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

(Incorporated in the Cayman Islands with limited liability) (Stock code: 00474)

Interim Report 2011/12

CONTENTS

CORPORATE INFORMATION

Executive Directors

Mr. Ma Lishan
(Chairman and Chief Executive Officer)
Mr. Fung Ka Pun *(Vice-Chairman)*
(resigned on 21 September 2011)
Mr. Ng Cheuk Fan, Keith
(resigned on 21 September 2011)
Mr. Mak Yiu Tong

Non-Executive Director

Ms. Fung Wing Ki, Vicky
(resigned on 21 September 2011)

Independent Non-Executive Directors

Dr. Tam Hok Lam, Tommy, *J.P.*
Mr. Zhu Yongguang
Mr. Chan William

Audit Committee

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

Executive Committee

Mr. Man Lishan
(Chairman of Committee)
Mr. Fung Ka Pun
(resigned on 21 September 2011)
Mr. Ng Cheuk Fan, Keith
(resigned on 21 September 2011)
Mr. Mak Yiu Tong

Remuneration Committee

Mr. Fung Ka Pun *(Chairman of Committee)*
(resigned on 21 September 2011)
Mr. Ma Lishan *(Chairman of Committee)*
(appointed on 21 September 2011)
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. Fok Chi Tak
(CPA, FCCA, ACA, ACS, ACIS)

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
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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

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Registered Office

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Website

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CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of Hao Tian Resources Group Limited ("Hao Tian Resources" or "the Group"), I hereby present our unaudited interim results for the six months ended 30 September 2011 (the "Period under Review").

With the continuous growth of China's economy, the sale of luxury consumer goods showed an upward trend, which also drove the demand for consumer goods and packaging boxes. As the result, the Group's packaging box business orders increased remarkably and led a tremendous growth in gross profit. During the Period under Review, the Group's revenue and gross profit of the packaging box business was approximately HK$71.4 million and HK$18.9 million respectively, representing a significant increase of approximately 39.4% and 349.4% respectively as compared with the same period last year. The packaging box business of the Group recovered gradually and resumed its profitability during the Period under Review.

Inner Mongolia's uncertain coal industry prospect was caused by the Government's upcoming new policy on restructuring the industry. Therefore, during the Period under Review, the Group has executed a sale and purchase agreement for the disposal of the entire equity interest in Wuhai City Menggang Industrial Development Co., Ltd. of Inner Mongolia Autonomous Region at a total consideration of RMB1.503 billion. Upon completion of the agreement, the Group ceased to hold any equity interest in Mine No. 1 and No. 4 and Tianyu Coal Washing Plant located in Wuhai City. Generating a profit of approximately HK$237 million and tremendously increasing the Group's cash in hand, provides the Group with sufficient funds. This facilitated the Group in seeking investment opportunities, focusing on coking coal in Xinjiang and Qinghai, the PRC, as well as reducing the financial cost incurred by the increase of future production capacity of the coal mine in Baicheng County.

During the Period under Review, the Group successfully acquired a coal mine located in Baicheng County, Xinjiang Uygur Autonomous Region, and has conducted technological improvement on the basis of an annual production capacity of 900,000 tonnes. The mine has aggregated the coal resources of approximately 112 million tonnes, including indicated resources of 69 million tonnes of which with 33% of coking coal and 50% of caking coal content. The Group has been poised to increase the coal resources volume and production by proactively participating in mergers and consolidations of coal resources in regions where the Group's mine is located.

"The 12th Five-Year Plan" emphasizes on the acceleration of urbanization process. To facilitate the implementation of relevant policies, a number of cities will start off various infrastructures construction, causing a significantly increase in the energy consumption. The potential increment coke price due to the short supply in the market and the inflationary pressure, the prospect of coke industry is very promising. The Group endeavors to become a major player in the coke industry during industry consolidation process. To achieve this, the Group will adapt to market changes to strengthen the horizontal development of its business and actively expand its production scale by acquisitions and mergers.

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
Hong Kong, 28 November 2011

INTERIM DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Financial Review

Coal Mining Business

The technological improvement of the Group's Mine No. 1 in Wuhai City, Inner Mongolia Autonomous Region has already completed by the end of July, while Mine No. 4 is still at its final stage of development. However, as the Board commenced discussion in mid-July 2011, with respect to the "內蒙古自治區煤炭企業兼併重組工作方案" ("Working Proposal on Merger and Reorganization of Coal Enterprises in Inner Mongolian Autonomous Region") issued by the Inner Mongolian Autonomous Region Government, has been considering the dispose of Mine No. 1 and No. 4 in Wuhai City, Inner Mongolia. Therefore, the 2 mines did not commence any production. Accordingly, during the Period under Review, no revenue was recorded from the mining business in Wuhai City, Inner Mongolia.

According to the "Working Proposal on Merger and Reorganization of Coal Enterprises in Inner Mongolian Autonomous Region"'s key point, by the end of 2013, coal mine operators with an annual production capacity of less than 1,200,000 tonnes will be eliminated. As for operators located in areas with promising prospect, the minimum requirement of annual production capacity may be lifted up to 3,000,000 tonnes. The elimination will be effected by a process of mergers, acquisitions and restructuring and the list of existing mine operators in Inner Mongolia will be classified as "acquirers" and "acquirees". The Group's Mine No. 1 and No. 4 in Wuhai City, Inner Mongolia will likely be subject to the above government restructuring proposal and, taking into account their annual production capacity, may be liable to be eliminated. Alternatively, the Company estimates that an investment of not less than RMB2 billion will be required in order for the Mines and the Group to be classified as an "acquirer" per the said restructuring proposal. In the event the said proposal become effective or the Company or its subsidiary falls within the said list of "acquirees", the Mines will likely be prohibited by the PRC authorities from commencing production until they are acquired by "acquirers" specified in the above proposal. After assessing the Group's capability and prospect of further investment in the Inner Mongolia coal industry, and the uncertain prospect and outlook brought by the recently imposed government policies the Group decided to dispose of the Mines.

The Group has successfully acquired the coal mine in Baicheng ("Baicheng coal mine"), Xinjiang Uygur Autonomous Region on 15 June 2011, and has then resumed the production preparation. However, as the relevant PRC governmental authorities have issued notices to the Baicheng coal mine that required it to suspend production in July 2011 to deal with certain safety issues, including, inter alia, the implementation of measures regarding gas levels in the Baicheng coal mine and the inadequacies of its ventilation system. The Company has rectified the safety issues of the Baicheng coal mine in response to the requests of the PRC governmental authorities. The improvement of ventilation system was completed by the end of October 2011 and inspected by the relevant PRC governmental authorities in mid-November 2011, and it is expected that the Baicheng coal mine can resume production in late December 2011. Moreover, new mining shafts with an annual production capacity of 900,000 tonnes are still pending for the approval from the government of the Xinjiang Autonomous Region, while Baicheng coal mine has started the preparation for preliminary technological improvement, including the design of shafts, according to the plan aiming at an annual production capacity of 900,000 tonnes. During the Period under Review, the production of Baicheng coal mine was approximately 3,400 tonnes, and the gain from the sale of raw coal from continuing operation was approximately RMB553,000 (approximately equivalent to HK$671,000).

Packaging Box Business

The global economic recovery drove the demand for high-end consumer good's plastic boxes and paper boxes to increase. Accordingly, the Group's packaging segment revenue increased by 39.4% to HK$71,362,000 (2010: HK$51,197,000) as compared with the same period last year. The profit margin was benefited by the significant increase product sales, and thus offsetting the effect caused by ever rising direct labour costs and costs of raw materials and the continuous appreciation of Renminbi. During the Period under Review, the profit margin increased significantly to approximately 26.5% (2010: 8.2%), while the gross profit increased to approximately HK$18,911,000 (2010: HK$4,208,000).

