462
Trade receivables	16	178	319
Deposits, prepayments and other receivables		5,702	8,502
Tax recoverable		–	245
Restricted bank deposits		367,906	353,394
Cash and cash equivalents		680,320	722,844
		1,057,384	1,088,766
Total assets		1,213,088	1,203,767
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	17	127,404	127,404
Reserves		558,367	559,112
Total equity		685,771	686,516

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

At 30 September 2011

	<i>Notes</i>	Unaudited As at 30 September 2011 HK\$'000	Audited As at 31 March 2011 HK\$'000
LIABILITIES			
Non-current liabilities			
Provision for long service payments – non-current portion		877	674
Bank borrowings	18	151,884	166,320
Finance lease liabilities		744	866
		153,505	167,860
Current liabilities			
Trade payables	19	3,486	2,828
Other payables and accrued charges		28,486	13,691
Bank borrowings	18	341,600	332,640
Finance lease liabilities		240	232
		373,812	349,391
Total liabilities		527,317	517,251
Total equity and liabilities		1,213,088	1,203,767
Net current assets		683,572	739,375
Total assets less current liabilities		839,276	854,376

The notes on pages 18 to 32 are an integral part of these condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2011

	Unaudited For the six months ended 30 September	
	2011 HK\$'000	2010 HK\$'000
Net cash used in operating activities	(15,491)	(21,923)
Net cash used in investing activities	(23,784)	(12,182)
Net cash (used in)/generated from financing activities	(21,187)	669,458
Net (decrease)/increase in cash and cash equivalents	(60,462)	635,353
Cash and cash equivalents at 1 April	722,844	38,840
Effect of foreign exchange rate changes	17,938	591
Cash and cash equivalents at 30 September	680,320	674,784
Less: cash and cash equivalents included in assets classified as held for sale	–	(816)
	680,320	673,968

The notes on pages 18 to 32 are an integral part of these condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2011

	Unaudited									
	Attributable to equity holders of the Company								Non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Investment revaluation reserve HK\$'000	Accumulated losses HK\$'000	Exchange reserve HK\$'000	Merger reserve HK\$'000	Other reserve HK\$'000	Total HK\$'000		
At 1 April 2011	127,404	1,046,974	7,750	(55,965)	5,464	(452,547)	7,436	686,516	-	686,516
Loss for the period	-	-	-	(9,160)	-	-	-	(9,160)	-	(9,160)
Other comprehensive income:										
Fair value gain of available-for-sale financial asset	-	-	1,000	-	-	-	-	1,000	-	1,000
Currency translation differences	-	-	-	-	3,863	-	-	3,863	-	3,863
Total comprehensive income/ (loss)	-	-	1,000	(9,160)	3,863	-	-	(4,297)	-	(4,297)
Share-based payment	-	-	-	-	-	-	3,552	3,552	-	3,552
At 30 September 2011	127,404	1,046,974	8,750	(65,125)	9,327	(452,547)	10,988	685,771	-	685,771
At 1 April 2010, as restated	34,544	-	5,550	(25,900)	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
Currency translation differences	-	-	-	-	98	-	-	98	-	98
Total comprehensive income/ (loss)	-	-	200	(17,457)	98	-	-	(17,159)	(148)	(17,307)
Issuance of shares to effect the Play Tone Acquisition (Note 11)	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 18 to 32 are an integral part of these condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. General information

Doxen Energy Group Limited (the “Company”) is a limited liability company incorporated in Hong Kong and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The address of its registered office is Suites 1707-1709, 17/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.

The Company and its subsidiaries (the “Group”) are principally engaged in the operation of restaurants and coal mining.

The condensed consolidated interim financial information is presented in Hong Kong dollars (“HK\$”), unless otherwise stated. The condensed consolidated interim financial information was approved for issue by the board of directors (the “Board”) on 25 November 2011.

The condensed consolidated interim financial information has not been audited.

2. Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 September 2011 has 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”). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 March 2011, which were prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The preparation of the condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed consolidated interim financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 March 2011.

3. Accounting policies

The accounting policies applied are consistent with those adopted in the annual financial statements for the year ended 31 March 2011, except the Group has adopted the following amendments to standards and interpretations issued by the HKICPA which are mandatory for the financial year beginning on or after 1 January 2011.

