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)

2012/13

Interim Report

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CORPORATE INFORMATION

Executive Directors

Mr. Xu Hai Ying
(re-designated on 23 February 2012)
Dr. Zhiliang Ou, *J.P. (Australia)*
(re-designated on 9 August 2012)
Mr. Ma Lishan *(Chairman)*
(resigned on 9 August 2012)
Mr. Mak Yiu Tong
(resigned on 31 May 2012)

Non-Executive Director

Mr. Xu Hai Ying
(appointed on 1 January 2012)
(re-designated on 23 February 2012)

Independent Non-Executive Directors

Mr. Chan Ming Sun, Jonathan
(appointed on 29 March 2012)
Mr. Ma Lin (appointed on 1 January 2012)
Dr. Zhiliang Ou, *J.P. (Australia)*
(appointed on 11 June 2012)
(re-designated on 9 August 2012)
Mr. Lam Kwan Sing
(appointed on 9 August 2012)
Mr. Zhu Yongguang
(resigned on 9 August 2012)
Dr. Tam Hok Lam, Tommy, *J.P.*
(resigned on 29 March 2012)
Mr. Chan William
(resigned on 1 January 2012)

Audit Committee

Mr. Chan Ming Sun, Jonathan
(Chairman of Committee)
Mr. Ma Lin
Mr. Lam Kwan Sing

Executive Committee

Mr. Xu Hai Ying
Dr. Zhiliang Ou, *J.P. (Australia)*

Remuneration Committee

Mr. Chan Ming Sun, Jonathan
(Chairman of Committee)
Dr. Zhiliang Ou, *J.P. (Australia)*
Mr. Lam Kwan Sing

Nomination Committee

Dr. Zhiliang Ou, *J.P. (Australia)*
(Chairman of Committee)
Mr. Chan Ming Sun, Jonathan
Mr. Lam Kwan Sing

Company Secretary

Mr. Fok Chi Tak *(FCPA, FCCA, FCS, FCIS)*

Legal Advisers

Troutman Sanders
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8 Connaught Place, Central
Hong Kong

Guantao Law Firm
17/F, Tower 2
Ying Tai Center
No. 28, Finance Street
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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
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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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www.haotianhk.com

DIRECTOR'S STATEMENT

Dear Shareholders,

On behalf of Hao Tian Resources Group Limited ("Hao Tian Resources" or the "Company", and together with its subsidiaries, the "Group"), I hereby present the unaudited interim results for the six months ended 30 September 2012 (the "Period under Review").

This year, the spread of the European debt crisis, the sluggish global economic growth along with the sharp decline of fixed asset investment growth in China led to a drop in the coal demand and the coal price, which brought pressure on the coal market. Facing the transformation of the macro-economy and the energy industry, and based on the vision for energy set out in China's "12th Five-Year Plan", the Company continued to focus its business on the energy sector of the resource-abundant Xinjiang, whilst making steady and orderly transformation and enhancement of its business segments.

During the Period under Review, the transaction of the disposal of the entire equity interest in Wuhai City Menggang had been completed at a total consideration of RMB1.503 billion. On 25 June 2012, the Group received the first payment amounting to approximately RMB730.808 million, a sum equivalent to 52% of the total consideration after deduction of the applicable PRC taxation from the purchaser according to sale and purchase agreement. Upon completion of the transaction, the Group will no longer hold any equity interests in Mine No.1 and Mine No.4 and Tianyu coal washing plant in Wuhua City. In the meantime, the Company executed a sale and purchase agreement on 12 October 2012 for the disposal of the entire issued capital in a wholly-owned subsidiary of the Company, Champ Universe Limited, at a total consideration of HK$1.58 billion. Champ Universe Limited held the entire interest of the coal mine of Baicheng Wenzhou in Xinjiang. Upon completion of the transaction, the Company will cease to hold any equity interests in Baicheng Wenzhou coal mine in Xinjiang province.

While engaging in the coal mining and sales business, the Group also actively expands into other business sectors. It strives to become a Xinjiang-based consolidated energy group and plans to expand the natural gas business in Xinjiang.

As an efficient and convenient clean energy, the consumption level of natural gas in China still lags behind the developed countries. However, due to the acceleration of the process of industrialization and urbanization in recent years, the growth rate of the natural gas industry has taken over Europe and US, the market prospect of which is promising. The Chinese government announced that it will spare no efforts in promoting the clean energy development during the "12th Five-Year Plan" period. The utilization of natural gas will possibly reach 260 billion cubic meters, and the share of natural gas in the Chinese energy consumption basket is expected to increase from 3.9% to 8.3%. On 7 November 2012, the Group cooperated with Xinjiang Kuche County People's Government (新疆庫車縣人民政府) by entering into a framework agreement in respect of construction of liquefied natural gas business. The Group believes that with the development prospect of the industry as well as the rich resources of Xinjiang, coupled with the Group's abundant experience and network in resources development in Xinjiang, the Group can get the achievements in natural gas and energy business development.

While in the development of the domestic business in China, Hao Tian Resources also find the oversea development opportunities. The Company had contacted with a number of oil companies in Canada to examine the potential development of oil projects.

Finally, on behalf of the Board, I would like to express my sincere gratitude to all shareholders for their great support and trust, and to our directors, management and staff for their invaluable contribution to the Group during the past six months. We will make unremitting efforts to achieve a better return for our shareholders.

Dr. Zhiliang Ou
Executive Director
Hong Kong, 23 November 2012

INTERIM DIVIDEND

The board of directors (the "Board") does not recommend the payment of an interim dividend for the six months ended 30 September 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Financial Review

Coal Mining Business

On 25 June 2012, the disposal of the entire equity interest in Wuhai City Menggang Industrial Development Co., Ltd. and its subsidiaries (collectively referred as "Mengang Group"), was completed and the Company had received the first payment of RMB730,808,000 which is equivalent to 52% of the total consideration after deduction of applicable PRC tax from the purchaser.

On 12 October 2012, the Company executed a sale and purchase agreement for disposal of the entire equity interest in Champ Universe Limited, a wholly-owned subsidiary of the Company, at a total consideration of HK$1.58 billion. Champ Universe Limited held the entire equity interest of Baicheng Wenzhou coal mine in Xinjiang. The consideration comprised of (i) HK$735,000,000 to be satisfied by allotment and issue to the Company 367,500,000 shares of Up Energy Development Group Limited at an issue price of HK$2.00 per share and (ii) the balance of HK$845,000,000 to be settled in cash. During the period under review, the production of Baicheng Wenzhou coal mine was approximately 90,000 tonnes, and the turnover from the sale of raw coal from continuing operation was approximately RMB9,706,000 (approximately equivalent to HK$11,893,000).

Packaging Box Business

The economic downturn in European market caused decrease in demand for plastic boxes and paper boxes of luxury consumer goods. Revenue from packaging boxes segment declined by 13.6% to HK$61,628,000 (2011: HK$71,362,000) as compared with the same period in last year. During the Period under Review, the gross profit margin reduced to approximately 10.7% (2011: 26.5%) attributable to a decline in volume of orders, as well as an increase in labour costs, prices of raw materials and allowance for slow moving inventories. The total gross profit decreased to approximately HK$6,614,000 (2011: HK$18,911,000).