Business prospects

Looking forward, with the agreement on the exploration of Qinghai Muli Coalfield and the investment in deep processing projects of coal chemicals between the Group and Qinghai Muli Coal Development Group Co., Ltd., the Group will comply with the Government's essence in the consolidation of mines to participate in the consolidation of the Qinghai Muli Coalfield and be actively involved in the investment of deep processing projects of coal chemicals. Apart from the investment in coalfields in Qinghai, the Group also entered into a strategic cooperation framework agreement with Xinjiang Production and Construction Corps State-owned Assets Operation Company to form a strategic cooperation relationship and actively implement the cooperation by fully utilizing the respective advantages of both parties, as well as providing mutual support and service for the development in various aspects, including coal, chemicals, petroleum, natural gas and nonferrous metal,quickly facilitate the industrialized conversion of Xinjiang's resources.

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 2011, the Group recorded a total net gain from continuing operations of approximately HK$60.3 million (2010: net loss of approximately HK$33.0 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 gain were mainly contributed by (i) the positive effect arising from fair value adjustment in derivative component of the convertible notes issued by the Company on 25 January 2010 for the acquisitions and (ii) there was dividend income from unlisted available-for-sale investment and an increase in sundry income.

Distribution and Selling Costs

For the six months ended 30 September 2011, distribution and selling costs from continuing operations were approximately HK$1.9 million (2010: HK$1.3 million), representing an increase of approximately HK$0.6 million or 46.2% as compared with the same period in 2010. The increase was in line with the movement of sales during the periods.

Administrative Expenses

For the six months ended 30 September 2011, administrative expenses from continuing operations were approximately HK$39.0 million (2010: HK$27.0 million), representing a substantial increase of approximately HK$12.0 million or 44.4% as compared with the same period in 2010. The increase was mainly contributed by (i) non-cash share based payments expenses approximately HK$11.1 million (2010: HK$5.5 million) arising from the amortisation of the granted share options to eligible participants by the Company; and (ii) the inclusion of three and half months' administrative expense from the Venture Path Group, which the acquisition was completed on 15 June 2011.

Other Expenses

For the six months ended 30 September 2011, other expenses from continuing operations were approximately HK$7.7 million (2010: HK$nil) which represented the costs incurred for the acquisition of assets through purchase of subsidiaries and the direct labour costs, depreciation expenses, consumables and other costs incurred during the suspension period of the operation of the coal mine of Baicheng Wenzhou.

Finance Costs

For the six months ended 30 September 2011, finance costs from continuing operations were approximately HK$23.6 million (2010: HK$13.1 million), which were mainly attributable to the recognition of interest expenses on the liability component of the convertible notes issued by the Company on 25 January 2010 and 15 June 2011 for the acquisitions.

Taxation

For the six months ended 30 September 2011, the Group's income tax expense from continuing operations of approximately HK$0.52 million (2010: credit deferred tax HK$0.15 million) representing the result of income tax expense from other jurisdiction of approximately HK$0.66 million and the credit adjustment of deferred tax approximately HK$0.14 million arising from 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 gain from continuing operations attributable to the Owners in the period was approximately HK$7.1 million (2010: net loss of approximately HK$70.0 million). In addition, the net loss from discontinued operation, which represents the Group's Inner-Mongolia Mining Operation, attributable to the Owners in the period was approximately HK$15.4 million (2010: HK$12.5 million). As a result, the total net loss from continuing operation and discontinued operation attributable to the Owners in the period was approximately HK$8.3 million (2010: HK$82.6 million).

Liquidity, Capital Structure and Financial Resources

The Group funds its operations from a combination of internal resources, equity fund raising and financial instruments. As at 30 September 2011, the Group had cash and cash equivalents of approximately HK$66.0 million (31 March 2011: HK$48.7 million). The Group's working capital increased to approximately HK$1,925.9 million (31 March 2011: HK$62.7 million). Such increase were mainly due to the non-current assets of Menggang Group were classified as current assets as held for sale. Gearing ratio (a ratio of total borrowings to total assets) as at 30 September 2011 was approximately 11.5% (31 March 2011: 7.9%), such increase was mainly due to the liability component of new convertible bond issued on 15 June 2011 for the acquisition of Venture Path Group.

The Group has pledged its leasehold land and buildings with carrying value of approximately HK$2.9 million (31 March 2011: HK$3.0 million) to secure the unutilised general banking facilities granted to the Group and no other assets pledged at the day of reporting.

Capital Commitment and Contingent Liabilities

As at 30 September 2011, there were capital commitments of approximately HK$6.0 million (31 March 2011: HK$130.3 million) and HK$357.5 million (31 March 2011: HK$167.3 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, the Group had no material contingent liabilities as at the close of business on 30 September 2011.

Exposure to Fluctuations in Exchange Rates

The Group's sales are denominated mainly in Hong Kong dollars ("HKD"), United States dollars ("USD") and Euro ("EUR"). The Group's purchases and expenses are mostly denominated in 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. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

Employee Information

As at 30 September 2011, the Group had a total of approximately 1,500 employees (31 March 2011: 1,650 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 and a summary of the share option schemes of the Group will be set out in the interim report 2011/12.

Significant Investment, Materials Acquisitions and Disposals

On 7 September 2011, the Group has entered into a sales and purchase agreement (the "Agreement") with an independent third party, Inner-Mongolia Shuangxin Resources Group Co., Ltd (the "Purchaser"). Pursuant to the Agreement, the Group has conditionally agreed to dispose the Menggang Group (the "Disposal Group") for a cash consideration of RMB1,503,000,000 (Approximately equivalent to HK$1,832,927,000). In addition to the total consideration, the Purchaser required to advance the Disposal Group of RMB300,000,000 (approximately equivalent to HK$365,190,000), which is used to repay the Disposal Group's existing indebtedness and current account with the Company and its subsidiaries before the completion of sale of the Disposal Group. The completion of sale of the Disposal Group is subject to fulfillment of conditions precedent including, amongst others, the approval from shareholders of the Company and approval from the relevant PRC government departments.

Save as disclosed above, the Group did not have other significant investment, material acquisition and disposals as at period ended 30 September 2011.

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 2011, 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	457,600,561 (Note 1)	317,158,822 (Note 1)		
	Beneficial owner	Personal interest		20,000,000 (Note 2)	794,759,383	27.67%
Mak Yiu Tong	Beneficial owner	Personal interest	–	2,000,000 (Note 2)	2,000,000	0.07%
Dr. Tam Hok Lam, Tommy, *J.P.*	Beneficial owner	Personal interest	400,000		400,000	0.01%

Notes:

1. Ma Lishan has beneficial interest in Real Power Holdings Limited, which is 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 2011, Real Power Holdings Limited held 457,600,561 shares in the Company, representing approximately 15.93% of the issued share capital of the Company. In addition, 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$36,007,762.08 which were convertible into 317,158,822 shares, representing approximately 11.04% of the issued share capital of the Company.

2. 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.