HKAS 24 (Revised)	Related Party Disclosure
HKAS 32 (Amendment)	Classification of Rights Issue
HK(IFRIC) – Int 14 (Amendment)	Prepayments of A Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments
HKFRSs Amendments	Improvements to HKFRSs May 2010

The adoption of the above new HKFRSs in current period did not have any significant financial effect on the condensed consolidated interim financial information or result in any substantial changes in the Group's significant accounting policy.

The HKICPA has issued the following new and revised standards and amendments to standards but not yet effective for the financial year beginning on 1 April 2011:

		Effective for accounting periods beginning on or after
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets	1 January 2012
HKAS 27 (2011)	Separate Financial Statements	1 January 2013
HKAS 28 (2011)	Investments in Associates and Joint Ventures	1 January 2013
HKFRS 7 (Amendment)	Disclosure – Transfer of Financial Assets	1 July 2011
HKFRS 9	Financial Instruments	1 January 2013
HKFRS 10	Consolidated Financial Statements	1 January 2013
HKFRS 11	Joint Arrangements	1 January 2013
HKFRS 12	Disclosure of Interests in Other Entities	1 January 2013
HKFRS 13	Fair Value Measurement	1 January 2013

The Group has not early adopted these new standards and amendments to standards in the condensed consolidated interim financial information but has already commenced an assessment of the related impact to the Group. The Group is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of its consolidated financial statements will be resulted.

4. Financial risk management

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2011.

There have been no changes in any risk management policies.

4.2 Liquidity risk

Compared to the year ended 31 March 2011, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

4.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

The following table presents the Group's assets that are measured at fair value (level 1) as at 30 September 2011 and 31 March 2011.

	As at 30 September 2011 HK\$'000	As at 31 March 2011 HK\$'000
Assets		
Available-for-sale financial asset – Club debenture	13,000	12,000

4. FINANCIAL RISK MANAGEMENT *(continued)*

4.3 Fair value estimation *(continued)*

For the six months ended 30 September 2011, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities and there were no reclassifications of financial assets.

5. Revenue and segment information

The chief operating decision-makers ("CODM") have 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.

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

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

Revenue from the two segments is analysed as follows:

	Unaudited	
	For the six months ended	
	30 September	
	2011	2010
	HK\$'000	HK\$'000
Restaurant operations	25,418	39,002
Coal mining	524	–
	25,942	39,002

5. Revenue and segment information *(continued)*

The segment information provided to the CODM for the reportable segments for the six months ended 30 September 2011 and 30 September 2010 is as follows:

	Restaurant operations HK\$'000	Coal mining HK\$'000	Total HK\$'000
For the six months ended 30 September 2011			
Revenue from external customers	25,418	524	25,942
Depreciation of property, plant and equipment	(920)	(216)	(1,136)
Finance income	–	951	951
Finance costs	–	(8,589)	(8,589)
Segment results	(2,577)	(11,786)	(14,363)
Income tax credit	–	2,952	2,952
Capital expenditure	(8,025)	(27,274)	(35,299)
For the six months ended 30 September 2010			
Revenue from external customers	39,002	–	39,002
Depreciation of property, plant and equipment	(95)	(222)	(317)
Finance income	–	6	6
Finance costs	–	–	–
Segment results	(2,394)	(1,196)	(3,590)
Income tax expense	–	(92)	(92)
Capital expenditure	(83)	(11,949)	(12,032)

The segment information provided to the CODM for the reportable segments as at 30 September 2011 and 31 March 2011 is as follows:

	Restaurant operations HK\$'000	Coal mining HK\$'000	Total HK\$'000
As at 30 September 2011			
Segment assets	18,790	1,008,438	1,027,228
Segment liabilities	(16,359)	(505,797)	(522,156)
As at 31 March 2011			
Segment assets	15,755	1,000,018	1,015,773
Segment liabilities	(10,747)	(502,708)	(513,455)

5. Revenue and segment information *(continued)*

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

	Unaudited	
	For the six months ended	
	30 September	
	2011	2010
	HK\$'000	HK\$'000
Segment results	(14,363)	(3,590)
Depreciation of property, plant and equipment	(258)	(124)
Finance income – net	1,873	–
Staff costs	(8,078)	(2,102)
Others	8,714	(11,697)
Loss before income tax	(12,112)	(17,513)