Business Development of Clean Energy and Prospects

The Company is keeping on evaluating its business position and strategy while opening up its appetite for opportunities in sectors other than coal mining. Currently, the oil and gas industry is a sector which has aroused the Company's interest for it appeared to the Company that the Xinjiang regional government supports foreign enterprises' investments in the local natural gas exploration industry, by ensuring gas supply volume and offering favourable gas price.

Consequently, the Company wishes to shift its business focus from the mining industry to the oil and gas industry and the Company has been seeking to identify and explore new business opportunities with a view to enhancing the value of the Company.

Other Income, Other Gains and Losses

For the six months ended 30 September 2012, the Group recorded a net loss from continuing operations of approximately HK$42.0 million (2011: net gain of approximately HK$60.3 million) in other income, other gains and losses. The losses were mainly attributable to (i) impairment loss recognised in respect of available-for-sale investments, (ii) loss on disposal of available-for-sale investments and (iii) fair value loss of financial assets designated as at fair value through profit and loss.

Distribution and Selling Costs

For the six months ended 30 September 2012, distribution and selling costs from continuing operations were approximately HK$1.5 million (2011: HK$1.9 million), representing a decrease of approximately HK$0.4 million or 21.1% as compared with the same period in 2011. The decrease was mainly due to the reduction in transportation cost from packaging box business.

Administrative Expenses

For the six months ended 30 September 2012, administrative expenses from continuing operations were approximately HK$41.7 million (2011: HK$39.0 million), representing an increase of approximately HK$2.7 million or 6.9% as compared with the same period in 2011. The increase was mainly due to the full period administrative expenses incurred by Baicheng Wenzhou coal mine since the acquisition of the coal mine on 15 June 2011.

Other Expenses

For the six months ended 30 September 2012, there was no other expenses incurred from continuing operations (2011: HK$7.7 million). Other expenses from continuing operations for the prior period represents legal and professional costs incurred for the acquisition of assets through purchase of subsidiaries and the wages, depreciation expenses, consumables and other direct attributable costs incurred by Baicheng Wenzhou during its suspension as a result of certain regulatory actions imposed by relevant PRC authorities in the prior period. The suspension was released in late December 2011.

Finance Costs

For the six months ended 30 September 2012, finance costs from continuing operations were approximately HK$2.0 million (2011: HK$23.6 million), representing a decrease of approximately HK$21.6 million or 91.5% as compared with the same period in 2011. The decrease was mainly due to the incurrence of interest expenses of convertible notes issued by the Company, which were redeemed in full during the Period under Review.

Taxation

For the six months ended 30 September 2012, the Group's income tax expense from continuing operations of approximately HK$0.2 million (2011: HK$0.5 million) representing the result of income tax expense from other jurisdiction.

Owner's Attributable Loss

The net loss from continuing operations attributable to the Owners in the Period under Review was approximately HK$82.6 million (2011: profit of approximately HK$7.1 million), while a net loss from discontinued operation, which represented the Group's Inner-Mongolia Mining Operation, was attributable to the Owners in the same period which was approximately HK$3.0 million (2011: loss of approximately HK$15.4 million). As a result, the total net loss from continuing operation and discontinued operation attributable to the Owners in the Period under Review was approximately HK$85.6 million (2011: net loss of approximately HK$8.3 million).

Liquidity, Capital Structure and Financial Resources

The Group funded its operations from a combination of internal resources, equity fund raising and financial instruments. As at 30 September 2012, the Group had cash and cash equivalents of approximately HK$164.5 million (31 March 2012: HK$44.0 million). The Group's working capital decreased to approximately HK$708.0 million (31 March 2012: HK$1,032.4 million). Such decrease was mainly due to the increase in available-for-sale investments by HK$167,170,000 during the Period under Review. Gearing ratio (a ratio of total borrowings to total assets) as at 30 September 2012 was approximately 5.2% (31 March 2012: 14.8%), such decrease was mainly due to redemption of all convertible notes of the Company during the Period under Review.

The Group had pledged its leasehold land and buildings with carrying value of approximately HK$2.8 million (31 March 2012: HK$2.9 million) to secure the unutilised general banking facilities granted to the Group.

The Company entered into an investment agreement ("Investment Agreement") with Cheer Hope Holdings Limited, a wholly-owned direct subsidiary of CCBI Investments Limited ("Investor") on 6 September 2012, pursuant to which, the Company agreed to issue notes in the aggregate principal amount of up to US$40,000,000 due 2013 ("Notes") during a period of 3 months from 11 September 2012 ("the first completion date"), and on the first completion date, a note for the principal amount of US$16,000,000 had been issued. The Notes are secured, among others, (a) by an account charge executed by Brilliant Wise Limited, an indirect wholly-owned subsidiary of the Company in favor of the Investor and the Company shall procure proceeds for the third installment received from 內蒙古雙欣資源集團有限公司 (Inner Mongolia Shuangxin Resources Group Co., Ltd.*) under a sale and purchase agreement dated 7 September 2011 shall be deposited in the account; (b) a share charge executed by various members of the Group over the charged shares in favour of the Investor; (c) an equity pledge agreement executed in favour of the Investor in relation to the entire equity interest of Baicheng Wenzhou Mining Development Co., Ltd.; and (d) if applicable, other account charge to be executed by members of the Group upon disposal or realization of asset.

Save as stated, there were no other assets pledged at the day of reporting.

* *For identification purpose only*

Capital Commitment and Contingent Liabilities

As at 30 September 2012, there were capital commitments of approximately HK$94.1 million (31 March 2012: HK$89.6 million) and HK$188.3 million (31 March 2012: HK$189.0 million) in respect of the 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 2012.

Exposure to Fluctuations in Exchange Rates

The Group's sales are denominated mainly in Hong Kong dollars ("HKD"), United States dollars ("USD"), Euro ("EUR") and Renminbi ("RMB"). The Group's purchases and expenses are mostly denominated in HKD and 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 of the Group and will consider hedging significant foreign currency exposure should the need arises.

Employee Information

As at 30 September 2012, the Group had a total of approximately 1,000 employees (31 March 2012: 1,200 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 the PRC and France. The Group's remuneration policies are formulated according to market practices, experiences, skills and performance of individual employee and will be reviewed every year.

The Group has also adopted a share option scheme and the summary of the share option schemes of the Group are set out in note 25 to the condensed consolidated financial statements.

Significant Investment, Material Acquisitions and Disposals

On 7 September 2011, the Group entered into a sale and purchase agreement with an independent third party, Inner-Mongolia Shuangxin Resources Group Co., Ltd. Pursuant to this sale and purchase agreement, the Group agreed to dispose of the Menggang Group. During the six months ended 30 September 2012, all of these conditions were fulfilled and the disposal was completed on 30 May 2012.

On 12 October 2012, the Group entered into a sale and purchase agreement with an independent third party, Up Energy Mining Limited, pursuant to which the Group has conditionally agreed to dispose of its entire interest in Champ Universe Limited.

On 25 October 2012, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with Uprite Limited, a company incorporated in the British Virgin Islands, to acquire a yacht and the accompanying marine facilities at a total consideration of HK$65,000,000.

Save as disclosed above, the Group has no other significant investment, material acquisition and disposals after the end of the interim period.

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 2012, 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
Li Shao Yu	Interest of controlled corporations	Corporate interest	1,141,804,853 (Note 1)	–	1,160,804,853	29.56%
	Beneficial owner	Personal interest		19,000,000 (Note 2)		

Notes:

1. Li Shao Yu 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.

2. These interests represented the interests in underlying shares in respect of share options granted by the Company to Ms. Li as beneficial owner under the Share Option Scheme adopted on 16 May 2006.