Other than as disclosed above, as at 30 September 2011, none of the Directors or their associates had any interests or short positions in any shares, underlying shares and debentures 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 as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 September 2011, 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	172,159,435	114,722,577 (Note 1)	Beneficial owner	1,061,641,395	36.96%
	457,600,561 (Note 2)	317,158,822 (Note 2)	Interest of a controlled corporation		
Li Shao Yu	849,759,996 (Note 3)	1,659,087,586 (Note 3)	Interest of controlled corporations	2,527,847,582	88.00%
		19,000,000 (Note 6)	Beneficial owner		
Real Power Holdings Limited	457,600,561	317,158,822 (Note 2)	Beneficial owner	774,759,383	26.97%
Tai Rong Xin Ye International Power Generation Inc.	220,000,000	1,227,206,187 (Note 4)	Beneficial owner	1,447,206,187	50.38%
Hao Tian Group Holdings Limited	849,759,996	1,659,087,586	Interest of controlled corporations	2,508,847,582 (Note 3)	87.34%
Atlantis Capital Holdings Limited	315,000,000	–	Beneficial owner	315,000,000 (Note 5)	10.97%
Liu Yang	315,000,000	–	Interest of a controlled corporation	315,000,000 (Note 5)	10.97%
Big Wish Investments Limited	144,300,000	681,135,538	Beneficial owner	825,435,538 (Note 7)	28.74%

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 Financial Holdings Limited	167,145,416	793,650,038	Interest of a controlled corporation	960,795,454 (Note 7)	33.45%
CCB International (Holdings) Limited	167,145,416	793,650,038	Interest of a controlled corporation	960,795,454 (Note 7)	33.45%
CCB International Asset Management Limited	167,145,416	793,650,038	Interest of a controlled corporation	960,795,454 (Note 7)	33.45%
CCB International Assets Management (Cayman) Limited	167,145,416	793,650,038	Interest of a controlled corporation	960,795,454 (Note 7)	33.45%
CCB International Group Holdings Limited	167,145,416	793,650,038	Interest of a controlled corporation	960,795,454 (Note 7)	33.45%
Central Huijin Investment Ltd	167,145,416	793,650,038	Interest of a controlled corporation	960,795,454 (Note 7)	33.45%
China Construction Bank Corporation	167,145,416	793,650,038	Interest of a controlled corporation	960,795,454 (Note 7)	33.45%
Kingston Finance Limited	420,840,518 (Note 8)	–	Beneficial owner	420,840,518	14.65%
Ample Cheer Limited	420,840,518 (Note 8)	–	Interest of a controlled corporation	420,840,518	14.65%
Best Forth Limited	420,840,518 (Note 8)	–	Interest of a controlled corporation	420,840,518	14.65%
Chu Yuet Wah	420,840,518 (Note 8)	–	Interest of a controlled corporation	420,840,518	14.65%

Notes:

1. As at 30 September 2011, TRXY Development (HK) Limited was interested in convertible notes in the aggregate principal amount of US$13,024,714.83 which were convertible into 114,722,577 shares, representing approximately 3.99% of the issued share capital of the Company.

2. Real Power Holdings Limited 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. 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$36,007,762.08 which were convertible into 317,158,822 shares, representing approximately 11.04% of the issued share capital of the Company.

3. Li Shao Yu ("Ms. Li") has controlling interest in Hao Tian Group Holdings Limited, which, in turn, has controlling interest in TRXY Development (HK) Limited and Tai Rong Xin Ye International Power Generation Inc. TRXY Development (HK) Limited has also controlling interest in Real Power Holdings Limited.

4. As at 30 September 2011, Tai Rong Xin Ye International Power Generation Inc. was interested both in convertible bond in the aggregate principal amount of HK$575,000,000, which were convertible into 746,753,246 shares, representing approximately 26.00% of the issued share capital of the Company, and in convertible shares in the aggregate principal amount of HK$369,948,765 which were convertible into 480,452,941 shares, representing approximately 16.73% of the issued share capital of the Company.

5. As at 30 September 2011, Atlantis Capital Holdings Limited was beneficial owner of these shares in the Company, which, in turn, was wholly-owned by Liu Yang.

6 These interests represented the interests in underlying shares in respect of share options granted by the Company as beneficial owner under the Post-Listing Scheme adopted on 16 May 2006.

7. The seven references to 960,795,454 shares related to the same block of shares. Big Wish Investments Limited was interested in 825,435,538 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 420,840,518 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 2011, none of the Directors or their associates had any interests or short positions in any shares, underlying shares and debentures 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 as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

CORPORATE GOVERNANCE

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 2011, 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 2011, Mr. Ma Lishan, the Chairman, as well as the chief executive officer, was 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.

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 period ended 30 September 2011.

Refreshment of General Mandate

On 19 September 2011, an ordinary resolution to approve the proposed refreshment of General Mandate was duly passed by way of poll in the Annual General Meeting ("AGM"). 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 AGM.

Aduit 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 2011 with the directors and external auditors.

By order of the Board
Ma Lishan
Chairman & CEO

Hong Kong, 28 November 2011

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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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
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 21 to 62, which comprises the condensed consolidated statement of financial position of Hao Tian Resources Group Limited (the "Company") and its subsidiaries as of 30 September 2011 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
28 November 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2011

	NOTES	Six months ended 30 September **2011** **HK$'000** **(unaudited)**	2010 HK$'000 (unaudited)
Continuing operations			
Revenue	3	**72,033**	51,197
Cost of sales		**(52,525)**	(46,989)
Gross profit		**19,508**	4,208
Other income, gain and loss	5	**1,824**	(2,888)
Distribution and selling costs		**(1,900)**	(1,272)
Administrative expenses		**(39,029)**	(27,047)
Other expenses	8	**(7,715)**	–
Change in fair value of investments held for trading		**(64)**	(132)
Change in fair value of derivative financial instruments		**58,585**	(30,021)
Finance costs	6	**(23,636)**	(13,082)
Profit (loss) before taxation		**7,573**	(70,234)
Taxation	7	**(517)**	149
Profit (loss) for the period from continuing operations	8	**7,056**	(70,085)

	NOTES	Six months ended 30 September **2011** **HK$'000** **(unaudited)**	2010 HK$'000 (unaudited)
Discontinued operation			
Loss for the period from discontinued operation	14	**(15,365)**	(12,505)
Loss for the period		**(8,309)**	(82,590)
Other comprehensive income			
Exchange differences arising on translation		**66,035**	11,980
Fair value changes on available-for-sale investments		**(1,092)**	(828)
Other comprehensive income for the period		**64,943**	11,152
Total comprehensive income (expense) for the period		**56,634**	(71,438)
(Loss) earnings per share	9		
From continuing and discontinued operations			
Basic		**(HK0.32 cents)**	(HK4.56 cents)
Diluted		**(HK1.88 cents)**	(HK4.56 cents)
From continuing operations			
Basic		**HK0.27 cents**	(HK3.87 cents)
Diluted		**(HK1.38 cents)**	(HK3.87 cents)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2011

	NOTES	**30.9.2011 HK$'000 (unaudited)**	31.3.2011 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	10	**40,147**	263,770
Prepaid lease payments	10	**2,564**	26,054
Investment property	10	**1,009**	1,025
Mining rights		**1,537,336**	1,988,480
Available-for-sale investments		**11,972**	13,061
Deposits for acquisition of subsidiaries	19	**–**	250,000
Deposits		**7,271**	90,854
Deferred tax asset	11	**205**	205
		1,600,504	2,633,449
Current assets			
Inventories		**30,935**	26,781
Trade and bills receivables	12	**26,293**	20,488
Other receivables, deposits and prepayments		**6,477**	11,259
Investments held for trading		**119**	184
Prepaid lease payments	10	**–**	1,129
Tax recoverable		**4,934**	2,934
Bank balances and cash		**65,997**	48,676
		134,755	111,451
Assets classified as held for sale	13	**2,710,516**	–
		2,845,271	111,451

	NOTES	**30.9.2011** **HK$'000** **(unaudited)**	31.3.2011 HK$'000 (audited)
Current liabilities			
Trade payables	15	**13,847**	14,811
Other payables, deposits received and accruals		**19,595**	31,909
Tax payable		**3,452**	2,060
		36,894	48,780
Liabilities associated with assets classified as held for sale	13	**882,487**	–
		919,381	48,780
Net current assets		**1,925,890**	62,671
Total assets less current liabilities		**3,526,394**	2,696,120
Non-current liabilities			
Retirement benefits obligations		**1,222**	1,203
Convertible notes	16	**511,587**	217,835
Embedded derivatives	16	**122,297**	180,882
Provision for restoration and environmental costs		**6,310**	–
Deferred tax liabilities	11	**–**	496,365
		641,416	896,285
Net assets		**2,884,978**	1,799,835
Capital and reserves			
Share capital	17	**143,628**	120,573
Convertible shares	18	**360,340**	–
Reserves		**2,381,010**	1,679,262
Total equity		**2,884,978**	1,799,835