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

	Unaudited	Audited
	As at	As at
	30 September	31 March
	2011	2011
	HK\$'000	HK\$'000
Segment assets	1,027,228	1,015,773
Unallocated:		
Available-for-sale financial asset	13,000	12,000
Property, plant and equipment	3,375	1,823
Restricted bank deposits	3,671	–
Cash and cash equivalents	163,952	173,911
Other assets	1,862	260
Total assets	1,213,088	1,203,767

5. Revenue and segment information *(continued)*

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

	Unaudited As at 30 September 2011 HK\$'000	Audited As at 31 March 2011 HK\$'000
Segment liabilities	522,156	513,455
Unallocated:		
Finance lease liabilities	984	1,098
Other liabilities	4,177	2,698
Total liabilities	527,317	517,251

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

6. Staff costs

	Unaudited For the six months ended 30 September 2011 HK\$'000	2010 HK\$'000
Wages and salaries, including directors' fees	11,722	15,440
Provision for termination benefits	8	6
Reversal of provision for leave balance	(243)	(209)
Provision for long service payments	278	111
Retirement benefit costs – defined contribution schemes	501	653
Share options granted to directors and employees	3,552	–
Other staff costs	1,101	656
	16,919	16,657

7. Other gains/(losses) – net

	Unaudited For the six months ended 30 September	
	2011 HK\$'000	2010 HK\$'000
Net exchange gains	11,022	–
Loss on disposal of property, plant and equipment	(70)	(52)
	10,952	(52)

8. Other operating expenses

	Unaudited For the six months ended 30 September	
	2011 HK\$'000	2010 HK\$'000
Legal and professional expenses	1,468	9,056
Cleaning and laundry expenses	588	850
Consumables	445	455
Insurance expenses	279	206
Occupancy expenses (other than operating lease rentals)	1,623	2,321
Promotion expenses	1,111	1,183
Other expenses	2,509	2,456
Other operating expenses	8,023	16,527

9. Finance (costs)/income

	Unaudited	
	For the six months ended	
	30 September	
	2011	2010
	HK\$'000	HK\$'000
Finance costs:		
– Bank borrowings wholly repayable within 5 years	(16,047)	–
– Other loans due to third parties	–	(475)
– Finance lease liabilities	(33)	–
Less: amounts capitalised in qualifying assets	7,458	475
Finance costs charged to condensed consolidated income statement	(8,622)	–
Finance income:		
– Interest income from bank deposits	2,857	6
Finance (costs)/income – net	(5,765)	6

10. Income tax credit/(expense)

	Unaudited	
	For the six months ended	
	30 September	
	2011	2010
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax	–	–
– Deferred income tax credit/(charge)	2,952	(92)
	2,952	(92)

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2010:16.5%) on the estimated assessable profits for the period. No Hong Kong profits tax has been provided for the six months ended 30 September 2011 as there was no estimated assessable profit for the period (six months ended 30 September 2010: Nil).

PRC corporate income tax is provided on the profit before income tax of subsidiaries of the Group which are subject to PRC corporate income tax at the statutory tax rate of 25%.

11. Losses per share

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

	Unaudited	
	For the six months ended	
	30 September	
	2011	2010
	HK\$'000	HK\$'000
		(Restated)
Loss attributable to equity holders of the Company	(9,160)	(17,457)
Weighted average number of ordinary shares in issue <i>(Note)</i>	1,274,038,550	748,487,730

Note:

On 7 October 2009, Mr. Lo Siu Yu ("Mr. Lo") acquired, through Money Success Limited, a company incorporated in the British Virgin Islands and is wholly-owned by Mr. Lo, a 63.49% equity interest in the Company and became the major shareholder of the Company.

On 18 May 2010, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with Mr. Lo, for the acquisition of the entire issued share capital of Ray Tone Limited, a company incorporated in the British Virgin Islands and was wholly-owned by Mr. Lo for holding the investment in Xinjiang New Century Mining Company Limited, at a consideration of HK\$300 million, to be settled by the issuance of 300 million new ordinary shares of the Company at HK\$1 each (the "Ray Tone Acquisition").

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

Employee share options outstanding at 30 September 2011 would have an anti-dilutive effect on loss per share. No employee share options were outstanding as at 30 September 2010 and there is no dilutive effect on basic loss per share.