Other than as disclosed above, as at 30 September 2012, 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.

Share Option Scheme

Particulars of the Company's share option scheme and details of movements in the share options are set out in note 25 to the condensed consolidated financial statements.

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

As at 30 September 2012, 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	359,655,351 522,400,561 (Note 1)	– –	Beneficial owner Interest of a controlled corporation	882,055,912	22.46%
Real Power Holdings Limited	522,400,561	–	Beneficial owner	522,400,561	13.30%
Tai Rong Xin Ye International Power Generation Inc.	259,748,941	–	Beneficial owner	259,748,941	6.61%
Hao Tian Group Holdings Limited	1,141,804,853	–	Interest of controlled corporations	1,141,804,853 (Note 2)	29.07%
Atlantis Capital Holdings Limited	429,000,000	–	Beneficial owner	429,000,000 (Note 3)	10.92%
Liu Yang	429,000,000	–	Interest of a controlled corporation	429,000,000 (Note 3)	10.92%
Central Huijin Investment Ltd	–	256,894,584	Interest of a controlled corporation	256,894,584 (Note 4)	6.54%
China Construction Bank Corporation	–	256,894,584	Interest of a controlled corporation	256,894,584 (Note 4)	6.54%
Heritage International Holdings Limited	334,000,000	–	Interest of a controlled corporation	334,000,000 (Note 5)	8.50%

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
Coupeville Limited	334,000,000	–	Interest of a controlled corporation	334,000,000 (Note 5)	8.50%
Dollar Group Limited	334,000,000	–	Beneficial owner	334,000,000 (Note 5)	8.50%

Notes:

1. Real Power Holdings Limited is beneficially owned as to 75% by TRXY Development (HK) Limited.

2. Hao Tian Group Holdings Limited has controlling interest in TRXY Development (HK) Limited and Tai Rong Xin Ye International Power Generation Inc. TRXY Development (HK) Limited also has controlling interest in Real Power Holdings Limited.

3. As at 30 September 2012, Atlantis Capital Holdings Limited was beneficial owner of these shares in the Company, which, in turn, was wholly-owned by Liu Yang.

4. The two references to 256,894,584 shares related to the same block of shares. Big Wish Investments Limited was interested in the underlying shares in the Company. Big Wish Investments Limited is a wholly-owned subsidiary of CCB International Asset Management Limited ("CCBIAM") which was interested in the shares in the Company, in return, CCBIAM 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 (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 underlying shares held in the Company by virtue of the provisions of the SFO.

5. The three references to 334,000,000 shares related to the same block of shares. Heritage International Holdings Limited has controlling interest in Coupeville Limited, which, in return, also has controlling interest in Dollar Group Limited.

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

The Company is committed to maintaining a high standard of corporate governance, the principles of which serve to uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business and to ensure that affairs are conducted in accordance with applicable laws and regulations.

The Company has applied the principles and complied with all relevant code provisions of the Code on Corporate Governance Practices (the "Former CG Code") as set out in Appendix 14 to the Listing Rules during the period from 1 January to 31 March 2012. On 1 April 2012, the Former CG Code was amended and renamed as the Corporate Governance Code (the "New CG Code"). The Company has also complied with all relevant code provisions of the New CG Code during the period from 1 April to 30 September 2012, except that two independent non-executive directors were unable to attend the annual general meeting of the Company held on 25 September 2012 (as provided for in Code Provision A.6.7) as they were engaged in other unavoidable matters.

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, Sales or Redemption of Securities

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 2012.

Refreshment of General Mandate

On 25 September 2012, an ordinary resolution approving the refreshment of general mandate was duly passed by way of poll in the Annual General Meeting of the Company ("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.

Audit Committee

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

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed the internal controls and financial reporting matters including a review of the unaudited condensed consolidated interim financial statements for the six months ended 30 September 2012 with the Directors and external auditors.

By order of the Board
Dr. Zhiliang Ou
Executive Director

Hong Kong, 23 November 2012

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 condensed consolidated financial statements of Hao Tian Resources Group Limited (the "Company") and its subsidiaries set out on pages 19 to 62, which comprise the condensed consolidated statement of financial position as of 30 September 2012 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 these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements 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 these condensed consolidated financial statements consists of making inquiries, 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
23 November 2012

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2012

	NOTES	Six months ended 30 September 2012 HK$'000 (unaudited)	2011 HK$'000 (unaudited)
Continuing operations			
Revenue	3	**73,521**	72,033
Cost of sales		**(68,782)**	(52,525)
Gross profit		**4,739**	19,508
Other income	5	**1,111**	1,824
Other gains and losses	5	**(43,152)**	58,521
Distribution and selling costs		**(1,472)**	(1,900)
Administrative expenses		**(41,664)**	(39,029)
Other expenses	8	**–**	(7,715)
Finance costs	6	**(1,988)**	(23,636)
(Loss) profit before taxation		**(82,426)**	7,573
Taxation	7	**(172)**	(517)
(Loss) profit for the period from continuing operations	8	**(82,598)**	7,056
Discontinued operation			
Loss for the period from discontinued operation	16	**(2,988)**	(15,365)
Loss for the period		**(85,586)**	(8,309)

	NOTE	Six months ended 30 September 2012 HK$'000 (unaudited)	2011 HK$'000 (unaudited)
Other comprehensive (expense) income			
Exchange differences arising on translation of foreign operations		**(15,186)**	66,035
Reclassification adjustments relating to foreign operation disposed of during the period		**(110,316)**	–
Available-for-sale investments:			
– Fair value change during the period		**(15,533)**	(1,092)
– Impairment loss recognised		**11,890**	–
– Reclassified to profit or loss upon disposal		**3,234**	–
Other comprehensive (expense) income for the period		**(125,911)**	64,943
Total comprehensive (expense) income for the period		**(211,497)**	56,634
(Loss) earnings per share	9		
From continuing and discontinued operations			
Basic		**(HK2.18 cents)**	(HK0.32 cents)
Diluted		**(HK2.18 cents)**	(HK1.88 cents)
From continuing operations			
Basic		**(HK2.10 cents)**	HK0.27 cents
Diluted		**(HK2.10 cents)**	(HK1.38 cents)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2012

	NOTES	**30.9.2012 HK$'000 (unaudited)**	31.3.2012 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	10	**49,025**	48,808
Prepaid lease payments	10	**1,851**	1,886
Investment property	10	**976**	993
Mining rights		**1,543,615**	1,551,983
Available-for-sale investments	11	**118,089**	11,212
Financial assets at fair value through profit or loss	14	**23,180**	–
Deposits		**92,575**	95,757
Deferred tax asset	12	**205**	205
		1,829,516	1,710,844
Current assets			
Inventories		**31,247**	26,126
Trade and bills receivables	13	**20,071**	23,034
Other receivables, deposits and prepayments		**12,457**	12,752
Investments held for trading		**87**	118
Prepaid lease payments	10	**104**	104
Consideration receivable	22(i)	**784,570**	–
Tax recoverable		**4,889**	4,903
Bank balances and cash		**164,506**	44,040
		1,017,931	111,077
Assets classified as held for sale	15	**–**	2,492,670
		1,017,931	2,603,747