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2011

	Share capital	Convertible shares	Share premium	Warrant reserve	Statutory surplus reserve	Convertible note equity reserve	Share options reserve	Asset revaluation reserve	Special reserve	Translation reserve	Accumulated losses	Total attributable to owners of the Company
	HK$'000	HK$'000	HK$'000	HK$'000 (note a)	HK$'000 (note b)	HK$'000	HK$'000	HK$'000	HK$'000 (note c)	HK$'000	HK$'000	HK$'000
Six months ended 30 September 2011												
At 1 April 2011 (audited)	120,573	–	2,008,087	–	3,539	–	16,585	1,400	(5,754)	85,700	(430,295)	1,799,835
Loss for the period	–	–	–	–	–	–	–	–	–	–	(8,309)	(8,309)
Exchange difference arising on translation	–	–	–	–	–	–	–	–	–	66,035	–	66,035
Fair value changes on available-for-sale investments	–	–	–	–	–	–	–	(1,092)	–	–	–	(1,092)
Total comprehensive income (expense) for the period	–	–	–	–	–	–	–	(1,092)	–	66,035	(8,309)	56,634
Issue of new shares upon conversion of convertible shares	23,055	(345,829)	322,774	–	–	–	–	–	–	–	–	–
Issue of warrants	–	–	–	6,547	–	–	–	–	–	–	–	6,547
Issue of convertible shares for acquisition assets through purchase of subsidiaries (note 19)	–	706,169	–	–	–	–	–	–	–	–	–	706,169
Issue of convertible note for acquisition of assets through purchase of subsidiaries (note 19)	–	–	–	–	–	304,884	–	–	–	–	–	304,884
Transfer	–	–	–	–	77	–	–	–	–	–	(77)	–
Transaction costs attributable to issuance of warrants	–	–	–	(216)	–	–	–	–	–	–	–	(216)
Recognition of equity-settled share-based payments	–	–	–	–	–	–	11,125	–	–	–	–	11,125
At 30 September 2011 (unaudited)	143,628	360,340	2,330,861	6,331	3,616	304,884	27,710	308	(5,754)	151,735	(438,681)	2,884,978

	Share capital HK$'000	Convertible shares HK$'000	Share premium HK$'000	Warrant reserve HK$'000 (note a)	Statutory surplus reserve HK$'000 (note b)	Convertible note equity reserve HK$'000	Share options reserve HK$'000	Asset revaluation reserve HK$'000	Special reserve HK$'000 (note c)	Translation reserve HK$'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

Notes:

(a) On 10 June 2011, 436,488,000 warrants of the Company have been successfully placed to independent placees at issue price of HK$0.015 per warrant at exercise price of HK$0.90 per share. The proceeds from the placing of the warrants was approximately HK$6,547,000. The warrants issued by the Company has been classified as equity instrument, which is stated at the proceeds received, net of direct issue cost.

(b) 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. In addition, pursuant to the relevant PRC regulations for coal mining business, provision for production maintenance, production safety and other related expenditures are accrued by Baicheng Wenzhou of fixed rates based on coal production volume. According to the relevant rules, such funds will be specially utilised for the transformation costs of coal mine industry, for the land restoration and environmental cost, and for improvement of safety at the mines, and is not available for distribution to shareholders. Upon incurring qualifying expenditures, and equivalent amount is transferred from maintenance and productions for accumulated losses.

(c) 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 2011

	Six months ended 30 September 2011 HK$'000 (unaudited)	2010 HK$'000 (unaudited)
NET CASH USED IN OPERATING ACTIVITIES	**(65,377)**	(50,646)
NET CASH USED IN INVESTING ACTIVITIES		
Interest received	**493**	28
Purchase of property, plant and equipment	**(35,024)**	(72,647)
Sales proceeds from disposal of available-for-sales investments	**–**	7,711
Deposits paid for purchase of property, plant and equipment	**(3,535)**	–
Net cash used in acquisition of assets through purchase of subsidiaries	**273**	–
	(37,793)	(64,908)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		
Interest paid	**–**	(450)
Proceeds from issue of warrants, net of expense	**6,331**	–
Issuance of new shares	**–**	315
The Settlement Fund received (as defined in note 13)	**365,190**	–
Increase in bank deposits in special purpose bank account included in assets classified as held for sale	**(251,937)**	–
Settlement of liabilities indemnified by vendor related to an acquisition of subsidiaries in prior years	**–**	(54,586)
	119,584	(54,721)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**16,414**	(170,275)
CASH AND CASH EQUIVALENTS AT 1 APRIL	**48,676**	302,671
RECLASSIFIED TO ASSETS CLASSIFIED AS HELD FOR SALE	**(2,353)**	–
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**3,260**	1,570
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER, REPRESENTED BY		
Bank balances and cash	**65,997**	133,966

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2011

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.

The principle 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 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 and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2011 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2011. In addition, the Group has applied the following accounting policies as they became applicable to the Group during the current interim period.

Warrants

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Convertible shares

Convertible shares issued by the Company that will be settled by a fixed number of the Company's own equity instruments are equity instruments. The fair value of the convertible shares is recognised in equity. The convertible shares will be transferred to share capital and share premium accounts upon the exercise of the conversion right of the convertible shares.

Convertible notes contain liability and equity components

Convertible notes issued by the Company that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as equity instrument. Early redemption option embedded in non-derivative host contract is not treated as a separate derivative when its risks and characteristics are closely related to those of the host contracts and are included in the liability component.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the fair value of the entire convertible notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the convertible notes into equity, is included in equity (convertible note equity reserve).

In the subsequent periods, the liability component of the convertible notes is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible note equity reserve until the embedded option is exercised. Where the option remains unexercised at the expiry date, the balance stated in the convertible note equity reserve will be released to the accumulated losses. No gain or loss is recognised in the profit or loss upon conversion or expiration of the option.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Embedded derivatives

Derivative embedded in non-derivative host contract is not treated as a separate derivative when its risks and characteristics are closely related to those of the host contracts and are included in the liability component.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

In the current interim period, the Group has applied, for the first time, a number of new or revised standards, amendments or interpretations ("new and revised HKFRSs") issued by the HKICPA.

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKAS 24 (Revised)	Related party disclosures
HKAS 32 (Amendment)	Classification of rights issues
HK(IFRIC)-INT 14	Prepayments of a minimum funding requirement
HK(IFRIC)-INT 19	Extinguishing financial liabilities with equity instruments

The application of these new or revised HKFRSs had no material effect on the condensed consolidated financial statements for the current or prior accounting periods.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Non-current assets held for sale *(Continued)*

The Group has not early applied new or revised standards that have been issued after the date of the consolidated financial statements for the year ended 31 March 2011 were authorised for issuance and are not yet effective.

HKFRS 10	Consolidated financial statements[1]
HKFRS 11	Joint arrangements[1]
HKFRS 12	Disclosures of interests in other entities[1]
HKFRS 13	Fair value measurement[1]
HKAS 1 (Amendments)	Presentation of items of other comprehensive income[2]
HKAS 19 (Revised)	Employee benefits[1]
HKAS 27 (Revised)	Separate financial statements[1]
HKAS 28 (Revised)	Investments in associates and joint ventures[1]
HK(IFRIC)-INT 20	Stripping Costs in the Production Phase of a Surface Mine[1]

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

2 Effective for annual periods beginning on or after 1 July 2012.

The directors anticipate that the application of the new or revised standards, amendments or interpretations will have no material impact on the results and the 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 is currently organised into below operating divisions:

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

(i) France Operation – Dardel S.A.S.