12. Dividends

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2011 (six months ended 30 September 2010: Nil).

13. Property, plant and equipment

	Unaudited Property, plant and equipment
	HK\$'000
For the six months ended 30 September 2011	
Opening net book value, as at 1 April 2011	83,617
Exchange differences	2,223
Additions	37,180
Disposals	(107)
Depreciation	(1,394)
Closing net book value, as at 30 September 2011	121,519
For the six months ended 30 September 2010	
Opening net book value, as at 1 April 2010, as restated	45,396
Exchange differences	865
Additions	12,131
Disposals	(227)
Depreciation	(474)
Closing net book value, as at 30 September 2010	57,691

14. Mining right

The mining right of the Group represents its interest in a thermal coal mine (the "New Century Coal Mine") located in Fukang City in Xinjiang, the PRC, through Xinjiang New Century Mining Limited, a subsidiary acquired by the Group on 31 August 2010. The New Century Coal Mine is currently under construction and expansion.

15. 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.

16. Trade receivables

The ageing analysis of trade receivables is as follow:

	Unaudited 30 September 2011 HK\$'000	Audited 31 March 2011 HK\$'000
Current to 30 days	178	319

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 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.

17. Share capital

	Unaudited As at 30 September 2011 HK\$'000	Audited As at 31 March 2011 HK\$'000
Authorised: 5,000,000,000 ordinary shares of HK\$0.1 each	500,000	500,000
Issued and fully paid: 1,274,038,550 ordinary shares of HK\$0.1 each	127,404	127,404

18. Bank borrowings

	Unaudited As at 30 September 2011 HK\$'000	Audited As at 31 March 2011 HK\$'000
Non-current:		
Bank borrowings, secured	151,884	166,320
Current:		
Bank borrowings, secured	341,600	332,640
	493,484	498,960

The Group's bank borrowings were repayable as follows:

	Unaudited As at 30 September 2011 HK\$'000	Audited As at 31 March 2011 HK\$'000
Within 1 year	341,600	332,640
Between 1 and 2 years	5,495	–
Between 2 and 5 years	146,389	166,320
	493,484	498,960

As at 30 September 2011, the Group's bank borrowings were denominated in RMB and were secured by:

- (i) the Group's mining right amounting to approximately HK\$10.3 million;
- (ii) the Group's equity interests in Xinjiang New Century Mining Company Limited, a wholly owned subsidiary;
- (iii) the Group's bank deposit amounting to approximately HK\$361.1 million; and
- (iv) guarantees given by Mr. Lo, the controlling shareholder, and a related company owned by him.

As at 30 September 2011, the Group's current bank borrowings amounting to HK\$341.6 million (31 March 2011: HK\$332.6 million) bear interest at fixed rate of 5.0% per annum and is therefore subject to repricing upon its due date in December 2011. The Group's non-current bank borrowings amounting to HK\$151.9 million (31 March 2011: HK\$166.3 million) bear interest at floating rates.

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

19. Trade payables

The ageing analysis of trade payables is as follows:

	Unaudited As at 30 September 2011 HK\$'000	Audited As at 31 March 2011 HK\$'000
Current to 30 days	3,414	2,645
31 to 60 days	–	49
Over 60 days	72	134
	3,486	2,828

The Group's trade payables are denominated in HK\$.

20. Commitments

(a) Capital commitments

Capital expenditure in respect of acquisition of property, plant and equipment is as follows:

	Unaudited As at 30 September 2011 HK\$'000	Audited As at 31 March 2011 HK\$'000
Approved but not contracted for	291,937	399,788
Contracted but not provided for	84,063	25,044
	376,000	424,832

(b) Operating lease commitments

The Group had future minimum lease payments under non-cancellable operating leases as follows:

	Unaudited As at 30 September 2011 HK\$'000	Audited As at 31 March 2011 HK\$'000
Within one year	13,969	10,752
After one year and within five years	14,945	13,956
Over five years	–	8
	28,914	24,716

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.

21. Presentation of the condensed consolidated interim financial information

Certain figures of the condensed consolidated interim financial information in prior period have been restated to conform to the presentation of the consolidated financial statements of the Group for the year ended 31 March 2011 and the current period.