	NOTES	**30.9.2012 HK$'000 (unaudited)**	31.3.2012 HK$'000 (audited)
Current liabilities			
Trade payables	17	**13,023**	11,157
Other payables, deposits received and accruals		**81,873**	29,002
Convertible notes	18	**–**	638,056
Embedded derivatives	18	**–**	43
Secured notes	19	**114,397**	–
Borrowing	20	**33,053**	–
Tax payable		**67,585**	4,285
		309,931	682,543
Liabilities associated with assets classified as held for sale	15	**–**	888,812
		309,931	1,571,355
Net current assets		**708,000**	1,032,392
Total assets less current liabilities		**2,537,516**	2,743,236
Non-current liabilities			
Retirement benefits obligations		**1,280**	1,386
Provision for restoration and environmental costs		**7,482**	7,289
		8,762	8,675
Net assets		**2,528,754**	2,734,561
Capital and reserves			
Share capital	21	**196,377**	196,377
Reserves		**2,332,377**	2,538,184
Total equity		**2,528,754**	2,734,561

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2012

	Share capital 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 2012											
At 1 April 2012 (audited)	196,377	2,819,303	6,331	3,539	136,800	34,719	1,826	(5,754)	181,956	(640,536)	2,734,561
Loss for the period	–	–	–	–	–	–	–	–	–	(85,586)	(85,586)
Other comprehensive expense	–	–	–	–	–	–	(409)	–	(125,502)	–	(125,911)
Total comprehensive expense for the period	–	–	–	–	–	–	(409)	–	(125,502)	(85,586)	(211,497)
Warrants matured	–	–	(6,331)	–	–	–	–	–	–	6,331	–
Transfer upon repayment of convertible notes	–	–	–	–	(136,800)	–	–	–	–	136,800	–
Recognition of equity-settled share-based payments	–	–	–	–	–	5,690	–	–	–	–	5,690
At 30 September 2012 (unaudited)	196,377	2,819,303	–	3,539	–	40,409	1,417	(5,754)	56,454	(582,991)	2,528,754

	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 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)
Other comprehensive (expense) income	–	–	–	–	–	–	–	(1,092)	–	66,035	–	64,943
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 of assets through purchase of subsidiaries (note 23)	–	706,169	–	–	–	–	–	–	–	–	–	706,169
Issue of convertible notes for acquisition of assets through purchase of subsidiaries (note 23)	–	–	–	–	–	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

Notes:

(a) On 10 June 2011, 436,488,000 warrants of the Company were 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 were approximately HK$6,547,000. The warrants issued by the Company were classified as equity instrument, which is stated at the proceeds received, net of direct issue cost. During the six months ended 30 September 2012, the warrants issued matured, and the carrying amount of the warrants of HK$6,331,000 was transferred to accumulated losses.

(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 Mining Development Co., Ltd. ("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 2012

	NOTES	Six months ended 30 September 2012 HK$'000 (unaudited)	2011 HK$'000 (unaudited)
NET CASH USED IN OPERATING ACTIVITIES		**(31,527)**	(65,377)
NET CASH FROM (USED IN) INVESTING ACTIVITIES			
Interest received		**522**	493
Purchase of property, plant and equipment		**(18,585)**	(35,024)
Purchase of available-for-sales investments		**(132,576)**	–
Proceeds from disposal of property, plant and equipment		**403**	–
Proceeds from disposal of available-for-sales investments		**10,166**	–
Purchase of financial assets at fair value through profit or loss		**(50,000)**	–
Deposits paid for purchase of property, plant and equipment		**–**	(3,535)
Net cash from acquisition of assets through purchase of subsidiaries	23	**–**	273
Net cash from disposal of subsidiaries	22	**813,817**	–
		623,747	(37,793)
NET CASH (USED IN) FROM FINANCING ACTIVITIES			
Interest paid		**(695)**	–
Proceeds from issue of warrants, net of expense		**–**	6,331
Borrowing raised		**33,053**	–
Proceeds from issue of secured notes		**113,358**	–
Repayment of convertible notes		**(639,349)**	–
The Settlement Fund received (as defined in note 15)		**–**	365,190
Bank deposits in special purpose bank account included in assets classified as held for sale		**–**	(251,937)
Cash withdrawal from bank deposits in special purpose bank account		**21,832**	–
		(471,801)	119,584

	Six months ended 30 September 2012 HK$'000 (unaudited)	2011 HK$'000 (unaudited)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**120,419**	16,414
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**46,971**	48,676
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(2,884)**	3,260
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**164,506**	68,350
CASH AND CASH EQUIVALENTS REPRESENTED BY		
Bank balances and cash	**164,506**	65,997
Bank balance and cash included in a disposal group classified as held for sale	**–**	2,353
	164,506	68,350

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2012

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

The 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 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2012. In addition, the Group has applied the following accounting policies as they became applicable to the Group during the current period.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial assets designated as at fair value through profit or loss ("FVTPL")

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest accrued earned on the financial assets.

Financial liabilities designated as at FVTPL

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial liabilities at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any interest earned on the financial liabilities.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

HKFRS 7 (Amendments)	Financial instruments disclosures – Transfers of financial assets
HKAS 12 (Amendments)	Deferred tax – Recovery of underlying assets

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

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) Co. Limited and Winpac Trading Co. Limited

4. SEGMENT INFORMATION *(Continued)*

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

(iii) Coal Mining Operations – 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 operated 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.

For both periods, the Inner-Mongolia Coal Mining Operation was considered as discontinued operation (see note 16). 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. During the six months ended 30 September 2012, the Menggang Group, which operated the Inner-Mongolia Coal Mining Operation was disposed of, details of which are set out in note 22.

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 2012

	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	13,476	48,152	11,893	73,521
Segment results	(2,205)	(1,886)	121,680	117,589
Less: Segment profit from discontinued operation				(121,133)
Segment results from continuing operations				(3,544)
Other income				1,111
Other gains and losses				(43,152)
Central administration costs				(34,853)
Finance costs				(1,988)
Loss before taxation from continuing operations				(82,426)

4. SEGMENT INFORMATION *(Continued)*

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)
Add: Segment loss from discontinued operation				15,365
Segment results from continuing operations				3,266
Other income				1,824
Other gains and losses				58,521
Central administration costs				(32,402)
Finance costs				(23,636)
Profit before taxation from continuing operations				7,573

Segment results represent the profit or loss earned by each segment without allocation of other income, other gains and losses, central administration costs and finance costs. This is the measure reported to the executive directors for the purpose of resource allocation and performance assessment.