(ii) China Operation – Winbox Company Limited, Dongguang Ever Green Plastic Manufacturing Company Limited, Winbox Plastic Manufacturing (Shenzhen) and Winpac Trading Co. Limited

(b) Developing of underground coking coal mine, coal production and sale of coal ("Coal Mining Operations"):

(iii) Coal Mining Operation – Baicheng Wenzhou Mining Development Co., Ltd. ("Baicheng Wenzhou") and Wuhai City Menggang Industrial Development Co., Ltd and its subsidiaries (collectively referred as the "Menggang Group"). Baicheng Wenzhou operates coal mine in the Xinjiang Uygur Autonomous Region, the PRC ("Xinjiang Coal Mining Operation") and the Menggang Group operates coal mines in the Inner-Mongolia Autonomous Region in the PRC ("Inner-Mongolia Coal Mining Operation")

The operating divisions are the basis of internal reports about components of the Group that are regularly reviewed by the executive directors of the Company, being the chief operating decision maker, in order to allocate resources to segments and to assess their performance.

During the period, the Group's Inner-Mongolia Coal Mining Operation was considered as discontinued operation (details are set out in notes 13 and 14). The segment information reported below include the results of the Inner-Mongolia Coal Mining Operation, as the chief operating decision maker reviews the Coal Mining Operations as a whole to allocate resources to segments and to assess their performance.

No segment assets and liabilities are presented as the executive directors of the Company do not regularly review segment assets and liabilities.

4. SEGMENT INFORMATION *(Continued)*

Information regarding the above segments is reported below:

For the six months ended 30 September 2011

	Sale of plastic and paper boxes for luxury consumer goods			
	France Operation HK$'000 (unaudited)	China Operation HK$'000 (unaudited)	Coal Mining Operations HK$'000 (unaudited)	Consolidated HK$'000 (unaudited)
Revenue	16,830	54,532	671	72,033
Segment results	1,897	3,775	(17,771)	(12,099)
Other income, gain and loss				1,824
Central administration costs				(32,402)
Change in fair value of investments held for trading				(64)
Change in fair value of derivative financial instruments				58,585
Finance costs				(23,636)
Loss before taxation (both continuing operations and discontinued operation)				(7,792)
Add: loss for the period from discontinued operation				15,365
Profit before taxation from continuing operations				7,573

4. SEGMENT INFORMATION *(Continued)*

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 Operations 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 (both continuing operations and discontinued operation)				(82,739)
Add: loss for the period from discontinued operation				12,505
Loss before taxation from continuing operations				(70,234)

If the Inner-Mongolia Coal Mining Operation were excluded from the segment information, the segment results for the six months ended 30 September 2011 will be increased by HK$15,365,000 (six months ended 30 September 2010: HK$12,207,000), and there is no impact to the segment revenue for both periods.

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.

5. OTHER INCOME, GAIN AND LOSS

	Six months ended 30 September 2011 HK$'000 (unaudited)	2010 HK$'000 (unaudited)
Continuing operations		
Dividend income from unlisted available-for-sale investment	**766**	–
Interest earned on bank deposits	**93**	28
Interest earned on listed available-for-sale investments	**212**	–
Gain on disposal of available-for-sale investments	**–**	832
Impairment loss recognised in respect of available-for-sale investments	**–**	(3,926)
Rental income	**140**	–
Sundry income	**613**	178
	1,824	(2,888)

6. FINANCE COSTS

	Six months ended 30 September 2011 HK$'000 (unaudited)	2010 HK$'000 (unaudited)
Continuing operations		
Interest on convertible notes	**23,636**	13,082

7. TAXATION

	Six months ended 30 September 2011 HK$'000 (unaudited)	2010 HK$'000 (unaudited)
Continuing operations		
Current tax:		
Other jurisdiction	**655**	–
Deferred tax (see note 11)	**(138)**	(149)
	517	(149)

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2010: 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 prior period.

8. PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS

	Six months ended 30 September 2011 HK$'000 (unaudited)	2010 HK$'000 (unaudited)
Continuing operations		
Profit (loss) for the period from continuing operations has been arrived at after charging:		
Allowance for slow moving inventories (included in cost of sales)	**–**	1,500
Depreciation of property, plant and equipment and investment property	**1,548**	1,055
Release of prepaid lease payments	**91**	8
Staff costs (including directors' emoluments)		
Fees, salaries, bonus and other allowances	**33,505**	28,910
Retirement benefit scheme contributions	**1,238**	1,482
Share-based payments	**11,125**	5,497
	45,868	35,889

Other expenses for the current period represents the legal and professional costs incurred for the acquisition of assets through purchase of subsidiaries (set out in note 19) and the direct labour costs, depreciation expenses, consumables and other costs incurred during the suspension period of the operation of the coal mine of Baicheng Wenzhou (set out in note 25).

9. (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

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

	Six months ended 30 September 2011 HK$'000 (unaudited)	2010 HK$'000 (unaudited)
Loss		
Loss for the purpose of basic loss per share	**(8,309)**	(82,590)
Effect of dilutive potential ordinary shares:		
Change in fair value of derivative instruments of CN1 (note 16)	**(58,585)**	–
Interest on convertible notes of CN1	**9,116**	–
Loss for the purpose of diluted loss per share	**(57,778)**	(82,590)

The basis of denominators used are the same as those detailed in the calculation of basic and diluted earnings (loss) per share from continuing operations below.

9. (LOSS) EARNINGS PER SHARE *(Continued)*

From continuing operations

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

	Six months ended 30 September	
	2011	2010
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Earnings (loss)		
Loss for the period	**(8,309)**	(82,590)
Less: Loss for the period from discontinued operation	**15,365**	12,505
Earnings (loss) for the purpose of calculating basic earnings (loss) per share from continuing operations	**7,056**	(70,085)
Effect of dilutive potential ordinary shares:		
Change in fair value of derivative instruments of CN1 (note 16)	**(58,585)**	–
Interest on convertible notes of CN1	**9,116**	–
Loss for the purpose of diluted loss per share	**(42,413)**	(70,085)

9. (LOSS) EARNINGS PER SHARE *(Continued)*

From continuing operations *(Continued)*

	Six months ended 30 September	
	2011	2010
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**2,637,271**	1,809,854
Effect of dilutive potential ordinary shares:		
Convertible notes, CN1 (note 16)	**431,882**	–
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**3,069,153**	1,809,854

Convertible shares of the Company for the period ended 30 September 2011 was not included in the calculation of the basic loss per shares as convertible shares are not participating equity instruments and the conditions for conversation (as set out in note 18) were not fulfilled.

The computation of diluted loss per share for the period ended 30 September 2011 did not assume the exercise of the conversion rights of the CN2 (as defined in note 16) and convertible shares since the assumed conversion of the CN2 and convertible shares, after considered the dilutive effect of the outstanding CN1, will reduce loss per share. Furthermore, the computation did not take into account the Company's outstanding share options and warrants, as the exercise price of the outstanding share options and warrants were higher than the average share price during the period.

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 assumed exercise would reduce loss per share.

9. (LOSS) EARNINGS PER SHARE *(Continued)*

From discontinued operation

Basic loss per share from discontinued operation is HK0.58 cents (six months ended 30.9.2010: HK0.69 cents) and diluted loss per share for the discontinued operation is HK$0.50 cents (six months ended 30.9.2010: HK$0.69 cents), based on the loss for the period from discontinued operation of HK$15,365,000 (six months ended 30.9.2010: HK$12,505,000) and the denominators detailed above for both basic and diluted earnings (loss) per share from continuing operations.

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

During the period, the Group spent approximately HK$35,024,000 (six months ended 30 September 2010: HK$72,647,000) on purchase of property, plant and equipment, in addition to those acquired through acquisition of subsidiaries (see note 19). There was no acquisition of prepaid lease payments and investment property for both periods, except for those prepaid lease payments acquired through acquisition of subsidiaries (see note 19) during the period.

In addition, during the period, a total of approximately HK$305,797,000 of property, plant and equipment and prepaid lease payments was classified at assets classified as held for sales (see note 13).