5. OTHER INCOME/OTHER GAINS AND LOSSES

	Six months ended 30 September 2012 HK$'000 (unaudited)	2011 HK$'000 (unaudited)
Other income		
Continuing operations		
Dividend income from unlisted available-for-sale investments	**–**	766
Interest earned on bank deposits	**214**	93
Interest earned on listed available-for-sale investments	**212**	212
Sundry income	**685**	753
	1,111	1,824

	Six months ended 30 September 2012 HK$'000 (unaudited)	2011 HK$'000 (unaudited)
Other gains and losses		
Continuing operations		
Fair value gain on derivative financial instruments	**43**	58,585
Fair value loss on investments held for trading	**(31)**	(64)
Fair value loss on secured notes	**(1,039)**	–
Fair value loss on financial assets at FVTPL	**(26,820)**	–
Loss on disposal of property, plant and equipment	**(181)**	–
Loss on disposal of available-for-sale investments	**(3,234)**	–
Impairment loss recognised in respect of available-for-sale investments	**(11,890)**	–
	(43,152)	58,521

6. FINANCE COSTS

	Six months ended 30 September	
	2012	2011
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Continuing operations		
Interest on:		
Convertible notes (note 18)	**1,293**	23,636
Borrowing (note 20)	**695**	–
	1,988	23,636

7. TAXATION

	Six months ended 30 September	
	2012	2011
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Continuing operations		
Current tax:		
Other jurisdiction	**172**	655
Deferred tax	**–**	(138)
	172	517

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2011: 16.5%) of the estimated assessable profit for the period. No provision for Hong Kong Profits Tax has been made as the group entities subject to Hong Kong Profits Tax incurred tax loss for both periods. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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

	Six months ended 30 September 2012 HK$'000 (unaudited)	2011 HK$'000 (unaudited)
Continuing operations		
(Loss) profit for the period from continuing operations has been arrived at after charging:		
Allowance for slow moving inventories (included in cost of sales)	**5,000**	–
Depreciation of property, plant and equipment and investment property	**2,601**	1,548
Release of prepaid lease payments	**77**	91
Staff costs (including directors' emoluments)		
Fees, salaries, bonus and other allowances	**43,438**	33,505
Retirement benefit scheme contributions	**2,084**	1,238
Share-based payments	**5,690**	11,125
	51,212	45,868

Other expenses

Other expenses from continuing operations for the prior period represents legal and professional costs incurred for the acquisition of assets through purchase of subsidiaries (note 23) and wages, depreciation expenses, consumables and other direct attributable costs incurred by Baicheng Wenzhou during its suspension in the prior period as a result of certain regulatory actions imposed by relevant PRC authorities in the prior period. The suspension was released in late December 2011.

9. (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

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

	Six months ended 30 September 2012 HK$'000 (unaudited)	2011 HK$'000 (unaudited)
Loss		
Loss for the purpose of basic loss per share	**(85,586)**	(8,309)
Effect of dilutive potential ordinary shares:		
Change in fair value of derivative instruments of CN1 (as defined in note 18)	–	(58,585)
Interest on convertible notes, CN1	–	9,116
Loss for the purpose of diluted loss per share	**(85,586)**	(57,778)

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

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

From continuing operations

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

	Six months ended 30 September	
	2012	2011
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Loss		
Loss for the period	**(85,586)**	(8,309)
Adjust for: Loss for the period from discontinued operation	**2,988**	15,365
(Loss) earnings for the purpose of calculating basic (loss) earnings per share from continuing operations	**(82,598)**	7,056
Effect of dilutive potential ordinary shares:		
Change in fair value of derivative instruments of CN1	**–**	(58,585)
Interest on convertible notes, CN1	**–**	9,116
Loss for the purpose of diluted loss per share	**(82,598)**	(42,413)

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

From continuing operations *(Continued)*

	Six months ended 30 September 2012 '000	2011 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**3,927,536**	2,637,271
Effect of dilutive potential ordinary shares:		
Convertible notes, CN1	**–**	431,882
Weighted average number of ordinary shares for the purpose of diluted loss per share	**3,927,536**	3,069,153

The computation of diluted loss per share for the six months ended 30 September 2012 did not assume the exercise of the share options, warrants and conversion rights of CN1 and CN2 (as defined in note 18) which will reduce loss per share from continuing operations during the period.

The computation of diluted loss per share for the six months ended 30 September 2011 did not assume the exercise of the conversion rights of the CN2 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.

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

From discontinued operation

Basic loss per share from discontinued operation for the six months ended 30 September 2012 is HK0.08 cents (six months ended 30.9.2011: loss per share of HK0.58 cents), based on the loss for the period from discontinued operation of HK$2,988,000 (six months ended 30.9.2011: loss of HK$15,365,000) and the denominators detailed above for basic (loss) earnings per share from continuing operations.

Diluted loss per share from discontinued operation for the six months ended 30 September 2011 is HK0.50 cents, based on the loss for the period from discontinued operation of HK$15,365,000 and the denominators detailed above for diluted loss per share from continuing operations.

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

During the current period, the Group spent approximately HK$18,585,000 on purchase of property, plant and equipment. During the prior period, the Group spent approximately HK$35,024,000 on purchase of property, plant and equipment, in addition to those acquired through acquisition of assets through purchase of subsidiaries (see note 23).

There was no acquisition of prepaid lease payments and investment property for both periods, except for those prepaid lease payments acquired through acquisition of assets through purchase of subsidiaries (see note 23) during the prior period.

11. AVAILABLE-FOR-SALE INVESTMENTS

	30.9.2012 HK$'000 (unaudited)	31.3.2012 HK$'000 (audited)
Available-for-sale investments include:		
Equity securities listed outside Hong Kong, at fair value	**135**	146
Equity securities listed in Hong Kong, at fair value	**74,265**	–
Debenture listed outside Hong Kong with fixed interest of 10.5% per annum and maturity date on 14 January 2016, at fair value	**3,878**	3,261
Unlisted equity securities, at cost	**37,101**	5,095
Club debentures, at cost	**2,710**	2,710
	118,089	11,212

During the current period, the Group spent approximately HK$100,570,000 and HK$32,006,000 on purchase of equity securities listed in Hong Kong and unlisted equity securities respectively.

Addition in unlisted equity securities during the current period mainly represented the Group's investment in 0.73% equity interests in a private company incorporated in the Cayman Islands, which is an investment holding company with its subsidiaries principally engaged in properties investment, securities investment, securities brokerage, commodities trading, asset management and financial advisory services.

12. 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 2012 (audited) and at 30 September 2012 (unaudited)	–	(185)	–	390	205
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	–	–	(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.

13. 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:

	30.9.2012	31.3.2012
	HK$'000	HK$'000
	(unaudited)	(audited)
0 to 30 days	**9,099**	20,474
31 to 60 days	**8,108**	906
61 to 90 days	**646**	627
Over 90 days	**2,218**	1,027
	20,071	23,034

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

During the current period, the Group purchased an unlisted zero coupon convertible bond ("Celebrate Bond") issued by Celebrate International Holdings Limited (formerly known as "Hong Kong Life Group Holdings Limited") with principal amount of HK$20 million, from an independent third party at a consideration of HK$20 million. The Celebrate Bond is denominated in Hong Kong Dollars and will mature on 27 May 2016. The Group had the right to convert the Celebrate Bond to ordinary shares of Celebrate International Holdings Limited, at any time before the maturity date, at a conversion price of HK$9.902 per share. If the Group had not exercise the conversion right, the Celebrate Bond would be repayable at the maturity date at 100% of the principal amount. The Group designated the entire Celebrate Bond as financial assets at FVTPL at initial recognition.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

The fair value of the liability component of the Celebrate Bond was determined based on the present value of the estimated future cash flows discounted at the prevailing market rate of interest of similar instruments. The fair value of the embedded options was calculated using the binomial model. The inputs into the valuation of the Celebrate Bond were as follows:

	At 30 September 2012
Stock price	HK$0.365
Conversion price	HK$9.902
Risk free rate (note a)	0.257%
Expected life (note b)	3.7 years
Expected volatility (note c)	87.099%
Discount rate	30.531%

As at 30 September 2012, the fair value of the Celebrate Bond was HK$7,600,000, with a fair value loss of HK$12,400,000 charged to profit or loss.

During the current period, the Group purchased an unlisted bond issued by Mascotte Holdings Limited ("Mascotte Bond") with principal amount of HK$30 million from an independent third party at a consideration of HK$30 million. According to the terms of the Mascotte Bond, the maturity date is two years from the issue date (i.e. 4 January 2014). At the maturity date, Mascotte Holdings Limited may elect at its discretion to extend the term for another 5 years. The Mascotte Bond bears interest at 2.5% per annum for the first 2 years and 12.5% per annum afterwards for the extension period of five years. Interest is payable quarterly in arrears. Mascotte Holdings Limited may also redeem part or all of the Mascotte Bond any time before the maturity date (or the extended maturity date if the term is extended) at principal amount and interest accrued up to redemption date. The Group designated the entire Mascotte Bond as financial assets at FVTPL at initial recognition.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

The fair value of the Mascotte Bond was determined based on the present value of the estimated future cash flows discounted at the prevailing market rate of interest of instruments of comparable credit status. The inputs into the valuation of the Mascotte Bond were as follows:

	At 30 September 2012
Risk free rate (note a)	0.389%
Expected life (note b)	6.3 years
Credit spread (note d)	21.42%
Discount rate	27.18%

As at 30 September 2012, the fair value of the Mascotte Bond was HK$15,580,000, with a fair value loss of HK$14,420,000 charged to profit or loss.

Notes:

a) Risk free rate is determined by reference to the yield of the Hong Kong Exchange Fund Notes with duration similar to the expected life of the relevant bonds.

b) Expected life is the expected remaining life of the relevant bonds.

c) Expected volatility is estimated by calculating the historical weekly share price volatility of the stock price of Celebrate International Holdings Limited.

d) Credit spread is determined by reference to the credit analysis of Mascotte Holdings Limited and market yield of bonds issued by comparable companies with similar credit strength.

15. ASSETS CLASSIFIED AS HELD FOR SALE

On 7 September 2011, the Group 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 agreed to dispose of the Menggang Group (the "Disposal"), which operates the Inner-Mongolia Coal Mining Operation, for a cash consideration of RMB1,503,000,000 ("Total Consideration"). In addition to the Total Consideration, the Purchaser advanced the Menggang Group RMB300,000,000 (the "Settlement Fund") to repay the Menggang Group's existing payables to third parties and the current account with the Company and its subsidiaries, before completion of the Disposal. The Settlement Fund had been provided by the Purchaser during the six months ended 30 September 2011 and the Settlement Fund was payable to the Purchaser by the Menggang Group. As at 31 March 2012, unused fund was HK$27,554,000, which was deposited in a special purpose bank account of the Menggang Group. Completion of the Disposal was 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. During the six months ended 30 September 2012, all of these conditions were fulfilled and the disposal was completed (see note 22).

As at 31 March 2012, the assets and liabilities attributable to the Menggang Group to be sold within twelve months had been classified as assets and liabilities held for sale and were separately presented in the condensed consolidated statement of financial position. The Inner-Mongolia Coal Mining Operation for the current and prior periods were presented as discontinued operation (see note 16).

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

Major classes of assets and liabilities of the Menggang Group as at 31 March 2012 were as follows:

	31.3.2012
	HK$'000
Property, plant and equipment	346,500
Prepaid lease payments	26,176
Mining rights	2,058,378
Deposits	14,137
Inventories	3,081
Other receivables and prepayments	13,913
Cash deposited in a special purpose bank account	27,554
Bank balances and cash	2,931
Total assets classified as held for sale	2,492,670
Other payables	(7,029)
Deferred tax liabilities	(513,503)
The Settlement Fund	(368,280)
Total liabilities associated with assets classified as held for sale	(888,812)

16. DISCONTINUED OPERATION

Discontinued operation represents the Inner-Mongolia Coal Mining Operation (see note 15).

	Six months ended 30 September	
	2012	2011
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Loss from discontinued operation for the current and prior period is analysed as follows:		
Other income, gains and losses	**2,549**	1,425
Administrative expenses	**(2,060)**	(9,203)
Other expenses (Note)	**(266)**	(7,587)
	223	(15,365)
Gain on disposal of operation	**120,910**	–
Attributable income tax expenses	**(124,121)**	–
Loss for the period from discontinued operation	**(2,988)**	(15,365)

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

16. DISCONTINUED OPERATION *(Continued)*

	Six months ended 30 September 2012 HK$'000 (unaudited)	2011 HK$'000 (unaudited)
Loss for the period from discontinued operation included the following:		
Interest income	**96**	188
Depreciation of property, plant and equipment	**690**	1,410
Release of prepaid lease payments	**602**	602
Staff costs		
Fees, salaries, bonus and other allowances	**374**	2,956
Retirement benefit scheme contributions	**15**	908
	389	3,864

Cash flows from discontinued operation:		
Net cash flows used in operating activities	**(5,392)**	(31,034)
Net cash flows used in investing activities	**(14,944)**	(30,275)
Net cash flows from financing activities	**21,832**	308,479
Net cash flows	**1,496**	247,170

17. 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:

	30.9.2012	31.3.2012
	HK$'000	HK$'000
	(unaudited)	(audited)
0 to 30 days	**7,245**	6,589
31 to 60 days	**2,812**	3,686
61 to 90 days	**1,476**	402
91 to 180 days	**1,490**	480
	13,023	11,157

18. CONVERTIBLE NOTES AND EMBEDDED DERIVATIVES

		CN1		
		Embedded	**CN2**	
	Liability	**derivatives**	**Equity**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2012	638,056	43	136,800	774,899
Gain arising from change in fair value recognised in profit or loss	–	(43)	–	(43)
Interest charged	1,293	–	–	1,293
Repayment	(639,349)	–	–	(639,349)
Transfer to accumulated losses upon repayment	–	–	(136,800)	(136,800)
At 30 September 2012	–	–	–	–

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

As at 31 March 2012, the Group had two types of outstanding convertible notes, which were issued on 24 January 2010 ("CN1") and 15 June 2011 ("CN2"). CN1 is denominated in United States dollars, non-interest bearing, with conversion price of HK$0.88 per share and will mature on 24 January 2018. CN2 is denominated in Hong Kong dollars, bears interest at 2% per annum, with conversion price of HK$0.77 per share and will mature on 15 June 2016.

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

(b) Embedded derivative represents the embedded conversion option of 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 early redemption option as the option is closely related to the host debt instrument; and

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

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

Subsequent to entering into the sales and purchase agreement in relation to the Disposal (as set out in note 15), the Company reached agreement with the bondholders that, upon completion of the Disposal, the Group will settle the entire outstanding amounts of CN1 and CN2 by proceeds obtained from the Disposal. On 10 February 2012, the resolution for the Disposal was passed by shareholders in Extraordinary General Meeting and accordingly, the Group re-measured the carrying amount of CN1 and CN2 to their present value of the estimated future cash flows, which were approximately HK$380,056,000 and HK$258,000,000 respectively. As at 31 March 2012, the liability components of CN1 and CN2 with aggregated carrying amount of HK$638,056,000 and the embedded derivatives of CN1 of HK$43,000 were classified as current liabilities, as in the opinion of the directors, the entire outstanding amount of CN1 and CN2 would be settled within the next twelve months.

During the six months ended 30 September 2012, the Group settled the entire principal amount of CN1 and CN2 and accrued interests by cash.