11. DEFERRED TAXATION

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

	Mining rights HK$'000	Withholding tax arise from PRC subsidiaries HK$'000	Revaluation of property, plant and equipment and prepaid lease payments HK$'000	Tax losses HK$'000	Total HK$'000
At 1 April 2011 (audited)	(493,235)	(185)	(3,130)	390	(496,160)
Exchange realignment	(13,027)	–	(85)	–	(13,112)
Credit to profit or loss (note 8)	–	–	(138)	–	(138)
Transfer to liabilities associated with assets classified as held for sales	506,262	–	3,353	–	509,615
At 30 September 2011 (unaudited)	–	(185)	–	390	205

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

12. 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 presented based on the invoice date at the end of the reporting period is stated as follows:

	30.9.2011 HK$'000 (unaudited)	31.3.2011 HK$'000 (audited)
0 to 30 days	**16,640**	13,823
31 to 60 days	**7,343**	3,337
61 to 90 days	**519**	1,160
Over 90 days	**1,791**	2,168
	26,293	20,488

13. ASSETS CLASSIFIED AS HELD FOR SALE

On 7 September 2011, the Group has entered into a sales and purchase agreement with an independent third party, Inner-Mongolia Shuangxin Resources Group Co., Ltd. (the "Purchaser"). Pursuant to this sales and purchase agreement, the Group has conditionally agreed to dispose the Menggang Group (the "Disposal"), which operates the Group's Inner-Mongolia Coal Mining Operation, for a cash consideration of RMB1,503,000,000 (equivalent to approximately HK$1,832,927,000) ("Total Consideration"). In addition to the Total Consideration, the Purchaser is required to advance the Menggang Group RMB300,000,000 (equivalent to approximately HK$365,190,000) (the "Settlement Fund"), which is used to repay the Menggang Group's existing payables to third parties and the current account with the Company and its subsidiaries, before the completion of the Disposal. The Settlement Fund had been provided by the Purchaser during the current period and the Settlement Fund was payable to the Purchaser by the Menggang Group. As at 30 September 2011, unused fund was HK$251,937,000, which was deposited in a special purpose bank account. The completion of the Disposal is subject to fulfilment of conditions precedent including, amongst others, the approval from shareholders of the Company and the approval from the relevant PRC government departments.

The assets and liabilities attributable to the Menggang Group to be sold within twelve months have been classified as an assets and liabilities held for sale and are separately presented in the condensed consolidated statement of financial position. The Group's Inner-Mongolia Coal Mining Operations for the current period are presented as discontinued operation (see note 14) and the comparative figures were represented as to discontinued operation accordingly.

The sales proceeds of HK$1,832,927,000 are expected to exceed the net carrying amount of the relevant assets and liabilities of HK$1,828,029,000 less current account with the Company and its subsidiaries, which will be settled by the Settlement Fund. As at 30 September 2011, the current account with the Company and its subsidiaries were amounted to HK$212,197,000. Accordingly, no impairment loss has been recognised.

13. ASSETS CLASSIFIED AS HELD FOR SALE *(Continued)*

Major classes of assets and liabilities of the Menggang Group as at 30 September 2011 are as follows:

	30.9.2011 HK$'000
Property, plant and equipment	**278,120**
Mining rights	**2,041,108**
Other receivables and prepayment	**11,884**
Cash deposited in a special purpose account	**251,937**
Bank balances and cash	**2,353**
Deposit for acquisition of property, plant and equipment	**94,389**
Inventories	**3,048**
Prepaid lease payments	**27,677**
Total assets classified as held for sale	**2,710,516**
Other payables	**(7,682)**
Deferred tax liabilities	**(509,615)**
The Settlement Fund (as defined in paragraph above)	**(365,190)**
Total liabilities associated with assets classified as held for sale	**(882,487)**

14. DISCONTINUED OPERATION

Discontinued operation represents the Group's Inner-Mongolia Coal Mining Operation (see note 13).

	Six months ended 30 September	
	2011	2010
	HK$'000	HK$'000
	(unaudited)	(unaudited)
The loss from discontinued operation for the current and prior periods is analysed as follows:		
Other income, gain and loss	**1,425**	16
Administrative expenses	**(9,203)**	(6,786)
Other expenses (Note)	**(7,587)**	(5,285)
Finance costs	**–**	(450)
Loss for the period from discontinued operation	**(15,365)**	(12,505)

Note: The Menggang Group is in the process of various technical and quality improvements at its coal mines to attain the safety standard in accordance with the new regulations imposed by the PRC authority. Accordingly, there are no coal production and sales of coal during both periods. Other expenses represent the direct labour costs, depreciation expense, consumables and other costs incurred during the suspension period.

14. DISCONTINUED OPERATION *(Continued)*

	Six months ended 30 September	
	2011	2010
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Loss for the period from discontinued operation included the following:		
Interest income	**188**	16
Depreciation of property, plant and equipment	**1,410**	913
Release of prepaid lease payments	**602**	573
Staff costs		
Fees, salaries, bonus and other allowances	**2,956**	2,820
Retirement benefit scheme contributions	**908**	124
	3,864	2,944
Cash flows from discontinued operation:		
Net cash flows used in operating activities	**(31,191)**	(16,387)
Net cash flows (used in) from investing activities	**(30,275)**	18,448
Net cash flows from financing activities	**56,699**	24,327

15. 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 presented based on the invoice date at the end of the reporting period is stated as follows:

	30.9.2011	31.3.2011
	HK$'000	HK$'000
	(unaudited)	(audited)
0 to 30 days	**5,797**	7,385
31 to 60 days	**2,982**	3,464
61 to 90 days	**2,613**	1,428
91 to 180 days	**2,455**	2,534
	13,847	14,811

16. CONVERTIBLE NOTES AND EMBEDDED DERIVATIVES

During the year ended 31 March 2010, the Group issued convertible notes with principal amount of HK$1,050,345,000 with conversion price of HK$0.88 per share as part of the consideration for the acquisition of the entire equity interest in Merrymaking Investments Ltd. and Pleasing Results Ltd., which owned the Menggang Group ("CN1") from Real Power Holdings Limited and TRXY Development (HK) Limited (collectively referred as "the Vendors"). CN1 is denominated in United States dollars, non-interest bearing and will be matured on 24 January 2018. As at 30 September 2011 and 31 March 2011, the outstanding principal amount of CN1 was approximately HK$380,056,000. The Company has the right to cancel the CN1 up to the principal amount of US$2.33 million (equivalent to approximately HK$18.17 million) (the "Redemption Cap") at its option at any time prior to its maturity date, if any indemnity provided by the Vendors is not sufficient to keep the Group fully indemnified. As at 30 September 2011 and 31 March 2011, HK$11,446,000 indemnified liabilities was settled through cancellation of the same principal amount of CN1.

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

The conversion rights of CN1 shall be exercised at any time prior to its maturity date by the convertible note holder if, immediately following the conversion (i) the Company will be able to meet the public float requirement under the Listing Rule; (ii) the convertible notes holder together with the parties acting in concert with it will not hold or control such amount of the Company's voting power at general meetings as may trigger a mandatory general offer under The Code on Takeovers and Mergers issued by the Securities and Future Commission ("Takeover Code"); or (iii) the outstanding amount of the CN1 will not be less than the remaining amount of the Redemption Cap. As at 30 September 2011, CN1 holders were not able to convert the CN1 as the conversion will cause the CN1 holders to hold or control such amount of the Company's voting power at general meetings to trigger a mandatory general offer under the Takeovers Code.

During the current period, the Group issued convertible notes with principal amount of HK$575,000,000 with conversion price of HK$0.77 per share as part of the consideration for the acquisition of assets through purchase of subsidiaries (set out in note 19) ("CN2") from Tai Rong Xin Ye International Power Generation Inc., ("Tai Rong") a company wholly owned by Ms. Li Shao Yu ("Ms. Li"), who is a substantial shareholder who is able to exercise significant influence to the Group and a connected person of the Company. CN2 is denominated in Hong Kong dollars, bear interest at 2% per annum and will be matured on 15 June 2016.