19. SECURED NOTES

On 6 September 2012, the Company entered into an investment agreement (the "Investment Agreement") with Cheer Hope Holdings Limited, an independent third party subscriber (the "Investor"), pursuant to which, the Company agreed to issue and the Investor agreed to subscribe for a note (the "Notes") in the aggregate principal amount of up to US$40,000,000. Pursuant to the Investment Agreement, the Company also agreed to issue warrants to the Investor (the "Warrants") to subscribe the Company's ordinary shares with an aggregate exercise price of up to US$10,000,000 for a period of one year commencing from the date of issue of the Warrants. The subscription price of the Warrants has not been agreed by the Company and the Investor. On 4 October 2012, the Company and the Investor entered into an agreement, pursuant to which, the date to agree on the subscription price of the Warrant has been extended to 31 December 2012.

The maturity date of the Notes is one year after the issue date. The Notes bear fixed interest rate of 17% per annum from the date of issue of the Notes and upon the issue of the Warrants to the Investor, the interest rate shall be adjusted to 13% per annum with effect from the issue date of the Warrants. The Notes may be redeemed in whole or in part by the Company at 100% of the principal amount of the Notes to be redeemed and together with all accrued interest. A premium at the rate 4% per annum on the outstanding principal amount of the Notes will be charged for the period commencing from the issue date of the Warrants if the Notes are redeemed.

19. SECURED NOTES *(Continued)*

The Notes are secured by a bank account, which the Company shall deposit an amount of RMB225,450,000 (approximately HK$273,870,000) upon the receipt of the third instalment of the consideration receivable from the Purchaser (as set out in note 22 (i)) and equity charges of the Company and certain of its subsidiaries. As at 30 September 2012, as the remaining consideration was not settled by the Purchaser, the Group had no pledged deposit to secure the Notes.

On 12 September 2012, the Company issued the Notes with principal amount of US$16,000,000 (equivalent to HK$123,880,000) for a cash proceed of HK$113,358,000. The Group designated the Notes as financial liabilities at FVTPL at initial recognition.

The fair value of the Notes was determined based on the present value of the estimated future cash flows discounted by the prevailing market rate of interest of similar instruments. The fair value of the embedded option was calculated using the option pricing model. The inputs into the valuation of the Notes were as follows:

	At 30 September 2012
Risk free rate (note a)	0.239%
Expected life (note b)	11.3 months
Credit spread (note c)	20.551%
Discount rate	23.169%

As at 30 September 2012, the fair value of the Notes was HK$114,397,000, with a fair value loss of HK$1,039,000 charged to profit or loss.

19. SECURED NOTES *(Continued)*

Notes:

a) Risk free rate is determined by reference to the yield of the Hong Kong Exchange Fund Bills with duration similar to the expected life of the Notes.

b) Expected life is the expected remaining life of the Notes.

c) Credit spread is determined by reference to credit analysis of the Company and market yield of bonds issued by comparable companies with similar credit strength.

As at 30 September 2012, no Warrant had been issued pursuant to the Investment Agreement.

20. BORROWING

During the six months ended 30 September 2012, the Group obtained a loan of RMB27 million (equivalent to HK$33,053,000) from a rural credit cooperatives union. The loan is unsecured, bears interest at a fixed rate of 8.4133% per annum and is repayable on 17 July 2013.

21. SHARE CAPITAL

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.05 each		
Authorised:		
At 1 April 2012 and 30 September 2012	10,000,000,000	500,000
Issued and fully paid:		
At 1 April 2012 and 30 September 2012	3,927,535,804	196,377

22. DISPOSAL OF SUBSIDIARIES

During the six months ended 30 September 2012, the Group disposed of its entire interests in the Menggang Group. The disposal was completed on 30 May 2012. The net assets of the Menggang Group at the date of disposal were as follows:

Net gain on disposal of subsidiaries:

	HK$'000
Consideration received and receivable (Note i)	1,825,802
Adjustment on consideration (Note i)	(91,815)
Net assets disposed of	(1,598,531)
Reclassification of cumulative translation reserve upon disposal of the Menggang Group to profit or loss	110,316
Stamp duty and other direct costs (Note ii)	(124,862)
Net gain on disposal	120,910

Net gain on disposal of HK$120,910,000, together with attributable income tax expenses related to this disposal of HK$124,121,000, are included in profit or loss for the period from discontinued operation in the condensed consolidated statement of comprehensive income (see note 16).

Net cash inflow arising on disposal:

	HK$'000
Total cash consideration received (Note i)	949,417
Stamp duty and other direct costs paid (Note ii)	(74,862)
Witholding tax paid (Note iii)	(60,738)
	813,817

22. DISPOSAL OF SUBSIDIARIES *(Continued)*

Notes:

(i) According to the sales and purchase agreement entered into between the Group and the Purchaser, the Total Consideration of RMB1,503,000,000 (approximately HK$1,825,802,000) will be satisfied by four instalments: HK$949,417,000 by completion; HK$511,224,000 by 90 days subsequent to the completion; HK$273,870,000 by 180 days subsequent to the completion and the remaining HK$91,291,000 by fifteen months subsequent to the completion. On 19 November 2012, the Group and the Purchaser entered into a supplemental agreement in relation to the Disposal ("Supplemental Agreement"), pursuant to which the Group and the Purchaser agreed to reduce the Total Consideration by RMB75,000,000 (approximately HK$91,815,000). Such reduction shall be settled by deducting the third installment by RMB40,000,000 (approximately HK$48,968,000) and deducting the final installment by RMB35,000,000 (approximately HK$42,847,000). As at 30 September 2012, the remaining unsettled consideration HK$784,570,000 was included in the condensed consolidated statement of financial position as consideration receivable.

(ii) During the current period, the Disposal was successfully completed which generated significant cash flows and net gain on disposal of subsidiaries to the Group. In order to recognise the efforts of certain employees participating in this transaction, the remuneration committee of the Company approved a special bonus of HK$50 million in September 2012. As at 30 September 2012, the special bonus was not yet settled and was included in other payables, deposits received and accruals.

(iii) Withholding tax recognised in respect of this Disposal was HK$124,121,000. As at 30 September 2012, HK$63,383,000 of the total withholding tax was not yet settled and will be settled according to the repayment schedule as stated in note (i) above.

23. 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 Xin Ye International Power Generating Inc. ("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. Tai Rong is a company wholly owned by Ms. Li Shao Yu ("Ms. Li"), who is a substantial shareholder with significant influence to the Company. 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. The acquisition was completed on 15 June 2011.

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

Assets and liabilities recognised at the date of acquisition:

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

Total consideration satisfied by:

	HK$'000
Cash deposit paid during the year ended 31 March 2011	250,000
Convertible notes	575,000
Convertible shares (Note)	706,169
	1,531,169

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

Net cash inflow arising on acquisition:

	HK$'000
Net cash consideration paid	–
Bank balances and cash acquired	273
	273

Note: On 15 June 2011, 941,558,441 convertible shares were issued by the Company as part of the consideration. Convertible shares issued by the Company had the same right on return of capital on liquidation or otherwise, but did not carry voting right and did not entitle to dividend or other distribution. 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 year ended 31 March 2012, all convertible shares issued were converted into ordinary shares of the Company.