The Company may redeem CN2 at 100% of the principal amount, together with the accrual interests, in whole or in part at any time before the maturity date of the CN2. The redemption option is deemed to be closely related to the host debt instrument. CN2 are transferable at any time at the option of the convertible note holder. The conversion rights of CN2 shall be exercised at any time before the maturity date by the convertible notes holder if, immediately following the conversion (i) the Company will be able to meet the public float requirement under the Listing Rule; (ii) the convertible notes holder together with the parties acting in concert with it will not hold or control more than 25% in the Company's voting powers at general meetings. Since the date of the issue of CN2 and up to present, Ms. Li and its concert parties owned more than 25% of the Company's share capital, as such, Ms. Li and its concert parties are prohibited from exercising any of the convertible rights of CN2.

CN1 contains 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 for CN1 is 8.52% per annum; and

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

(b) Embedded derivative represents the embedded conversion option of the CN1 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;

CN2 contains 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 for CN2 is 18.01% per annum. The liability component also includes the value of the redemption option as the redemption option is closely related to the host debt instrument; and

(b) Equity component represents the embedded conversion option stated as equity to convert the liability into equity of the Company and the conversion will be settled by the exchange of fixed amount of cash or another financial asset for a fixed number of the Company's own equity.

		CN1		
		Embedded	**CN2**	
	Liability	**derivatives**	**Equity**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2011	217,835	180,882	–	398,717
At initial recognition of CN2	270,116	–	304,884	575,000
Interest charged	23,636	–	–	23,636
Gain arising from change in fair value recognised in profit or loss	–	(58,585)	–	(58,585)
At 30 September 2011	511,587	122,297	304,884	938,768

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

The fair value of the embedded conversion option of CN1 is calculated using the Binomial Option Pricing Model. The inputs into the model at 30 September 2011 were as follows:

	30 September 2011
Share price (Note a)	HK$0.52
Conversion price	HK$0.88
Expected life (Note b)	6.33 years
Risk free rate (Note c)	0.929%
Expected volatility (Note d)	72.38%

Notes:

(a) Based on the quoted market price.

(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.

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

The fair value of the embedded conversion option of CN2 at the date of issue is calculated using the Binomial Option Pricing Model. The inputs into the model at the date of issue were as follows:

	15 June 2011
Share price (Note a)	HK$0.75
Conversion price	HK$0.77
Expected life (Note b)	5 years
Risk free rate (Note c)	1.422%
Expected volatility (Note d)	74.47%

Notes:

(a) Based on the quoted market price.

(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.

17. SHARE CAPITAL

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.05 each		
Authorised:		
At 1 April 2011,	5,000,000,000	250,000
Increased on 15 July 2011	5,000,000,000	250,000
At 30 September 2011	10,000,000,000	500,000
Issued and fully paid:		
At 1 April 2011, ordinary shares of HK$0.05 each	2,411,463,553	120,573
Shares issued upon conversion of convertible shares (Note)	461,105,500	23,055
At 30 September 2011, ordinary shares of HK$0.05 each	2,872,569,053	143,628

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

Note: During the period, 461,105,500 new ordinary shares of the Company of HK$0.05 each were issued upon the partial conversion of the convertible shares of the Company. 461,105,500 convertible shares with carrying amount of approximately HK$345,829,000 was converted into 461,105,500 ordinary shares. The different between the carrying amount of the convertible shares converted and the share capital issued was transferred to share premium.

18. CONVERTIBLE SHARES

On 15 June 2011, 941,558,441 convertible shares were issued by the Company as part of the consideration for the acquisition of assets through purchase of subsidiaries (set out in note 19). Fair value of the convertible shares at the date of issue, based on the market price of the ordinary shares of the Company was HK$706,169,000. During the period, 461,105,500 convertible shares with carrying amount of HK$345,829,000 were converted into ordinary shares. As at 30 September 2011, total 480,452,941 convertible shares with carrying amount of HK$360,340,000 were outstanding.

Convertible shares issued by the Company have the same right on return of capital on liquidation or otherwise, but do not carry voting right and do not entitle to dividend or other distribution. Each convertible share can be converted at any time into one ordinary share of the Company, given that, immediately following the conversion, the Company will be able to meet the public float requirement under the Listing Rules and the relevant convertible shareholder, together with the parties acting in concert with it will not hold or control such amount of the Company's voting power at general meetings as may trigger a mandatory general offer under the Takeovers Code. The convertible shares are transferable at any time at the option of the convertible shareholder and the convertible shares are not redeemable and have no maturity period. As at 30 September 2011, the convertible shareholder was not able to convert its convertible shares as the conversion will cause the convertible shareholder to hold or control such amount of the Company's voting power at general meetings to trigger a mandatory general offer under the Takeovers Code.

19. ACQUISITION OF ASSETS THROUGH PURCHASE OF SUBSIDIARIES

On 28 January 2011, the Company, Champ Universe Limited, a wholly owned subsidiary of the Company and Tai Rong entered into a sale and purchase agreement, pursuant to which, Champ Universe Limited agreed to acquire the entire interest of Venture Path Limited and its subsidiaries (collectively referred as the "Venture Path Group") from Tai Rong at an aggregate consideration with fair value of HK$1,531,169,000, satisfied by (i) HK$250,000,000 cash consideration; (ii) HK$575,000,000 by issue of the convertible notes; and (iii) HK$706,169,000 by the issue of the convertible shares. The Venture Path Group is principally engaged in mining of fine coal and lump coal in Baicheng County, Aksu Prefecture, Xinjiang Uygur Autonomous Region, the PRC. As at 31 March 2011, the Company paid HK$250,000,000 to Tai Rong as deposits for the Acquisition. The Acquisition was completed on 15 June 2011.

Assets and liabilities recognised at the date of acquisition:

	HK$'000
Property, plant and equipment	19,251
Prepaid lease payments	1,952
Mining right (Note)	1,520,465
Deposits	5,988
Inventories	780
Trade and other receivables	1,132
Bank balances and cash	273
Trade and other payable	(11,168)
Tax liabilities	(1,359)
Provision for restoration and environmental costs	(6,145)
Net assets and liabilities acquired	1,531,169

19. ACQUISITION OF ASSETS THROUGH PURCHASE OF SUBSIDIARIES *(Continued)*

Total consideration satisfied by:

	HK$'000
Cash deposit paid and included in deposit and paid for acquisition of subsidiaries	250,000
Convertible notes	575,000
Convertible shares	706,169
	1,531,169

Net cash outflow arising on acquisition:

Net cash consideration paid	–
Bank balances and cash acquired	273
	273

Note: The mining right acquired will be expired in December 2016. From the opinion of the directors based on the advice from the Company's legal counsel, the Group will be entitled to renew the mining right upon the expiration at minimal cost.

20. COMMITMENTS

(a) Operating lease commitments

The Group as lessee

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:

	30.9.2011	31.3.2011
	HK$'000	HK$'000
	(unaudited)	(audited)
Within one year	**3,268**	5,486
Within 2-5 years	**6,332**	6,025
	9,600	11,511

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.

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	30.9.2011	31.3.2011
	HK$'000	HK$'000
	(unaudited)	(audited)
Within one year	**420**	–
Within two to five years	**1,778**	–
After five years	**308**	–
	2,506	–

20. COMMITMENTS *(Continued)*

(b) Other commitments

	30.9.2011	31.3.2011
	HK$'000	HK$'000
	(unaudited)	(audited)
Capital expenditure in respect of acquisition of subsidiaries (Note)	**–**	1,300,000
Capital expenditure in respect of addition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	**6,024**	130,328
Capital expenditure in respect of addition of property, plant and equipment authorised but not contracted for	**357,521**	167,330

Note: The acquisition of subsidiaries was completed during the current period as set out in note 19.