24. 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:

	30.9.2012 **HK$'000** **(unaudited)**	31.3.2012 HK$'000 (audited)
Within one year	**9,369**	8,108
Within two to five years	**10,461**	12,307
	19,830	20,415

24. COMMITMENTS *(Continued)*

(a) Operating lease commitments *(Continued)*

Operating lease payments represent rentals payable by the Group for certain of its office and factory premises and staff quarters. 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:

	30.9.2012	31.3.2012
	HK$'000	HK$'000
	(unaudited)	(audited)
Within one year	**420**	420
Within two to five years	**1,666**	1,799
After five years	**–**	77
	2,086	2,296

(b) Other commitments

	30.9.2012	31.3.2012
	HK$'000	HK$'000
	(unaudited)	(audited)
Capital expenditure in respect of addition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	**94,147**	89,569
Capital expenditure in respect of addition of property, plant and equipment authorised but not contracted for	**188,284**	189,038

25. SHARE BASED PAYMENTS

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

Grantee	Date of grant	Exercisable period	Exercise price per share HK$	Number of share options: Outstanding at 1 April 2012	Forfeited during the period	Outstanding at 30 September 2012
Director/former director						
Ma Lishan (Note b)	27.9.2011	27.9.2012 to 26.9.2014	0.800	6,000,000	–	6,000,000
	27.9.2011	27.9.2012 to 26.9.2015	0.800	6,000,000	–	6,000,000
	27.9.2011	27.9.2013 to 26.9.2016	0.800	8,000,000	–	8,000,000
Mak Yiu Tong (Note a)	27.9.2011	27.9.2012 to 26.9.2014	0.800	600,000	–	600,000
	27.9.2011	27.9.2012 to 26.9.2015	0.800	600,000	–	600,000
	27.9.2011	27.9.2013 to 26.9.2016	0.800	800,000	–	800,000
Other employees	8.6.2007	8.6.2009 to 5.7.2012	0.860	15,000	(15,000)	–
	8.6.2007	8.6.2011 to 5.7.2013	0.860	260,000	–	260,000
	1.4.2011	1.4.2012 to 31.3.2014	1.202	6,000,000	–	6,000,000
	1.4.2011	1.4.2012 to 31.3.2015	1.202	6,000,000	–	6,000,000
	1.4.2011	1.4.2013 to 31.3.2016	1.202	8,000,000	–	8,000,000
	27.8.2011	1.9.2012 to 26.8.2014	0.800	1,950,000	–	1,950,000
	27.8.2011	1.9.2012 to 26.8.2015	0.800	1,950,000	–	1,950,000
	27.8.2011	1.9.2013 to 26.8.2016	0.800	2,600,000	–	2,600,000
	27.9.2011	27.9.2012 to 26.9.2014	0.800	12,270,000	–	12,270,000
	27.9.2011	27.9.2012 to 26.9.2015	0.800	12,270,000	–	12,270,000
	27.9.2011	27.9.2013 to 26.9.2016	0.800	16,360,000	–	16,360,000
	8.4.2012	8.4.2012 to 8.4.2015	0.740	1,950,000	–	1,950,000
	8.4.2012	8.4.2013 to 7.4.2016	0.740	1,950,000	–	1,950,000
	8.4.2012	8.4.2014 to 7.4.2017	0.740	2,600,000	–	2,600,000
				96,175,000	(15,000)	96,160,000

Note a: Mr. Mak Yiu Tong resigned as a director of the Company on 31 May 2012.

Note b: Mr. Ma Lishan resigned as a director of the Company on 9 August 2012.

In the current period, share option expenses of approximately HK$5,690,000 (six months ended 30 September 2011: HK$11,125,000) have been recognised with a corresponding credit in the share options reserve.

26. RELATED PARTY TRANSACTIONS

During the six months ended 30 September 2012, the Group settled the entire outstanding amount of CN1 and CN2 with an aggregate carrying amount of HK$639,349,000. Bondholders of CN1 and CN2 are companies in which Ms. Li has controlling interests.

During the six months ended 30 September 2011, the Group acquired the entire interest of the Venture Path Group from Tai Rong, which is a wholly owned company of Ms. Li, satisfied by (i) issue of convertible notes with fair value of HK$575,000,000; (ii) issue of convertible shares with fair value of HK$706,169,000; and (iii) cash of HK$250,000,000. Details of these are set out in note 23.

The remuneration of directors and other key management personnel of the Group during the period was HK$50,846,000 (six months ended 30 September 2011: HK$7,997,000) which included HK$47,907,000 (six months ended 30 September 2011: nil) remuneration paid/payable to Ms. Li. Ms. Li is a substantial shareholder of the Company who can exercise significant influence to the Group and is the chief executive officer of the Company.

27. MAJOR NON-CASH TRANSACTIONS

During the six months ended 30 September 2012, consideration for the disposal of subsidiaries of HK$784,570,000 was yet to be received and included in the condensed consolidated statement of financial position as consideration receivable. In addition, special bonus of HK$50,000,000 and withholding tax of HK$63,383,000 were yet to be settled and included in the condensed consolidated statement of financial position as other payable, deposits received and accruals and tax payable, respectively.

28. DIVIDENDS

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

29. EVENTS AFTER THE END OF THE INTERIM PERIOD

The following events took place subsequent to 30 September 2012:

(i) On 12 October 2012, the Group and Up Energy Mining Limited, an independent third party, entered into a sales and purchase agreement. Pursuant to this sales and purchase agreement, the Group conditionally agreed to dispose of its entire interest in Champ Universe Limited, which indirectly owned the Xinjiang Coal Mining Operation and to assign HK$1.6 billion shareholder's loan. The consideration will be satisfied by: (i) issue of 367,500,000 shares of Up Energy Development Group Limited ("Up Energy"), ultimate holding company of Up Energy Mining Limited and is a company with its shares listed on The Stock Exchange of Hong Kong Limited, at an issue price of HK$2 per share ("Up Energy Share"). However, if as at the third anniversary of the completion date of this disposal ("Third Anniversary Date"), the average closing price of the Up Energy Share for the five trading days immediately preceding and including the Third Anniversary Date is less than HK$2 per share, Up Energy shall allot and issue additional new Up Energy Share to the Company (details as at set out in the Company's announcement dated 29 October 2012); (ii) HK$845,000,000 by way of cash payment; (iii) put option granted to the Company, pursuant to which, as at the Third Anniversary Date, the Company has the right to request Up Energy to arrange for the sale of the Up Energy Shares, up to a maximum of 140,000,000 shares by way of placing through an independent qualified placing agent nominated by Up Energy at a price to be agreed between Up Energy and such placing agent ("Placing Price"). If the Placing Price is less than HK$2.2 per share, Up Energy shall pay the shortfall as cash compensation to the Company.

    At the date of issuance of this report, the disposal was not completed yet, subject to fulfillment of conditions precedent including, amongst others, the obtaining of approval from the Company's shareholders.

(ii) On 25 October 2012, the Group and Uprite Limited, an independent third party, entered into an agreement to purchase a yacht and its relevant facilities, which will be classified as property, plant and equipment, for a total consideration of HK$65,000,000. Up to the date of issuance of this report, the Group has paid HK$25,000,000 to Uprite Limited and the remaining HK$40,000,000 will be settled upon the physical delivery of the yacht and its relevant facilities and the change in legal title.

(iii) On 19 November 2012, the Group and the Purchaser entered into a supplemental agreement , details of which are disclosed in note 22(i).