In accordance with the relevant rules and regulations issued by the Xinjiang Regulatory in 2008, Baicheng Wenzhou was required to pay an ecological rehabilitation deposit upon the receipt of formal notice from the Xinjiang Uyghur Autonomous Region Finance Department and Land Resource Department. Baicheng Wenzhou received the formal notification on 30 October 2009. The notification required payment of approximately RMB3,213,000 (approximately HK$3,911,000) to a specific bank account opened by Baicheng Wenzhou upon receipt of the notification and then yearly payment of RMB689,000 (approximately to HK$829,000) from 2010 to 2016 for a total amount of RMB8,036,000 (approximately HK$9,714,000). Baicheng Wenzhou is not allowed to withdraw the deposit until the completion of all ecological rehabilitation activities after the cessation of mining activities. As at 30 September 2011, RMB3,902,000 (approximately HK$4,740,000) was deposited in the bank account and recognised as long term deposits and the unsettled deposits of RMB4,134,000 (approximately HK$4,974,000) was regarded as commitment to the Group.

21. SHARE BASED PAYMENTS

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

				Number of share options				
Grantee	Date of grant	Exercising period	Exercise price per share HK$	Outstanding at 1 April 2011	Exercise during the period	Granted during the period	Forfeited during the period	Outstanding at 30 September 2011
Directors/former directors								
Ma Lishan	27.9.2010	27.9.2011 to 26.9.2014	0.800	6,000,000	–	–	–	6,000,000
	27.9.2010	27.9.2012 to 26.9.2015	0.800	6,000,000	–	–	–	6,000,000
	27.9.2010	27.9.2013 to 26.9.2016	0.800	8,000,000	–	–	–	8,000,000
Fung Ka Pun (Note a)	8.6.2007	8.6.2010 to 7.6.2013	0.860	240,000	–	–	–	240,000
	1.4.2010	1.4.2011 to 31.3.2014	1.202	6,000,000	–	–	–	6,000,000
	1.4.2010	1.4.2012 to 31.3.2015	1.202	6,000,000	–	–	–	6,000,000
	1.4.2010	1.4.2013 to 31.3.2016	1.202	8,000,000	–	–	–	8,000,000
Ng Cheuk Fan, Keith (Note a)	27.9.2010	27.9.2011 to 26.9.2014	0.800	1,500,000	–	–	–	1,500,000
	27.9.2010	27.9.2012 to 26.9.2015	0.800	1,500,000	–	–	–	1,500,000
	27.9.2010	27.9.2013 to 26.9.2016	0.800	2,000,000	–	–	–	2,000,000
Mak Yiu Tong	27.9.2010	27.9.2011 to 26.9.2014	0.800	600,000	–	–	–	600,000
	27.9.2010	27.9.2012 to 26.9.2015	0.800	600,000	–	–	–	600,000
	27.9.2010	27.9.2013 to 26.9.2016	0.800	800,000	–	–	–	800,000
Fung Wing Ki, Vicky (Note a)	27.9.2010	27.9.2011 to 26.9.2014	0.800	600,000	–	–	–	600,000
	27.9.2010	27.9.2012 to 26.9.2015	0.800	600,000	–	–	–	600,000
	27.9.2010	27.9.2013 to 26.9.2016	0.800	800,000	–	–	–	800,000
Other employees	8.6.2007	8.6.2008 to 5.7.2011	0.860	30,000	–	–	(30,000)	–
	8.6.2007	8.6.2009 to 5.7.2012	0.860	30,000	–	–	(30,000)	–
	8.6.2007	8.6.2010 to 5.7.2013	0.860	140,000	–	–	(40,000)	100,000
	27.8.2010	1.9.2011 to 26.8.2014	0.800	1,950,000	–	–	–	1,950,000
	27.8.2010	1.9.2012 to 26.8.2015	0.800	1,950,000	–	–	–	1,950,000
	27.8.2010	1.9.2013 to 26.8.2016	0.800	2,600,000	–	–	–	2,600,000
	27.9.2010	27.9.2011 to 26.9.2014	0.800	10,170,000	–	–	–	10,170,000
	27.9.2010	27.9.2012 to 26.9.2015	0.800	10,170,000	–	–	–	10,170,000
	27.9.2010	27.9.2013 to 26.9.2016	0.800	13,560,000	–	–	–	13,560,000
	8.4.2011	8.4.2012 to 8.4.2015	0.740	–	–	2,160,000	(210,000)	1,950,000
	8.4.2011	8.4.2013 to 7.4.2016	0.740	–	–	2,160,000	(210,000)	1,950,000
	8.4.2011	8.4.2014 to 7.4.2017	0.740	–	–	2,880,000	(280,000)	2,600,000
				89,840,000	–	7,200,000	(800,000)	96,240,000

Note a: Mr. Fung Ka Pun, Mr. Ng Cheuk Fan, Keith and Ms. Fung Wing Ki, Vicky were resigned as directors effective from 21 September 2011.

21. SHARE BASED PAYMENTS *(Continued)*

On 8 April 2011, the Company granted 7,200,000 options at exercise price of HK$0.74 per share respectively to employees. The fair value of the share options granted determined at the date of grant using Trinomial Option Pricing Model was approximately HK$2,965,000. 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	**8 April 2011**
Share price at grant date		HK$0.74
Exercise price		HK$0.74
Expected life of options	a	4 to 6 years
Expected volatility	b	63.34% to 68.67%
Risk free rate	c	1.60% to 2.22%

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.

21. SHARE BASED PAYMENTS *(Continued)*

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.

The closing price of the Company's shares immediately before 8 April 2011 being the date of grant of the share options during the period, was HK$0.74.

In the current period, share option expenses of approximately HK$11,125,000 (six months ended 30 September 2010: HK$5,497,000) has been recognised with a corresponding credit in the Group's share options reserve.

22. RELATED PARTY TRANSACTIONS

During the period, the Group acquired the Venture Path Group from Tai Rong, a company owned by Ms. Li. Details are set out in note 19.

The remuneration of directors, represent the key management personnel of the Group, during the period was HK$7,997,000 (six months ended 30 September 2010: HK$6,364,000).

23. NON-CASH TRANSACTIONS

During the period, the consideration for the Acquisition was satisfied by the issuance of convertible notes of HK$575,000,000, convertible shares of HK$706,169,000 and HK$250,000,000 transferred from deposits paid for acquisition of subsidiaries.

During the period, part of the issued convertible shares with carrying amount of HK$345,829,000 was transferred into share capital of HK$23,055,000 and share premium of HK$322,774,000, as result of the conversion of convertible shares.

During the six months ended 30 September 2010, deposit paid for purchase of property, plant and equipment as at 31 March 2010 HK$350,000 was transferred to property, plant and equipment.

During the six months ended 30 September 2010, 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.

24. DIVIDENDS

No dividends were paid, declared or proposed during the reporting period. The directors do not recommend the payment of an interim dividend.

25. EVENTS AFTER THE END OF THE INTERIM PERIOD

On 7 July 2011, the relevant PRC authorities ("Relevant Authorities") have issued notices to Baicheng Wenzhou (the "Notice"), and requested Baicheng Wenzhou to address certain safety issues, including, inter alia, (i) the implementation of measures regarding methane level in its coal mine by installation of ventilation; and (ii) the inadequacies of its ventilation system. The Relevant Authorities ordered Baicheng Wenzhou to suspend production with immediate effect, pending rectification of the said safety issues (the "Suspension Order").

Subsequent to the end of the reporting period, Baicheng Wenzhou has successfully rectified the said safety issues through installation of ventilation system and such rectification has been inspected and approved by the Relevant Authorities in mid November 2011. The Group expects the Relevant Authorities will disannul the Suspension Order in early December 2011 and Baicheng Wenzhou could resume its operation in December 2011.